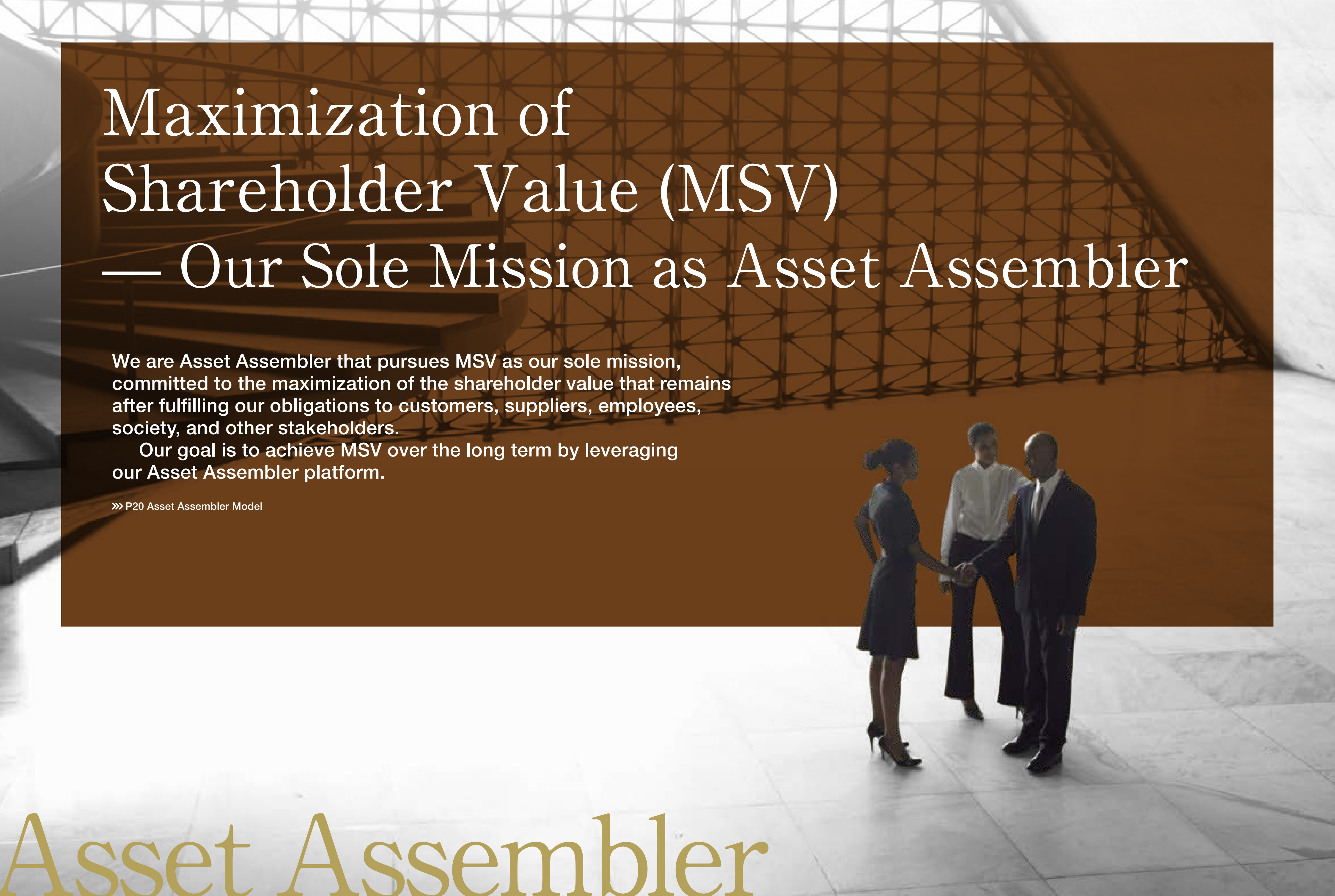
Basic & New
NIPPON PAINT HOLDINGS

Integrated Report
2024

Year Ended December 31, 2023



Maximization of Shareholder Value (MSV) — Our Sole Mission as Asset Assembler

We are Asset Assembler that pursues MSV as our sole mission, committed to the maximization of the shareholder value that remains after fulfilling our obligations to customers, suppliers, employees, society, and other stakeholders.

Our goal is to achieve MSV over the long term by leveraging our Asset Assembler platform.

››› P20 Asset Assembler Model

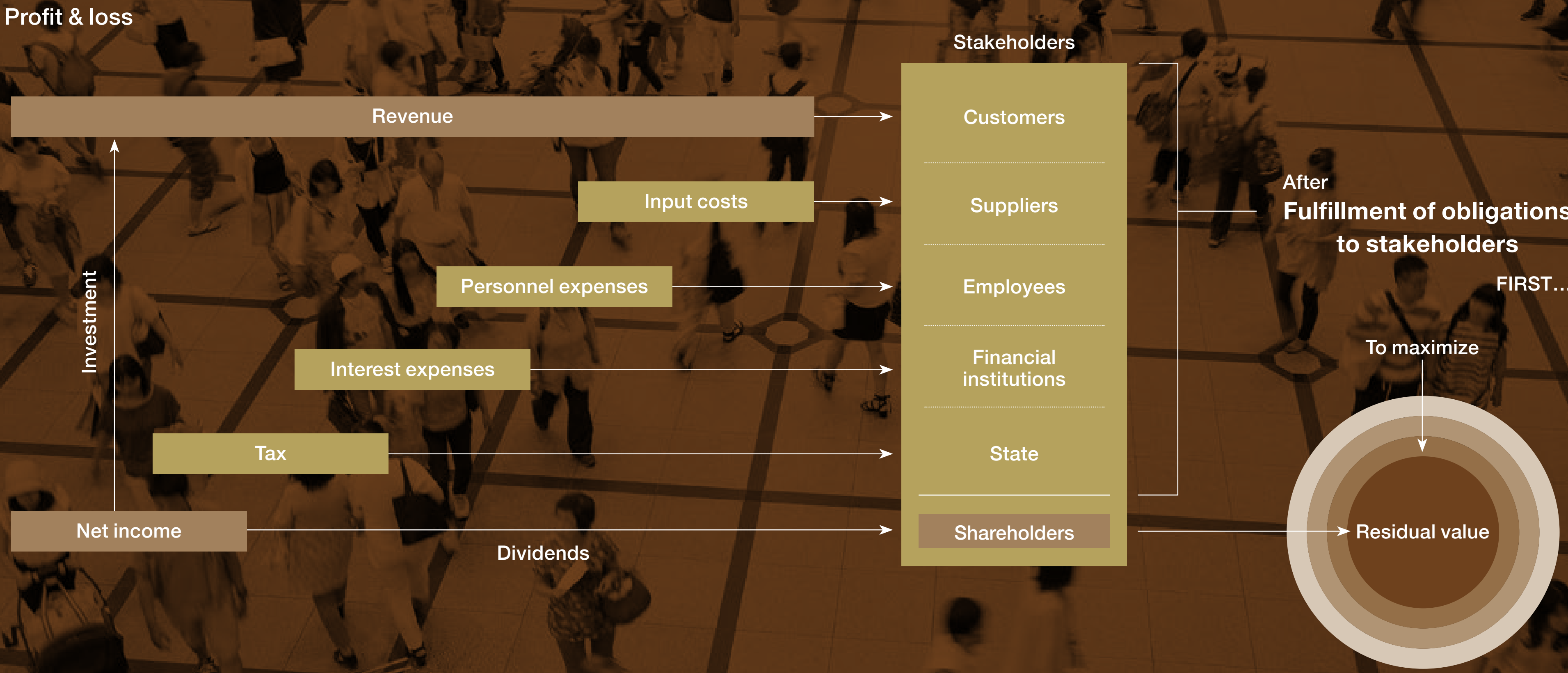
Asset Assembler

Maximization of Shareholder Value (MSV)

We pursue Maximization of Shareholder Value (MSV) as our sole mission.

The diagram below shows stakeholder relationships using a profit and loss statement. Fulfilling our obligations to all stakeholders first and foremost is the primary premise. These obligations include not only legal ones but also social, ethical and sustainability obligations.

MSV is about maximizing residual value after fulfilling our obligations to all stakeholders. While obligations to stakeholders have upper limits, residual shareholder value has none.



Profit & loss

Revenue

Input costs

Personnel expenses

Interest expenses

Tax

Net income

Investment

Dividends

Stakeholders

Customers

Suppliers

Employees

Financial institutions

State

Shareholders

After
Fulfillment of obligations to stakeholders

FIRST…

To maximize

Residual value

» For detailed examples of how we fulfill our obligations to stakeholders, please refer to the "Our Sole Mission: Maximization of Shareholder Value (MSV)" section on our website.

Maximization of Shareholder Value

Pursuing the Maximization of Both EPS and PER Towards the Achievement of MSV

Stock price equates to EPS (earnings per share) multiplied by PER (price-to-earnings ratio).
We aim to maximize both EPS and PER in pursuit of MSV.

