Empowering women
The Group is committed to fully leveraging the capabilities and potential of women. We provide women opportunities for further career development, including internal and external training programs for changing one’s mindset and improving skills. Opportunities also include leadership training for women and interaction with people at companies in other industries.

Creating a rewarding workplace
Fostering a vibrant culture
We have adopted working groups (WG), comprised of people selected from each group company, to oversee measures for establishing a vibrant culture where passionate and determined people gather. The Management Philosophy Dissemination Working Group is in charge of conducting a management philosophy workshop at worksites. From FY2018 to FY2019, the group hosted 150 workshops that were attended by about 2,500 employees and executives. Participants learned the importance of using dialogues for mutual understandings of values and ideas. The workshop also gave participants the opportunity to think about ways to realize the vision defined by the philosophy.

In an effort to make NPHD an attractive company, the Work Style Reform and Labor Productivity Improvement Working Group launched the “Project SWITCH” campaign to switch the mindset and actions of employees. The “360º Use of San” campaign aims to reinforce communication by urging people to use “san” (the most commonly used honorific suffix) toward everyone in order to establish a culture where everyone can freely state their ideas and opinions regardless of job title. Other initiatives include a guidebook about the purposes and length of meetings for improving meeting quality and a facilitation training program. Those measures are aimed at making work more efficient and altering how jobs are performed.

In Japan, town hall meetings were held at 11 locations to enable management and employees to discuss a variety of issues at the Company. At all of these events, there were straightforward exchanges of information and opinions between executives and employees.
### Health and safety activities in Japan

The Group is committed to the prevention of accidents under the concept that safety takes priority over everything. In FY2019, we worked to improve health and safety activities and solve relevant problems through the RC Committees, Group safety and environment meetings and product safety meetings.

Health and safety committee meetings are held in each area and site to identify safety and environmental issues in each area, and all employees participate in activities to make improvements. In addition, events to help employees improve their health are designed and organized in cooperation with the labor union.

In FY2019, the number of accidents at the Group decreased from FY2018, but there was one serious accident (loss of part of the left thumb). Information about serious accidents is shared with group business sites and companies worldwide for reviewing and strengthening workplace rules and safety measures.

During FY2019, the Group conducted the following safety training activities in Japan.

- Safety training for new employees: 73 participants
- Face-to-face training for new employees: danger experience class, risk prediction training, static electricity safety class: 69 participants

### Support for overseas group companies in safety control

The Group continuously provides active support for the safety and environmental activities of overseas affiliates. In 2019 as well, we worked to enhance field management and develop activity leaders in Asia and other regions through the NIPSEA Safety Council (“NSC”).

We also conducted safety assessments in each area jointly with NSC members to prevent serious accidents. In these assessments, we used an assessment list prepared jointly with NSC members to prevent serious accidents. In addition to strict design audits, as well as examinations before 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 delivery time.

### Group Quality Assurance

#### Group quality assurance system

**Basic concept**

The Group strives to promote quality assurance activities of 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.

We pay attention to the safety and environmental friendliness of products at the product design stage and take measures to ensure their functionality. In addition to strict design audits, as well as examinations before 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 delivery time.

#### Promotion of quality assurance activities

Our Group strives to promote improvement activities at manufacturing sites that contribute to quality assurance and the safe environment in the sites. We position such activities as “on-site quality assurance (QA)” activities and work to reinforce the sites with a focus on “5S” (Sort, Set in Order, Shine, Standardize, Sustain), as well as “visual management,” “standardization,” “prevention of areas,” and “quality risk prediction.” In addition, the leaders of the manufacturing sites mutually check the worksites managed by the relevant departments and also have opportunities to deeply examine the issues of the manufacturing sites and discuss fundamental countermeasures.

Through initiatives such as this, we work to raise the levels of quality assurance and safety activities in the manufacturing sites as a whole.

![The 2019 Global Quality Conference](image)

**Overview of the Group**

Value Creation through ESG Practices

Financial and Corporate Information

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1. Deaths/Injuries per one million actual working hours
2. Scope of data collection: NIPSEA, NIPSEA-Africa, NIPSEA-Middle east, NIPSEA-Asia, and NAC for the data from FY2015
3. Scope of data collection: NIPSEA, NIPSEA-Middle east, NIPSEA-Asia, and NAC for the data from FY2019
4. Scope of data collection: NIPSEA and Overseas group (Asia, US, Europe, South America) of NPAU for the data in FY2017
5. Scope of data collection: NIPSEA, Oversea group (Asia, US, Europe, South America) of NPAU, Asia group of NIPSEA for the data in FY2018

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<th>Year</th>
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<th>2018</th>
<th>2019</th>
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**Number of workplace accidents in Japan**

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<tr>
<th>Year</th>
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**Number of accidents by employee category**

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<th>Others (contract and temporary)</th>
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<tr>
<td>2019</td>
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**Frequency rate of accidents overseas**

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<th>2018</th>
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**Number of accidents overseas**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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Procurement Policy
In accordance with the management philosophy of the Nippon Paint Holdings Group, Procurement Department annually establishes 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, without any abuse of human rights including discrimination or unfair labor practices.
2. Fair transaction: Nippon Paint Holdings Group will conduct fair and equitable procurement based on free competition and make efforts to eliminate personal relationships from the selection of suppliers.
3. Evaluation of suppliers: Nippon Paint Holdings Group will select suppliers in a rational manner based on business conditions, CSR, 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 quality of technical capabilities.
4. Establishment of a trust relationship with suppliers: Nippon Paint Holdings Group will place emphasis on dialogues with suppliers, work to establish a trust relationship, and promote sustainable procurement together. We will also promote the reduction of risks in procurement activities in cooperation with suppliers.

