Aiming for the Improvement of Quality in the Group

Nippon Paint Holdings Group seeks quality assurance and productivity improvement in the actual production sites involved in manufacturing in order to enhance customer satisfaction.

Group Quality Assurance System

Nippon Paint Holdings strives to promote quality assurance activities of the Group companies based on the policy in its internal rules to “maintain and improve the quality of products in a steady and continuous manner with an aim to enhance customer satisfaction with the products of the Group.”

Group companies in Japan pay attention to safety and environmentally friendly aspects of their products at the product design stage and take measures to secure the functions of the products. In addition to strict design audits, as well as examinations before the transition to the production stage, strict quality checks are conducted at different stages, including inspections of raw materials used, manufacturing process inspections, and final inspections of products. We also make efforts to maintain and improve the Group’s quality assurance system, including process management to reduce quality variations in the manufacturing process and logistics management to deliver the products of our Group to customers safely by the deadline.

Organization of a Global Quality Conference (GQC)

In overseas Group companies as well, Nippon Paint Holdings works to promote the quality assurance system and the improvement of quality management in cooperation with local staff as in the case of safety management. To provide a forum for reporting on team activities to improve quality assurance and productivity at actual production sites, a Global Quality Conference (GQC) was held in September 2018. About 50 interested parties attended the 13th conference held at our head office, which was also transmitted via a video conferencing system. This conference is used to share the attitude towards manufacturing in various countries, new discoveries in the production field, and efficient management methods.

Initiatives in Line with the Procurement Policy

Since paints are composed of various chemical substances, information on the chemical substances used as their raw materials is important. We receive necessary material information on all raw materials we purchase, as well as the latest information on their conformance to domestic and international regulations, from the suppliers. The information is also used to ensure the safety of products for customers and proper actions for exporting. Nippon Paint Holdings also participates in an initiative of Japan Chemical Industry Association to promote the development of a mechanism to share relevant information on risk assessment of chemical substances in the supply chain and supplies information at the request of customers.

Responsible Procurement of Raw Materials

We survey conflict minerals, as well as raw materials involving abuse of human rights such as child labor while covering 75% of the upstream supply chain, and prohibit the use of such materials. The survey of conflict minerals is conducted once a year by investigating the suppliers of the raw materials containing target components (CTOs) with the Conflict Minerals Report Template to respond to requests from customers and eliminate raw materials with risks.

CSR procurement survey

The selection of suppliers is based on rational judgments in accordance with the procurement policy. As an attempt to evaluate suppliers, we adopted the CSR Procurement Self-assessment Questionnaire (QGQ) developed by the UN Global Compact.

Network Japan’s supply chain subcommittee meeting and asked the top 80% of our suppliers in terms of the purchase amount during 2017 to answer to the questionnaire. We received answers from 74 out of the 84 target suppliers (a coverage rate of 71%) and the average score of the answers was 90 on a 100 point scale with 100 as the highest and 0 as the lowest score. As temporary measures, we are exchanging opinions and having consultations for improvement with the four companies with a score of less than 70 while asking the companies that have not submitted answers to submit them. We plan to improve the criteria for the response in the future.

BPC measures

As part of BCP, we integrate raw materials, purchase multiple items, and consider alternative products while also asking suppliers to work for BCP to reduce risks together. To understand the impact on procurement in case of severe natural disasters and accidents and respond to such emergency situations, we collect information through a system to make simultaneous inquiries. In 2018, the system was used for the first response to seven natural disasters including earthquakes and typhoons, as well as one fire/explosion accident.

Training of the employees involved in procurement work

To advance the level of the employees involved in procurement work, we provided them with training as to information management, the Subcontracting Act, insider trading, etc. based on the compliance guidebook.

Supply Chain Management

Raw materials, equipment, items, and services supplied by suppliers are essential for the businesses of the Nippon Paint Holdings Group. We strive to conduct fair and sincere procurement activities based on mutual trust with our suppliers.

Procurement Policy

In accordance with the management philosophy of the Nippon Paint Holdings Group, the Procurement Department complies with and promotes the following policy in its procurement activities with the suppliers, which are our precious partners:

1. Legal, compliance and respect for human rights:

Nippon Paint Holdings Group will conduct procurement in compliance with laws and international rules, with respect for human rights, and without any abuse of human rights including discrimination in work and living environments.

2. Fair Transactions:

Nippon Paint Holdings Group will conduct fair and equitable procurement based on free competition and make efforts to eliminate personal interests from the selection of suppliers.

3. Evaluation of suppliers:

Nippon Paint Holdings Group will select suppliers in a rational manner considering the promotion of environmental conservation and resource protection, continuous commitment to the control of safety and health risks, etc. in addition to quality, price competitiveness, stable supply, technical capabilities.

4. Establishment of a trust relationship with suppliers:

Nippon Paint Holdings Group will place emphasis on dialogue with suppliers and will maintain a trusting relationship with suppliers. We will work to reduce the likelihood of risks in procurement activities in cooperation with suppliers.