»» P11 Message from Co-President Wakatsuki
»» P15 Message from Co-President Wee

Maximize EPS

Two pillars of EPS maximization:

1. Organic growth of existing assets

2. Inorganic asset assembly

We strive to maximize both pillars through operational initiatives as well as disciplined M&A accompanied by ideal financing.

We pursue the maximization of EPS rather than just net income. Simply put, EPS-dilutive share issuance can undermine shareholder value even if net income increases.

Maximize PER

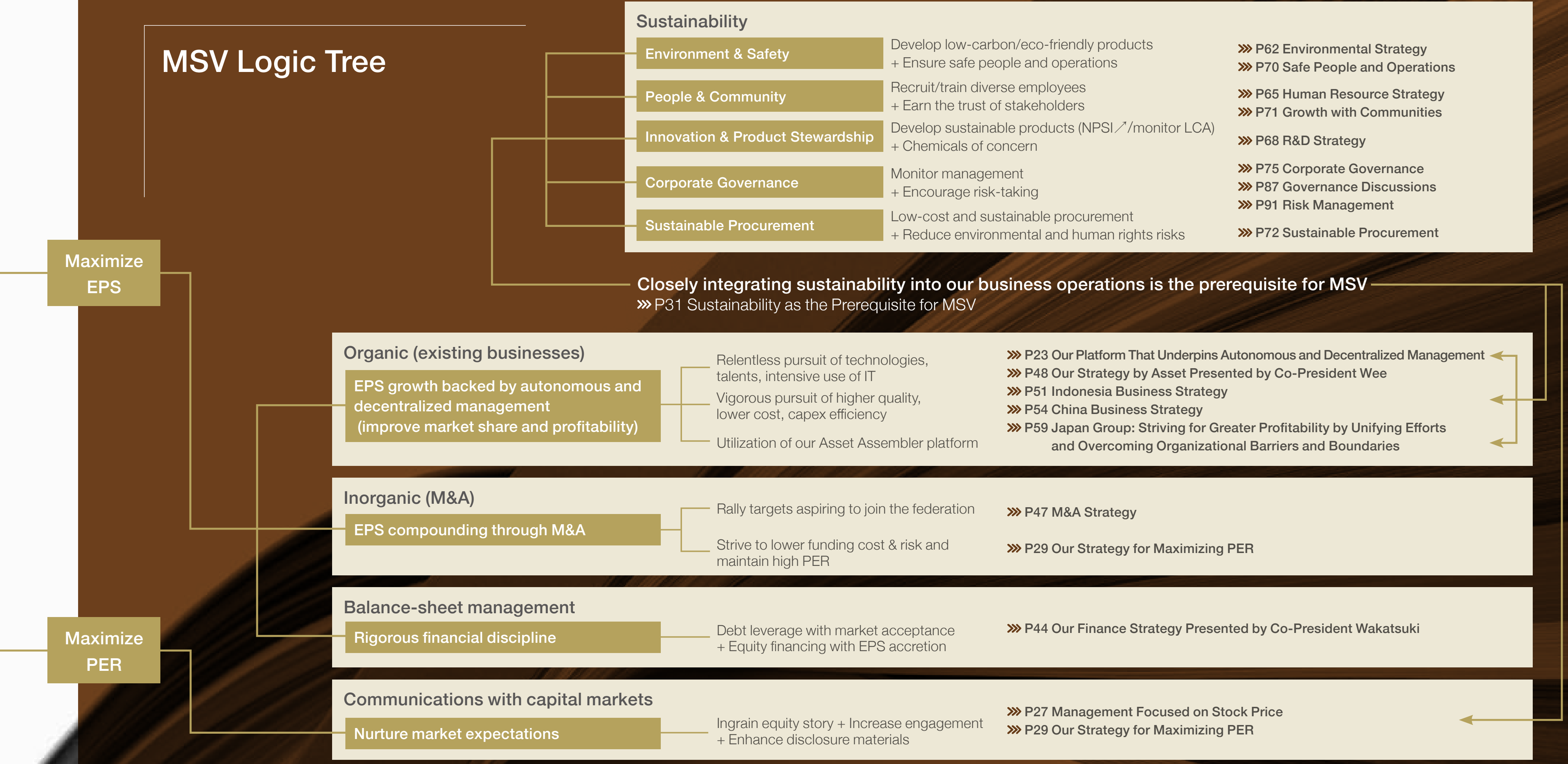
PER basically reflects capital markets’ expectations of the company’s EPS growth. We focus on maximizing our PER by using a variety of IR activities, a carefully formulated finance strategy, sustainability initiatives, as well as assembling quality assets to raise our EPS growth potential.

$$\mathrm{MSV}=\mathrm{M(EPS)}\times\mathrm{M(PER)}$$

How Shareholder Value Is Maximized

We are dedicated to achieving MSV through the execution of strategic initiatives and measures designed to maximize EPS and PER.

MSV Logic Tree



Maximize EPS

Maximize PER

Sustainability

Environment & Safety	Develop low-carbon/eco-friendly products + Ensure safe people and operations	››› P62 Environmental Strategy ››› P70 Safe People and Operations
People & Community	Recruit/train diverse employees + Earn the trust of stakeholders	››› P65 Human Resource Strategy ››› P71 Growth with Communities
Innovation & Product Stewardship	Develop sustainable products (NPSI↗/monitor LCA) + Chemicals of concern	››› P68 R&D Strategy
Corporate Governance	Monitor management + Encourage risk-taking	››› P75 Corporate Governance ››› P87 Governance Discussions ››› P91 Risk Management
Sustainable Procurement	Low-cost and sustainable procurement + Reduce environmental and human rights risks	››› P72 Sustainable Procurement

Closely integrating sustainability into our business operations is the prerequisite for MSV
››› P31 Sustainability as the Prerequisite for MSV

Organic (existing businesses)

EPS growth backed by autonomous and decentralized management (improve market share and profitability)

- Relentless pursuit of technologies, talents, intensive use of IT
- Vigorous pursuit of higher quality, lower cost, capex efficiency
- Utilization of our Asset Assembler platform

››› P23 Our Platform That Underpins Autonomous and Decentralized Management
››› P48 Our Strategy by Asset Presented by Co-President Wee
››› P51 Indonesia Business Strategy
››› P54 China Business Strategy
››› P59 Japan Group: Striving for Greater Profitability by Unifying Efforts and Overcoming Organizational Barriers and Boundaries

Inorganic (M&A)

EPS compounding through M&A

- Rally targets aspiring to join the federation
- Strive to lower funding cost & risk and maintain high PER

››› P47 M&A Strategy
››› P29 Our Strategy for Maximizing PER

Balance-sheet management

Rigorous financial discipline

Debt leverage with market acceptance
+ Equity financing with EPS accretion

››› P44 Our Finance Strategy Presented by Co-President Wakatsuki

Communications with capital markets

Nurture market expectations

Ingrain equity story + Increase engagement
+ Enhance disclosure materials

››› P27 Management Focused on Stock Price
››› P29 Our Strategy for Maximizing PER

MSV Logic Tree

Our Value Creation Model

We aim to maximize both EPS and PER from a long-term perspective, while harnessing the advantage of our platform based on our Asset Assembler model, towards the achievement of MSV.

Outcome MSV

Maximization of Shareholder Value

Management Structure

Autonomous and decentralized management

Maximization of PER × Maximization of EPS

» See pages 3-4.

Input

Leveraging management resources via our platform

» See page 23.

Medium- to long-term outlook

- Ever-present macroeconomic uncertainty
- Low-risk, good-return targets globally
- Japan-based advantage (Japan-US interest rate gap, consumer trust in Japanese brands, etc.) is likely to persist

Our Business Model

Asset Assembler model » See page 19.

EPS compounding through M&A

EPS growth backed by autonomous and decentralized management

Corporate Governance	» See page 75.
Risk Management	» See page 91.
Global Code of Conduct	» See page 91.
Basic Policy on Sustainability	» See page 31.

Fulfillment of obligations to all our stakeholders

Output

Building up and strengthening financial and non-financial resources

Strategy

Medium- to long-term management strategy

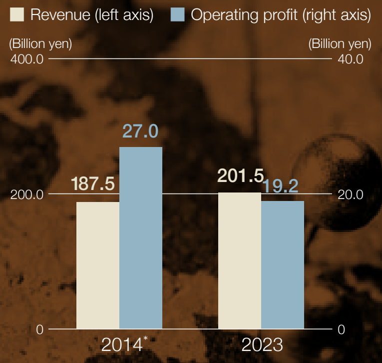
» See page 38.

Value Creation

Our Asset Portfolio

Following the consolidation of the Asian JVs in 2014, Nippon Paint Group has aggressively expanded operations globally. We have built up our asset portfolio comprising Japan Group, NIPSEA Group, DuluxGroup, and the Americas Group.

Japan Group



Growth since 2014

■Revenue

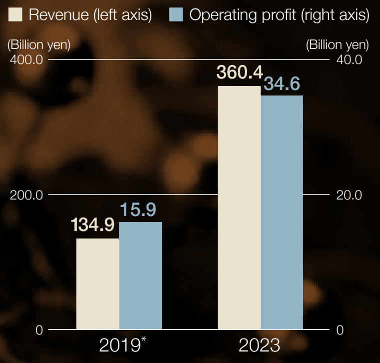
+7.5%

■Operating profit

-29.1%

* The 2014 figures are JGAAP-based and include NPHD expenses; the marine business figures are only for the domestic operations. The 2023 figures are IFRS-based and NPHD expenses are recorded under adjustments; the marine business figures include both domestic and international operations.