Approach to procurement of raw materials
The Group’s businesses depend on a steady and reliable supply of raw materials, equipment, supplies, information services and various other products and services. Maintaining healthy cooperative relationships with suppliers is therefore essential to our growth potential. We have established a procurement policy that is aligned with our basic approach to business transactions. We also have programs for everyone at our Group, as well as our suppliers, to make sure that they understand and follow this approach and policy to ensure that procurement activities are performed responsibly. We established procurement guidelines based on a policy that further clarifies the definition of the items that must be observed by suppliers and members of the Nippon Paint Holdings Group. Our procurement activities also place priority on quality, cost and delivery (QCD), as well as issues involving the environment, society and governance (ESG). Our goal is to further emphasize the sustainability of our supply chains.

Value Creation through ESG Practices

Social
Supply Chain Management

Initiatives in line with the procurement policy

- Responsible procurement of raw materials
With the cooperation of the product safety departments, we have examined and updated the safety data sheets and product specifications in compliance with new and revised laws and regulations for the chemicals contained in all raw materials used to manufacture our products. We utilize this information to supply customers with the information they require to use our products in compliance with regulations inside and outside Japan. The Company also participates in the 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.

- CSR procurement survey
The graph on the right shows the results of a self-analysis survey that was prepared by Global Compact Network Japan. The survey was sent to suppliers of the Nippon Paint Holdings Group which accounted for 92% of all purchases in 2019 in the amount of purchase. We held discussions with companies that scored below 70 points and asked them to make improvements.

Conflict minerals survey
We used a Conflict Minerals Report Template to examine the samples of raw materials which we use that contain tin, tantalum, tungsten, and cobalt. The information obtained from these examinations was used to respond to requests from customers concerning conflict mineral surveys.

Business continuity planning
We are taking various measures in order to reduce the risk of supply disruption, such as purchasing raw material from at least two suppliers. Significant risk factors are monitored by using a simultaneous inquiry system, which was used five times in 2019 to examine the effects of problems at plants, a typhoon and earthquake, and other events.

Quality and safety audits
We visited 34 business sites of 31 companies that supply raw materials or perform outsourced manufacturing tasks in order to check their quality assurance and employee health and safety programs. Afterward, discussions were held concerning items that required improvements.

Investments in Communities

Contributions to local communities and international society

- Basic approach
The workplace and workplaces of the Group are becoming increasingly global in nature as the Group continues to grow. As we become increasingly global, we will continue to play a role in finding solutions to social issues in the countries where we do business.

[Japan]
Donated medical masks and ethanol disinfectant to 76 medical institutions and municipalities
The COVID-19 pandemic has made it difficult for medical institutions in Japan to procure masks, disinfectants, and other supplies. We used products made in partner factories in China to donate 140,000 N-95 type medical masks (surgical-mask equivalent) and 1,700 liters of ethanol disinfectant to medical facilities, government agencies and other organizations in Japan, for a total of 76 recipients.

[India]
Providing education and empowering women
We conducted training programs in farming villages in India to teach women how to become self-reliant professional house painters. Thus far, the program has created 420 female painters in rural areas of the state of Tamil Nadu. In FY2019, we provided food to these women and their families due to difficulties created by the COVID-19 pandemic. Repainting and color effect programs assist schools in Turkey

[Turkey]
Support for schools and professional painters
To support education in Turkey, we have both programs for repainting school buildings and the color effect project. Repainting maintains a healthy school environment so that children remain motivated to learn. A total of about 600 tonnes of paint was used for this program. The color effect project supplies carefully selected color schemes based on an analysis of how different colors influence children. The analysis was performed in collaboration with a psychologist in order to determine how colors affect children and how colors should be used at schools. This collaboration resulted in Turkey’s first color collection for children’s rooms and schools. More than 10,000 people received information about this collection.

[Mexico]
Helping to prevent the spread of COVID-19
As Mexico combats the COVID-19 crisis, we distributed food to the poorer areas of the country and donated masks, apparel, and sanitizing and disinfecting products to medical institutions. In addition, we shipped masks from Mexico to China when there was a shortage of masks in China. All of these activities demonstrate how the companies of Nippon Paint Holdings Group cooperate with each other to become responsible members of society.

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Nippon Paint Holdings Integrated Report 2020