DuluxGroup



Growth since 2019 (acquisition of DuluxGroup)

■Revenue

+167.2%

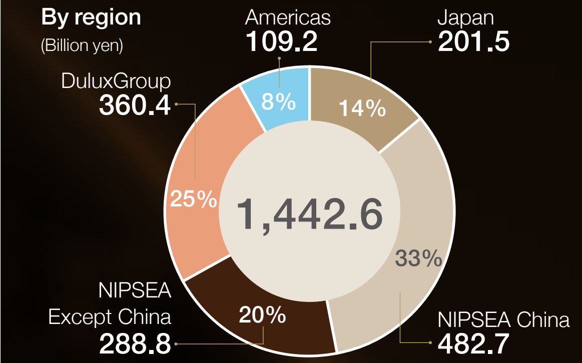
■Operating profit

+117.7%

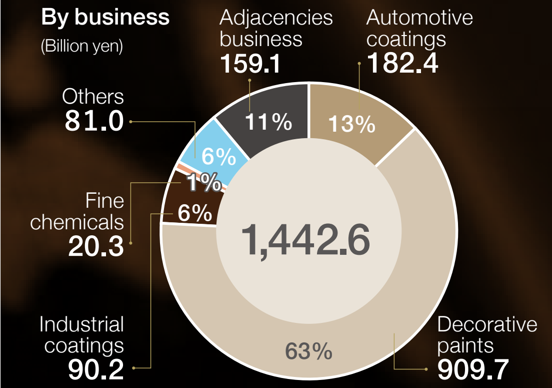
* Pro-forma figures, including M&A-related and other one-off expenses

Revenue composition (2023)

By region
(Billion yen)

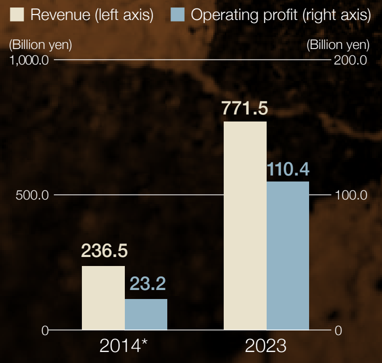


By business
(Billion yen)



»For growth analysis by asset, please refer to the "Asset Management Report" section on our website.

NIPSEA Group



Growth since 2014 (consolidation of the Asian JVs)

■Revenue

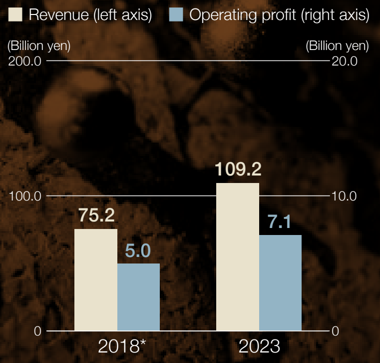
+226.2%

■Operating profit

+376.0%

* The 2014 figures are based on JGAAP and include the international marine business. The 2023 figures are based on IFRS and exclude the international marine business.

Americas Group



Growth since 2018

■Revenue

+45.2%

■Operating profit

+43.3%

* Dunn-Edwards' performance was compared using the 2018 figures because the 2017 figures, the first year post-acquisition, only covered 10 months following its acquisition in March 2017.

Excellent Assets

Human Capital as the Key to Achieving MSV

Human capital is the key to our Asset Assembler model and serves as the primary engine of our growth.

Through the distinct roles carried out by our Co-President structure, majority shareholder Wuthelam Group, the Board of Directors, and every individual within each partner company (from the CEO and executives to employees), we strive to achieve MSV — our common values and mission.

MSV

Our majority shareholder Wuthelam Group

- A long-term business partner of ours for 62 years that operates investment management business as a private asset management company
- Shares with us MSV as the same values and basis of judgment and is fully aligned with the interests of minority shareholders

Co-President structure

Supported by a robust partnership, each Co-President undertakes their respective duties while jointly making management decisions, executing corporate actions that contribute to MSV.

Wee Siew Kim

Yuichiro Wakatsuki

The Board of Directors

- All the Board members are aligned in the pursuit of MSV
- Rigorous safeguarding of minority shareholder interests
- Our proficiency in M&A built on rich experience

Partner companies

CEOs

- 10-plus years of management experience in the paint and adjacencies businesses
- With relentless pursuit of growth, launching new businesses and tapping into new markets
- Strong leadership driving market share expansion

Managers and employees

- Insatiable appetite for growth embodying the LFG (Lean For Growth) and other codes of conduct
- Professionals with extensive product knowledge and applied technologies/skills
- Ability to agilely and flexibly respond to market trends and customer needs

Excellent assets

CEOs

Managers and employees

New M&A endeavors

Excellent assets

CEOs

Managers and employees

New M&A endeavors

Our Talent, Our Growth Driver

Letter to Investors: Insights from the Integrated Report 2024

We aim to maximize both EPS and PER from a long-term perspective, while harnessing the advantage of our platform based on our Asset Assembler model, towards the achievement of MSV.

Since the inception of our Medium-Term Plan (FY2021-2023) in 2021, our Group has navigated through an increasingly complex and challenging business environment. Prolonged impact of the global pandemic, heightened geopolitical risks, supply chain disruptions, and inflation-driven surges in raw material costs have all tested our resilience. Supported by the resilient demand that characterizes our businesses, we have leveraged the power of our market-leading brand across various countries and regions, along with the associated pricing advantage. Furthermore, our strategic and consistent acquisition of high-quality companies has significantly bolstered our capabilities. As a testament to our strategic foresight and operational excellence, we have achieved record-breaking revenue and operating profit during this period, significantly surpassing the guidance outlined in our Medium-Term Plan.

We firmly believe the cornerstone of our strength lies in our unique Asset Assembler model, meticulously crafted to fulfill our sole mission: Maximization of Shareholder Value (MSV). In our Medium-Term Strategy, unveiled in April 2024, we have redefined our unique advantages as Asset Assembler, emphasizing sustainable EPS compounding through both organic and inorganic growth avenues. Our commitment is unwavering in unlocking the full potential of our assets to drive organic growth. Simultaneously, we are dedicated to pursuing mergers and acquisitions that facilitate safe and sustainable EPS compounding, thereby tapping into and maximizing the latent potential of the assets we acquire. Moreover, we aim to optimize the PER by fostering the capital markets' conviction in our proven track record of EPS compounding. We are focused on building proper expectations for the continued sustainable compounding of our EPS, ensuring that we consistently deliver on our promises.

We sincerely value and are grateful for the unwavering support and insightful guidance from our investors.

July 31, 2024

Director, Representative
Executive Officer &
Co-President

Director, Representative
Executive Officer &
Co-President

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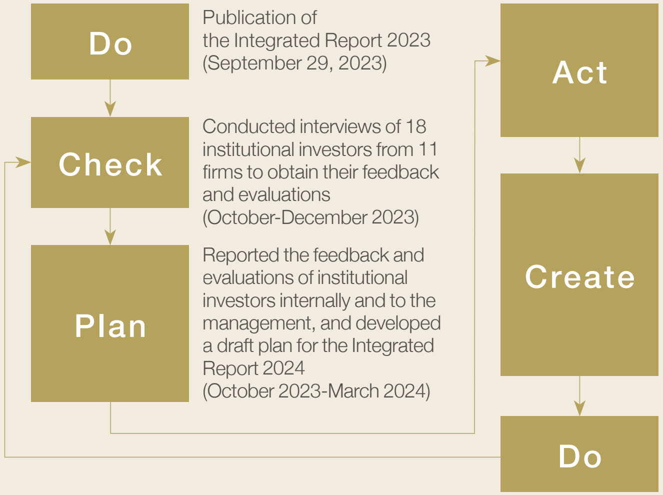
Integrated Report 2024 production process



Do Publication of the Integrated Report 2023 (September 29, 2023)

Check Conducted interviews of 18 institutional investors from 11 firms to obtain their feedback and evaluations (October-December 2023)

Plan Reported the feedback and evaluations of institutional investors internally and to the management, and developed a draft plan for the Integrated Report 2024 (October 2023-March 2024)

Act Conducted interviews of 12 institutional investors from 8 firms based on the Medium-Term Strategy briefing in April 2024 and the draft plan for the Integrated Report 2024 (April 2024)

Create Created the Integrated Report 2024 mainly by the staff of Investor Relations Department, Sustainability Department, and Corporate Governance Department based on interviews and information gathering with the management and Group partner companies around the world (April-July 2024)

Do Publication of the Integrated Report 2024 (July 31, 2024)

Participation and involvement of the management

The management is actively involved in the Plan and Create phases of the production processes. In particular, Directors, Representative Executive Officers & Co-Presidents Yuichiro Wakatsuki and Wee Siew Kim and Lead Independent Director Masayoshi Nakamura engaged in the Create phase by participating in the planning meeting several times to discuss the concept, contents, and design of the Report.

Period and scope

Period covered:
January 1 to December 31, 2023
(Information on some activities after January 2024 is also included as necessary)

Scope of the Report:
Nippon Paint Holdings (NPHD) and its consolidated subsidiaries around the world

Accounting standard:
Unless stated otherwise, figures to FY2017 are based on JGAAP and figures from FY2018 onwards are based on IFRS.

Publication date

July 2024 (published annually)

Referenced reporting guidelines

- Integrated Reporting Framework developed by IFRS Foundation (former Value Reporting Foundation)
- Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry
- Intellectual Property and Intangible Assets Governance Guidelines by the Cabinet Office
- Sustainability Accounting Standards Board (SASB) standards, etc.

知財・無形資産
ガバナンスガイドライン

Notice concerning forward-looking statements

The forward-looking statements in this Report are based on information available at the time of preparation and involve inherent risks and uncertainties. The actual results and performance of Nippon Paint Holdings Co., Ltd. and Nippon Paint Group may differ significantly from these forward-looking statements. Please be advised that Nippon Paint Holdings Co., Ltd. and information providers shall not be responsible for any damage suffered by any person relying on any information or statements contained herein.

Inquiries about this Report

Nippon Paint Holdings Co., Ltd.
Investor Relations
E-mail : ir_kouhou@nipponpaint.jp

Information Disclosure Structure

Our Integrated Report presents our management approach and strategy as Asset Assembler with an emphasis on storytelling.
Supplementary case studies and basic information that complement the Integrated Report are available on our website and Investor Book.

Integrated Report

The Report explains our basic approaches, policies, and strategic stories to give investors a much clearer and deeper understanding of our Group.


Integrated Report
2024

Declaration of Authenticity

I am pleased to present the Integrated Report as we navigate through our third year as Asset Assembler. This Report meticulously compiles key information into a coherent and rational narrative, demonstrating how we leverage our platform to maximize EPS both in the short and long term. We also highlight the critical importance and advantages of our human capital, which forms the foundation of our sole mission of MSV, from various perspectives.

The creation of this Integrated Report has been a collaborative effort, involving close cooperation between our departments in Japan and overseas. It also included multiple consultations with our Board of Directors, including the Co-Presidents and the Board Chair. I affirm the authenticity and sincerity with which this Report has been prepared.

In developing this Report, we have referenced the Integrated Reporting Framework by the IFRS Foundation, the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry, the Intellectual Property and Intangible Assets Governance Guidelines by the Cabinet Office, and the SASB Standards, among others. Additionally, we have incorporated valuable input from our global investors.

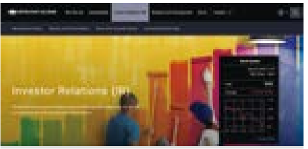
We invite you to thoroughly review this Report and share your candid feedback. We hope that this Integrated Report will foster further engagement with our investors and assist us in achieving our MSV goals.

Yuichiro Wakatsuki
Director, Representative Executive Officer & Co-President

Website

Our website provides detailed and comprehensive content including information and data, as well as case examples in each region/market needed for a deep understanding of our Group.

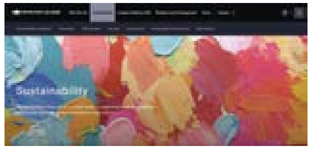
Investor Relations (IR)


Investor Relations (IR)

Key content

- Management Policy
- Reports and Presentations (Annual Securities Report (only available in Japanese), financial statements, etc.)
- Stock and Corporate Bonds
- Financial and ESG Data
- Information for Individual Investors (only available in Japanese)

Sustainability


Sustainability

Key content

- Sustainability Initiatives
- Innovation
- Environment
- Society
- Governance
- Sustainable Procurement
- ESG Library

» For financial and non-financial data from previous years, please refer to the "Financial and ESG Data" section on our website.

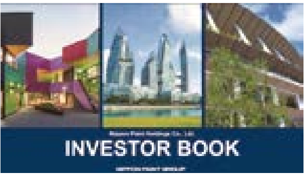
Key content

Category		Content
M&A	M&A Strategy	M&A basic policy and track record (a tabulation of information about our key M&A deals including the year, region, business activities, market share and revenue growth of acquired companies, etc.)
	M&A information	Press releases, presentation materials, presentation summaries, Q&A summaries, and on-demand videos of investor briefing meetings
	Asset Management Report	Reports on the growth of each asset company since their acquisition and their most recent performance
Human capital	Human resources management	Basic approach, Management system, Human capital for sustained growth, Recruitment of a diverse range of human resources, and training of managers, Career management, Labor practices, Improvement of employee engagement
	Diversity, Equity, and Inclusion	Basic policy, Management system, Ensuring and enhancing diversity, work-life balance initiatives, Establishment of Working from Home System, Encouraging men to take childcare leave
	Human rights	Basic approach, Policy implementation structure, Due diligence in human rights, Establishment of a harassment help desk
	Human Resource Development Initiatives Aimed at MSV	Our path for reforming the mindset of employees, J-LFG Awards, Feedback from award winners
	Viewpoints of Independent Directors	Our Independent Directors provide their thoughts about our Company's appeal and challenges

Investor Book

Investor Book provides basic information and data useful for investors who are looking into our Group for the first time.

Investor Book


INVESTOR BOOK

Key content

Category		Content
M&A	Fundamental information about partner companies	Company overview, performance trends, sales composition, market share, SWOT analysis
	The list of major brands	Major brands of each partner company

Message from Co-President Wakatsuki

Unlocking the growth potential of our platform to achieve unlimited shareholder value creation

Yuichiro Wakatsuki

Director, Representative Executive Officer & Co-President

Building a portfolio of quality assets and maximizing their potential

During the Medium-Term Plan (FY2021-2023), we navigated through a highly challenging business environment characterized by sharp increases in raw material prices, recording of provisions in China, and the application of hyperinflationary accounting in Türkiye among others. Yet we have met our original financial guidance almost every year through proactive and agile responses to these rapidly changing circumstances. A significant contributing factor has been the effective combination of each asset's resilient business model and earnings capability, which are less influenced by market conditions. In other words, we generated meaningful cash by leveraging the low capex requirements of the businesses, capturing resilient market demand, and implementing continuous cost control measures coupled with price increases. This approach has enabled us to maintain and expand our market share across regions.

Our performance over the past three years highlights our ability to consistently deliver results across our diverse business portfolio, regardless of respective challenges.

Message from Co-President Wakatsuki

This demonstrates the inherent stability of our Company as a collection of assets that reliably generate cash, a key feature of our Asset Assembler model. Unlike the flashy headlines often associated with mergers and acquisitions, our inorganic growth strategy focuses on low-risk and sustainable EPS compounding by steadily acquiring quality assets.
For organic growth, we promote autonomy and accountability among our exceptional management teams leading these assets, a strategy that can fully unlock their potential.

In essence, our Asset Assembler model pursues sustainable EPS compounding through both organic and inorganic strategies.

$$MSV = M(EPS) \times M(PER)$$

Our Asset Assembler model: Foundation of our prudent management and risk-averse approach

What lies at the heart of our Asset Assembler model? It is the prudence and risk aversion that define our management style. When selecting M&A targets, we consistently exercise "sound vigilance," thoroughly avoiding risks and carefully evaluating each opportunity. These principles are aligned with my thought process and the experiences I gained as an investment banker managing M&A advisory services. With MSV as our shared compass, we make decisions by combining Mr. Wee's operational experience with my expertise in the capital markets. This approach allows us to balance risks and returns, enabling the pursuit of safe and sustainable EPS compounding.

Our prudence extends to selecting quality assets, especially when evaluating the performance of exceptional CEOs. We analyze their leadership track records; CEOs with proven success are granted more authority, fostering autonomous growth. For example, since Patrick Houlihan became CEO in 2009, DuluxGroup, which joined our Group in 2019, had consistently increased its market share, EPS, and stock price as a publicly traded company.
When executing our M&A strategy, we considered these excellent performances and the solid organizational structure, including a robust management succession plan. Our judgments are not solely based on individual trust in a CEO, but are focused on meticulously assembling quality assets with strong governance.

Our deep-rooted commitment to MSV as a shared judgment basis enables us to make prudent decisions while avoiding risk. As the majority shareholder, Directors, and Executive Officers are all aligned in the pursuit of MSV, we can execute advanced and swift management decisions. More importantly, our success stems from being an assembly of leaders who embody Integrity, a value I hold in high regard. We prioritize substance over form in our open and vibrant communication. As a cohesive Corporate Group united by our commitment to Integrity, we continue to pursue the safe and sustainable compounding of EPS.

Pursuing MSV with no limits, adopting a long-term perspective beyond a three-year timeframe

Since 2018, our Company has accelerated revenue and profit growth by driving both organic and inorganic growth, consistently pursuing MSV as our sole mission. In January 2022, coinciding with our international secondary offering, we unveiled our Asset Assembler model for achieving MSV. Amid the accelerated evolution of our model, we separated the functional units of Japan Group from NPHD, the holding company, in a shift towards lean headquarters and established Nippon Paint Corporate Solutions (NPCS) in 2022. This marked our transition away from a Japan-centric focus and the mindset entrenched in our holding company, redefining Japan Group as one of our important profit centers within the broader portfolio. Despite the challenges and some repercussions associated with this shift, we succeeded in fostering a shared sense of urgency across the entire Group, along with a resolute commitment to avoiding unnecessary expansion of bureaucratic structures. This key transformation represents a significant milestone achieved during our Medium-Term Plan (FY2021-2023).

In our Medium-Term Strategy, released in April 2024 as an extension of these corporate actions, we revisited our strengths as Asset Assembler, focusing on sustainable EPS compounding across both organic and inorganic initiatives. We guided for a medium-term consolidated compound annual growth rate (CAGR) of 8-9% in revenue and 10-12% in EPS, based on our 2023 business portfolio, which includes our Kazakhstan operations and two businesses in India. While individual assets will continue to formulate and implement 3-4-year medium-term plans, we intentionally decided against setting uniform 3-year guidance at the consolidated Group level. This decision was made to ensure the understanding among capital market participants about the inherent growth potential within our portfolio, while keeping in mind the challenges in quantifying our “unlimited” upside from EPS compounding through safe and continuous M&A endeavors. Regarding our inorganic growth strategy, we aim to acquire companies in any region, business area, or size, provided they present low risk and offer good returns. We are also committed to short-term delivery, while pursuing long-term MSV, without being confined to a three-year timeframe.

Enhancing capital market recognition and expectations as EPS Compounder

Why is our Group committed to maximizing EPS rather than net income? Simply put, EPS-dilutive share issuance can undermine shareholder value even if net income increases. By fostering recognition as EPS Compounder and elevating the capital markets’ expectations, we aim to link this to the maximization of PER.

Reflecting on the past few years, we have consistently compounded EPS, but our stock price has not risen as expected. We attribute this to market anxieties over the so-called China risk, as well as the capital markets' underestimation of our organic growth potential and lack of confidence in the feasibility of M&A that could lead to additional safe EPS compounding. To maximize PER, we believe it is crucial to enhance understanding of our business model, track record, and the future potential of our current portfolio, along with instilling confidence in the reliability of EPS compounding through M&A. We plan to diligently undertake these efforts by simultaneously building up our performance, expanding engagement opportunities, and enriching our disclosure materials.

Implementing autonomous and decentralized management to encourage best-in-class talent to excel

Operating under our Asset Assembler model, we advocate for autonomous and decentralized management, encouraging independent growth within each of our partner companies. Central to this approach is a robust talent management strategy that allows best-in-class talent to excel. We believe that delegating authority to quality CEOs, who deeply understand the unique attributes and demands of their local regions and businesses, contributes more to MSV than centrally directing and managing partner companies from the parent company. Each partner company proactively harnesses the management resources within our platform, such as financial strength, technological capabilities, brand power, distribution network, and purchasing power. As each partner company strives for growth and occasionally learns from one another voluntarily, the holding company maximizes the potential of assets by encouraging and inspiring our top-notch CEOs to excel through fully leveraging our platform.

For instance, DuluxGroup’s approach to sustainability, particularly its advanced thinking on environmental and safety aspects, provides numerous examples that the entire Group should reference. Hence, instead of unnecessarily reinforcing sustainability personnel in our Company in Japan, we have appointed a DuluxGroup expert as the global leader of the Environment & Safety team. This approach allows us to build and promote a system to advance sustainability in compliance with the regulations and social customs of each region and market. By leveraging the Group’s exceptional human resources, we are accelerating practical discussions and initiatives on sustainability across our Group.

This approach has been a strong magnet, attracting CEOs from companies like DuluxGroup and Betek Boya. As these CEOs experience the superior platform our Group offers, they actively communicate the benefits of joining

PER

By elevating the capital markets’ expectations, we aim to link this to the maximization of PER.

Message from Co-President Wakatsuki

us both internally and externally. Their messages, backed by personal experience, are persuasive and help spread our Group's reputation to potential future partners. In the global M&A market, Japanese companies are often viewed as secure and trustworthy acquirers. This perception, combined with the prestige of the Japan brand, positively influences our M&A activities. Leveraging these benefits, we continue to add excellent and reliable assets.

Promoting sustainability through the advantages of autonomous and decentralized management

As our perspective evolves as Asset Assembler, we have rigorously instilled in the Group our shared understanding that sustainability is a prerequisite for achieving MSV, not an objective in itself. This principle is clearly stated in our Basic Policy on Sustainability, which was approved and announced at the Board of Directors meeting in March 2023. At the same time, we remain vigilant as a Group since societal demands for corporate sustainability are constantly evolving, with some potentially impacting EPS and PER. For instance, society and customers require responses to carbon neutrality and the measurement of greenhouse gas emissions (Scope 3). If not properly managed, these requirements could undermine societal credibility and customer trust, potentially resulting in reduced sales. However, by accurately understanding changes in societal and customer needs and responding swiftly, we can seize golden opportunities to create new innovations and revenue streams, which are crucial in our pursuit of MSV.

Under the banner of autonomous and decentralized management, our sustainability strategy as Asset Assembler is led by each partner company, which is deeply familiar with the needs of society and customers in their respective countries and regions. Partner companies formulate their own sustainability strategies, indices, and roadmaps toward achieving MSV, and they carry out initiatives aligned with their businesses. In this context, NPHD proactively handles areas where information collection and disclosure are necessary on a consolidated basis, based on requests from external stakeholders. However, we do not uniformly set sustainability targets for partner companies. For example, DuluxGroup has been actively promoting diversity and has elevated its ratio of women in managerial positions from 18% ten years ago to over 30% now. This is the result of the cultural and social embrace of diversity and inclusion (D&I) in Australia, where DuluxGroup is based, combined with a shift in awareness among senior executives, which has driven the hiring and promotion of women to managerial positions. We do not compare the levels achieved within the Group or set uniform targets without considering individual backgrounds and circumstances. Each sustainability team leads our Group's initiatives in their respective fields while sharing effective methods, know-how, and successful experiences. By taking these actions, we aim to meet the expectations of stakeholders such as customers and society in our quest for MSV.

Unlocking the growth potential of our platform to achieve unlimited shareholder value creation

We have come to believe it is possible to pursue, in a sense, unlimited upside in shareholder value creation. By capitalizing on the advantages of our platform, we aim to maximize EPS in both the short and long term. In doing so, we strive to be recognized in the capital markets as EPS Compounder that can sustainably achieve highly secure EPS compounding. By elevating the capital markets' expectations for our sustainable EPS compounding, we create a firm link to the maximization of PER, all with the goal of achieving MSV from a long-term perspective.

We are committed to achieving MSV through active engagement with our investors and look forward to exceeding your expectations.

Director, Representative Executive Officer & Co-President

Message from Co-President Wee

Realizing sustainable EPS compounding through the implementation of our Asset Assembler model

Wee Siew Kim

Director, Representative Executive Officer & Co-President

Asset Assembler model converting growth opportunities: DuluxGroup on the prowl

DuluxGroup, which joined our Group in 2019, serves as a successful illustration of our Asset Assembler model in practice.

Already a market leader in the mature Australia and New Zealand markets, DuluxGroup has experienced further rapid growth since it became part of our Group. It now accounts for a significant 25% of our Group's consolidated performance. During the preceding nine years on the ASX, DuluxGroup made nine bolt-on acquisitions. In the following 4 years since joining our Group, the company has ramped up growth with more than 30 acquisitions, an astonishing one acquisition every eight weeks.

Message from Co-President Wee

When introduced to the core concepts of our Asset Assembler model, the DuluxGroup senior leadership immediately appreciated the merits of retaining autonomy whilst benefitting from the financial and key functional resources of the Group. They relished the opportunity to realize their growth potential, which they have ably converted in the last 4 years.

Post-acquisition, DuluxGroup was empowered to expand in Australia and New Zealand, outperforming not only in their core paint and coatings business, but also pursuing a series of bolt-on acquisitions in sectors like sealants, adhesives, and fillers (SAF), household cleaning and gardening, thereby significantly enhancing our product offerings to key customers and consumers.

Beyond the key home markets, DuluxGroup also made meaningful expansion into the European decorative paints market through relatively small but important beachheads. In 2022 and 2023, DuluxGroup acquired Cromology, JUB and NPT. Together, our new European colleagues and the DuluxGroup teams have started to reinvigorate the market with refreshing insights and differentiating ideas to step change growth rates.

From this point in time, we hope to see improving profitability of our European operations. Not only do we have confidence in our European teams, but we also draw comfort from the DuluxGroup track record of eking out profitable growth even in mature markets. Over 30-plus years, DuluxGroup has patiently piled up its market share by 1% a year in the Australian decorative paints market with new market initiatives while breathing life into historically slower sectors like trade. Improvements will not happen overnight and we will have to adapt our playbook for impact, but everyone involved in our European operations is energized at the growth prospects.

Autonomous by design: Growth through collaboration encouraged for mutual value creation

We have been exemplifying a strategic approach that respects the autonomy of partner companies while fostering an environment for collaborative growth to create mutual value. The partner companies determine their own growth paths. In this business model, the headquarters does not mandate the partner companies to collaborate for growth. Each of the partner company management teams drives growth organically, establishing cross-regional and cross-business collaborations by leveraging the full capabilities of all the partner companies within the Asset Assembler platform only if it is economically sensible from their own respective perspectives. As decisions on where, what and how to collaborate are delegated to the partner companies, whether we gain financially from such interactions depend entirely on the effectiveness of our autonomous and decentralized management teams' business acumen and execution abilities.

One visible demonstration of tangible market progress from inter-partner company collaborations is the growth of the SAF segment and the traction that the SAF brand "Selleys" has achieved in Asia. Following the acquisition of DuluxGroup, we gained ownership of the SAF brand "Selleys." Initially, the "Selleys" brand had a strong presence in the retail market, with less emphasis on the industrial sector; as for outside of Australia and New Zealand, it has a very subdued presence.

The respective leaders of the 2 partner companies recognized the potential of the "Selleys" brand, and the value creation that would be possible if we could harness the brand's strengths and product offerings by marrying up with NIPSEA Group's extensive distribution networks across Asia. This collaboration has further triggered nascent ambitions in the SAF business area in NIPSEA Group, leading to the 2021 acquisition of Vital Technical, a Malaysian manufacturer and distributor of SAF products. By integrating market insights and pooling the strengths of both DuluxGroup and Vital Technical, we have successfully expanded the SAF business presence in Asia.

Another example originated from the observation that tools and accessories such as brushes and sandpaper make up approximately 20% of Dunn-Edwards' sales in the United States. We set about studying and extrapolating whether this can also be replicated in Asia, especially with

$$MSV = M(EPS) \times M(PER)$$

our knowledge of the supply chain in this part of the world. Leveraging our proficiency in sourcing high-quality, cost-effective products, we are now building a growing tools and accessories business across NIPSEA Group.

This collaborative and growth-oriented approach, leveraging our autonomous and decentralized management framework among an increasing number of partner companies put together in a financially disciplined manner, underpins our sustainable EPS compounding as Asset Assembler.

Key to sustainability:
People, talent and organizational agility

For sustainability and long-term success, the Group focuses on people, talent, and organizational agility. By prioritizing the well-being and development of our employees, fostering an agile organizational structure, and promoting innovative practices, our Group is better positioned to achieve its EPS compounding goal and drive mutual value creation. As we go about identifying potential future partner companies, we place high priority on the quality of the management teams in the target companies. Having exceptionally talented management teams that can join us, add bench strength, and lead as well as groom future leaders propels our growth strategy forward.

A track record of consistently good performance is certainly a good indicator. Delving into and understanding the context of their success further crystalizes our appreciation of the leaders. Whenever possible with potential partner companies, early engagement of the leaders would lend further insights and take the assessment beyond just intuition. There is no perfect formula for evaluating a management team; it is often down to judgement calls, but we believe we will get better over time.

In our existing stable of partner companies, the vitality of our management teams is sustained through regular talent reviews, career development and rigorous attention to the grooming of successors at multiple levels of the organizations. While each partner company undertakes its own talent identification and grooming processes, flexibility is exercised to allow specific talents to enjoy the benefits of cross-partner company deployments so that the entire Group is all the more enriched as a result. When we do our jobs effectively and talents thrive, the Group will be a sought-after employer. People are so important that Co-Presidents bear this duty and responsibility together to ensure the long-term sustainability and vitality of the Group for our shareholders and employees.

Recognizing that organizations are dynamic rather than static, ever morphing in reaction to the available talent base and business exigencies, we maintain a posture of agility when it comes to our organization structures. Rather than just merely filling vacancies, we allow the practice of organization malleability depending on the available talents, their aspirations and inclinations and the challenges of the times. This is an acknowledgement that as much as we attempt to have a deep succession bench, there are going to be many occasions when we do not get it exactly right, thereby engendering this need to ensure we do not have rigid organizational structures.

Our Japan Group has demonstrated this organizational agility this past year. Different organizations have sprung up with the creation of segment-wide resin centers, joint supply chain and production layouts, and senior leaders taking on concurrent Japan-wide responsibilities, as well as new units and teams focusing attention on emerging areas like film and electric mobility. These flurries of activity would seem fast, furious and overwhelming to a large swathe of our colleagues. It remains for senior leadership to explain the intent and bring the people on this journey.

EPS

By prioritizing the well-being and development of our employees, fostering an agile organizational structure, and promoting innovative practices, our Group is better positioned to achieve its EPS compounding goal and drive mutual value creation.

Message from Co-President Wee

Value creation: Prioritizing technological innovation

A renewed focus on the Voice of the Customer (VOC) continues to bring in a stream of new ideas on the product, technology and process fronts. In different parts of the Group, we instill disciplined gate processes so that we deploy technical and development resources to the initiatives that would deliver most value to the market and to ourselves. Of late, one such area where we are clearly guided by our customers is the development of carbon-neutral products. The pace of market adoption is expected to be rapid and we hope to be delivering such environmentally friendly products within the next 3 years.

Nonetheless, we could still miss emerging business opportunities. Through active participation in international and industry fora, we hope our business and technology leaders are able to uncover innovations that may not naturally come through our usual customer and market avenues. Insights gathered from these fora in fields such as materials, new energy, and green technologies are experimented upon with a view of eventually seeing applications into products. This is further supplemented with commitment to open innovation outreach through partnerships with esteemed research institutions such as the University of Tokyo in Japan, the Massachusetts Institute of Technology in the United States and Tsinghua University in China. Through interactions with the academics, our technical talents, especially the colleagues who have chosen to stay on the technology career track, would surely gain in knowledge and understanding, hopefully sprouting technological innovations that would astound the marketplace.

Just this year, technologists across the globe met in Tokyo to commit to work together with an LSI (Leverage, Share, Integrate) mindset so that the Group is stronger than the sum of its parts.

Disciplined cash management

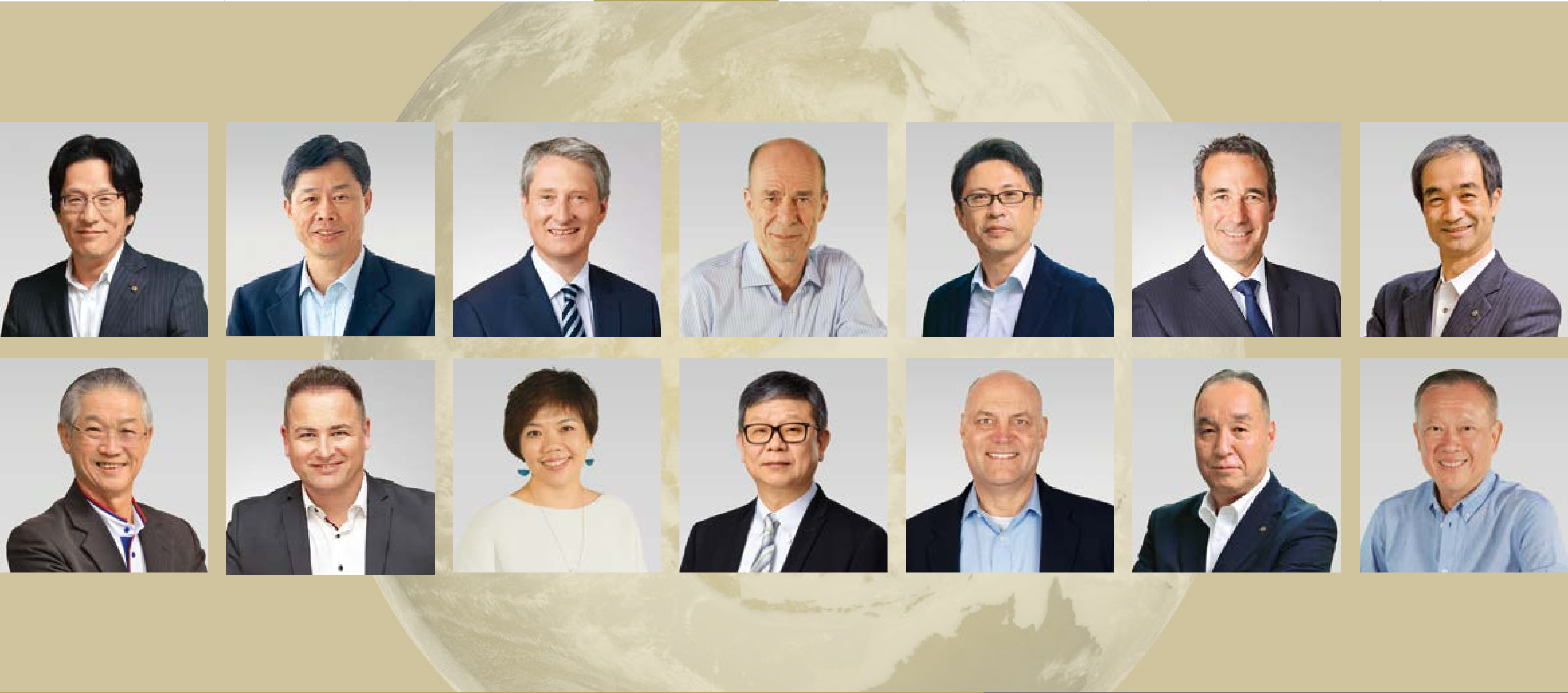
Our Group recognizes that disciplined cash management is fundamental for operational efficiency and long-term growth strategy. By managing cash flows effectively, the company can mitigate liquidity risks, seize investment opportunities, and maintain resilience in volatile economic conditions. Disciplined cash management is an indelible part of the fabric that weaves together the key tenets of the EPS compounding platform that we endeavor to construct which is: individually autonomous partner companies helmed by strong management leadership teams aligned together by our sole mission of Maximization of Shareholder Value (MSV) such that each can derive the benefits of being part of a bigger group by selectively collaborating and every so often welcoming new partner companies into the fold.

I would further add that sustainably compounding EPS also requires that we sustain investment in facilities and infrastructure that keeps our people working effectively, efficiently and safely. Judiciously balancing capital expenditure, driving asset utilization and eking out the cash flows to fuel future growth are expected of all of our leaders. Even as the Group has adequate financial resources, the discipline and focus on cash management at every operating level hopefully develop the insights and judgement that we continue to spawn generations of leaders to come that we can entrust to make prudent choices.

Earning trust : Consistent delivery of promises

Investor and shareholder trust must be earned. The only way to build this trust is by consistently delivering results through strict adherence to fundamentals. By focusing intently on our sole mission of MSV, we aim to achieve sustainable EPS compounding. I am convinced that our organization's adherence to foundational principles, driven by our competent employees who are confident in our prospects, will undoubtedly secure the trust of our investors and shareholders.

Director, Representative Executive Officer & Co-President



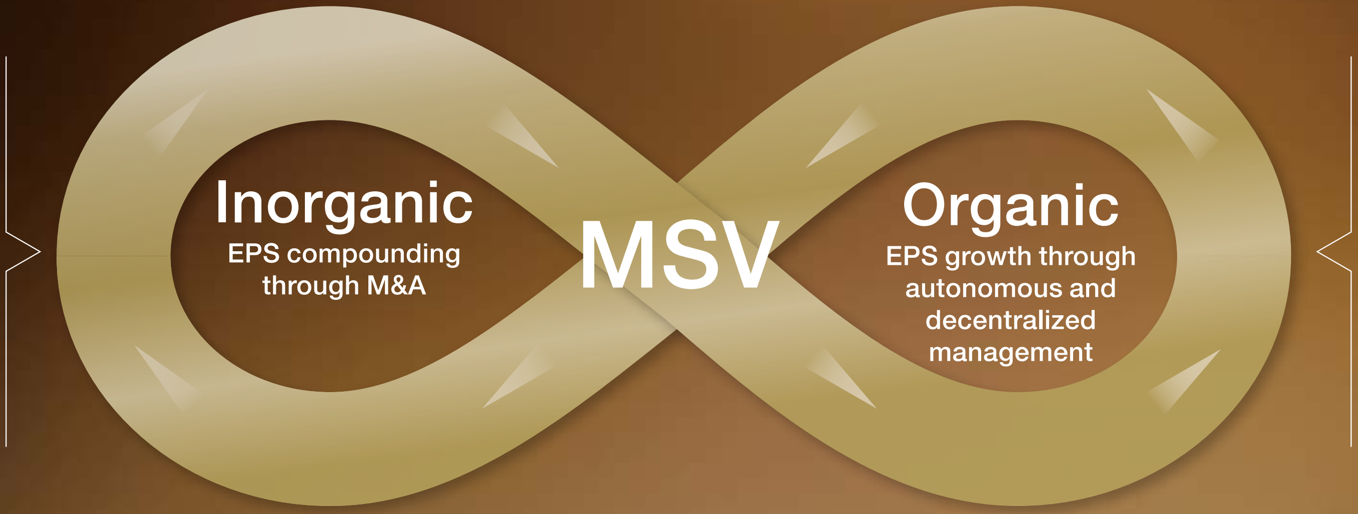
Asset Assembler Model

With Maximization of Shareholder Value (MSV) established as our sole mission, we leverage the advantage of our Asset Assembler platform to achieve MSV in the long term.

In this section, we will delve into the competitive advantage of our Asset Assembler model and present case studies demonstrating the use of our platform.

Asset Assembler Model

Compounding EPS via organic and inorganic growth towards MSV



Accumulating excellent assets (newly acquired brands, talent, and technology)

Inorganic
EPS compounding through M&A

MSV

Organic
EPS growth through autonomous and decentralized management

Aggressively sharing and leveraging technologies, channels, sourcing, know-how, brands, etc., across the Group

Relentlessly pursuing unlimited upside in shareholder value

Assumptions (medium- to long-term outlook)

- Ever-present macroeconomic uncertainty
- Low-risk, good-return targets globally
- Japan-based advantages (Japan-US interest rate gap, consumer trust in Japanese brands, etc.) are likely to persist

▼

Features

- A model focused on low-risk and steady EPS compounding via organic and inorganic initiatives
- Capital markets' conviction in our Asset Assembler model will boost PER, enabling MSV
- Unlocks unlimited growth potential for us

Our Asset Assembler model aims at sustainable EPS compounding via organic and inorganic growth.

Operating under the assumption that the macroeconomic environment will always be uncertain and unclear, we consistently accumulate low-risk assets that offer good returns that still exist globally. In our M&A activities, we leverage not only the advantage of low-cost funding in Japanese yen, but also the trust placed in Japanese companies as acquirers, capitalizing on our unique position as a Japan-based company.

We strive to earn recognition and favorable evaluations from capital markets for our Asset Assembler model, which is committed to the safe and consistent compounding of EPS via organic and inorganic growth. This approach aims to enhance our PER and ultimately achieve MSV. By unlocking the maximum potential of the assets we acquire, we aim to accelerate our organic growth, thereby attracting new assets to our Group. This virtuous cycle enables us to relentlessly pursue unlimited shareholder value upside.

Competitive Advantage of Asset Assembler Model

Accelerating EPS compounding by leveraging the combined advantage of autonomous and decentralized management and lean headquarters

Organic—Advantage of autonomous and decentralized management

1. Autonomous growth of excellent assets by harnessing low-cost operations, high cash generation capability, and operating leverage

Each of our partner companies features low-cost operations and high cash generation capability enabled by the low-capex characteristics of the paint industry. The holding company typically provides capital to each partner company primarily for executing M&A. By creating operating leverage and capturing resilient market demand, each partner company aims to expand its market share in respective local regions.

2. Accelerating growth through the use of our Group's platform (financial strength, brand, etc.)

Each partner company leverages our Asset Assembler model platform, proactively incorporating management resources such as financial strength, technical capabilities, brand power, distribution network, and purchasing power that our Group possesses, aiming to drive autonomous growth. Many of our partner companies, including Betek Boya and DuluxGroup, which were acquired in 2019, have a track record of accelerating growth after joining our Group.

»» For more information, please refer to the "Asset Management Report" on our website.

3. Achieving synergy and breakthroughs through collaboration among excellent assets

We extend our unique platform generously to each partner company, a strategy that enables us to unlock their full growth potential. In return, these companies share their best practices and learn from each other voluntarily, which has from time to time led to collaboration among partner companies and given rise to synergy and breakthroughs.

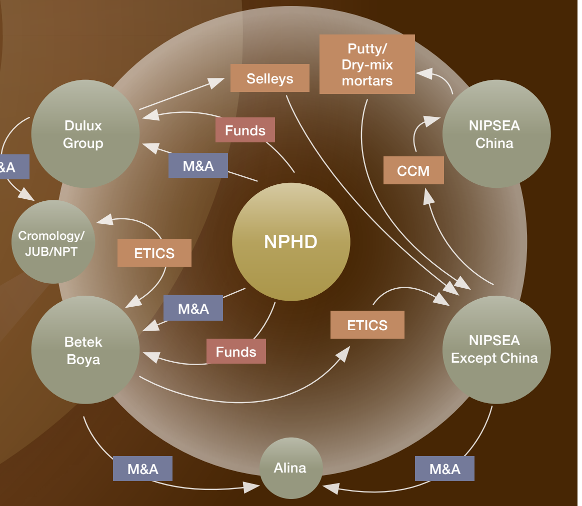
Three primary features of good assets

Autonomous growth enabled by excellent management teams aligned with MSV

Low-cost operations and strong cash generation

Capturing resilient market demand and exploiting operating leverage

EPS growth by leveraging our platform



»» P23 Our Platform That Underpins Autonomous and Decentralized Management

Competitive Advantage of Asset Assembler Model

Inorganic—Advantage of lean headquarters

1. Our capability to fully leverage the benefits of low funding costs

As a company based in Japan, a market known for its stable currency and safety, we have committed to fully leveraging the benefits of low funding costs, thanks to our enduring relationships and strong support from financial institutions.
By strategically capitalizing on the persistently low interest rates in Japan, even amidst the stability of the Japanese yen, we are bolstering our competitive edge over Western companies that face higher interest rates.

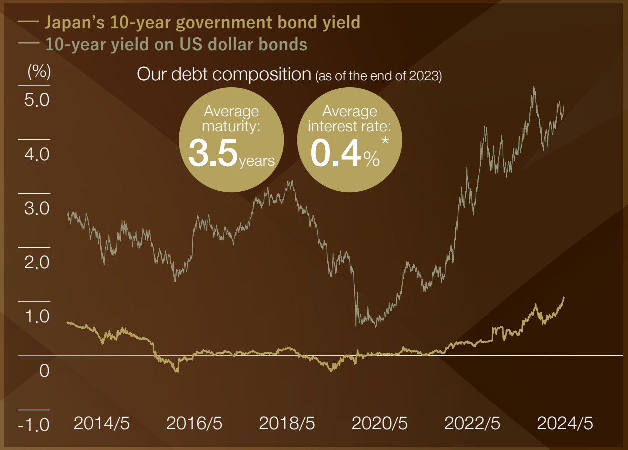
2. The capability of asset companies to maintain and expand the EPS contribution without the intervention of the holding company

Our Company, while maintaining lean headquarters, generously provides each of our partner companies with our unique platform grounded in autonomous and decentralized management. Additionally, we identify low-risk assets and acquire them at reasonable valuations. Following acquisition, we demand autonomy and accountability from our top-tier local management teams. This approach successfully unlocks the full growth potential of each partner company.

3. Our ability to attract world-class management talent who empathize with our business model

Our M&A approach stands apart from the typical Western cost-cutting model, and our established track record and reputation are fostering new M&A opportunities. Our platform promotes enhanced EPS contribution through a combination of autonomy and accountability for talents resonating with MSV. This powerful combination has a strong appeal to high-caliber management talent.

10-year yield on Japanese yen/US dollar bonds



* Average interest rate of our long-term debt

Resonance with MSV

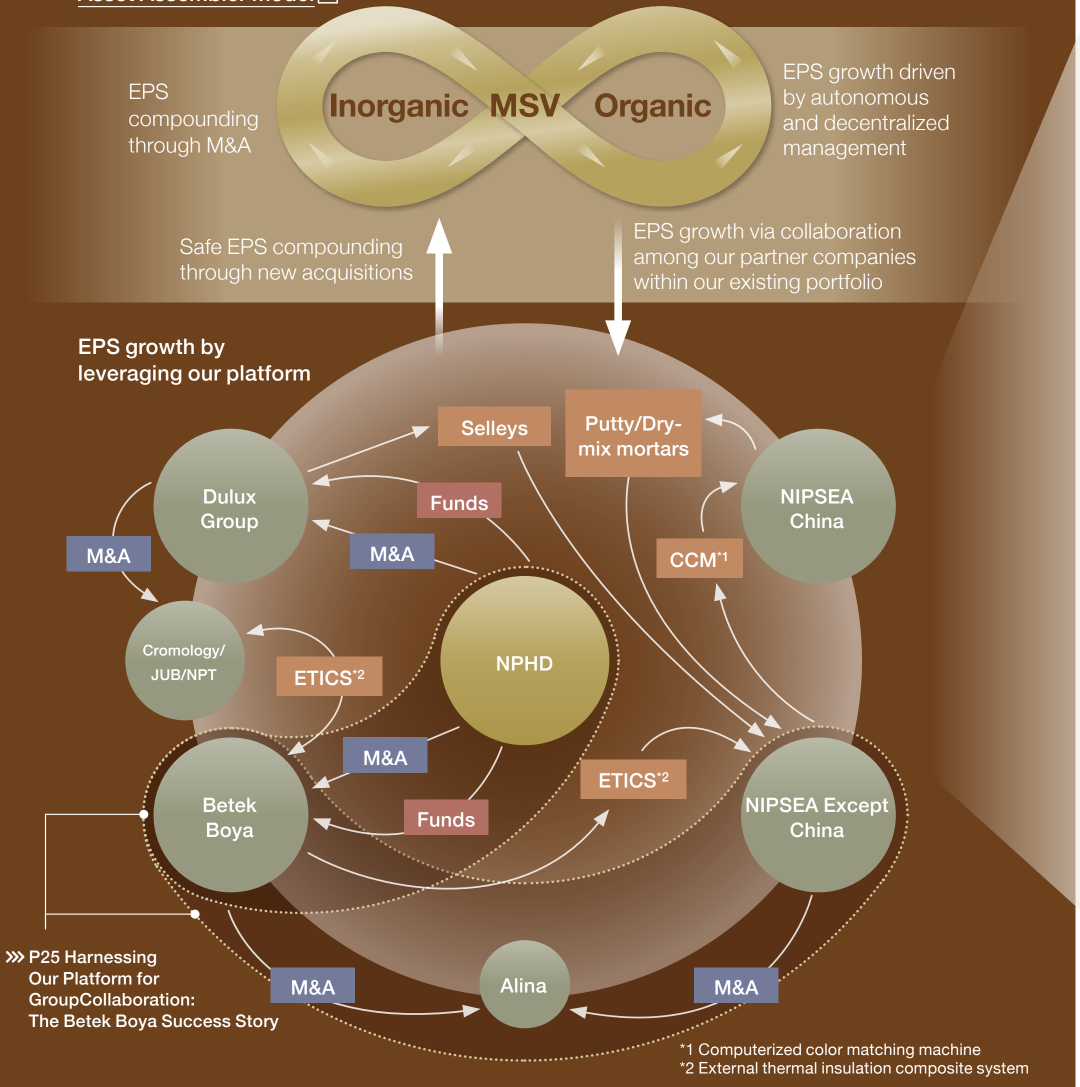
Bringing in excellent management teams

Our Platform That Underpins Autonomous and Decentralized Management

Each partner company, operating under autonomous and decentralized management, proactively leverages our Group's management resources including financial strength, technical capabilities, and brand power, while voluntarily learning from each other occasionally. This approach fuels their ongoing growth.

On this page, we introduce the platform and management resources that underpin our autonomous and decentralized management approach and examples of Group collaboration facilitated through the use of this platform.

Asset Assembler model



>>> P25 Harnessing Our Platform for GroupCollaboration: The Betek Boya Success Story

*1 Computerized color matching machine
*2 External thermal insulation composite system

Management resources utilized via the platform

Human capital

Talent/organizations

In the paint market, characterized by local production for local consumption and versatile applications, it's essential to have excellent management teams, diverse talent, and robust organizational capabilities that enable us to accurately grasp societal challenges and customer needs, and swiftly provide effective solutions.

Examples of resources and updates

- **Ratio of overseas employees** (global)
  87.0% (2018) ➡ 89.9% (2023)
- **Ratio of women in managerial positions** (global)
  23.8% (2020) ➡ 26.5% (2023)
- **Employee satisfaction rate** (Japan Group)
  83% (2019) ➡ 79% (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

- Creating a workplace environment that allows diverse people to play an active role
- Accepting reforms and changing workstyle
- Instilling Purpose and Global Code of Conduct
- Improving effectiveness of risk management

Particularly relevant Materiality

- Diversity & Inclusion
- Safe people and operations

Key related content

Human Resource Strategy >>> P65
Safe people and operations >>> P70
Risk Management >>> P91

Manufactured capital

Technologies

Advanced technologies are essential for enhancing our competitive advantage by fostering innovations that address societal challenges and customer needs and facilitating stable product supply, among other benefits.

Examples of resources and updates

- **Number of engineering talents** (global)
  3,545 (2019) ➡ c.4,300 (2023)
- **Number of factories** (global)
  119 (2019) ➡ 163 (2023)
- **Number of registered patents** (global)
  1,000 (2021) ➡ 1,610 (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

- Cultivating engineering talent
- Stepping up R&D activities
- Maintaining and reinforcing production facilities
- Developing sustainable products

Particularly relevant Materiality

- Climate change
- Resources and environment
- Innovation for a sustainable future

Key related content

Environmental Strategy >>> P62
R&D Strategy >>> P68

Our Platform That Underpins Autonomous and Decentralized Management

Social and relationship capital

External partners

Collaborations and partnerships with external partners are essential for providing high-quality products and services to customers worldwide, driving innovative solutions to societal challenge

Examples of resources and updates

- **Number of stores implementing the "New Generation Dealer" program** (Betek Boya)
  c.50 (2019) ➡ c.380 (2023)
- **Number of IR meetings** (global)
  281 (2019) ➡ 707 (2023)
- **Shareholding of the majority shareholder Wuthelam Group (private company)**
  14.5% (2013) ➡ 58.7% (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

- Active open innovation activities with universities, research institutions, automobile manufacturers, and other external partners
- Facilitating engagement with investors and other stakeholders
- Advancing and deepening the partnership with Wuthelam Group

Customer base

The solid customer base, deeply rooted in long-term relationships of trust with customers in each region and business segment, plays an important role in stabilizing revenue and product supply. Furthermore, it contributes to the enhancement of products and services

Examples of resources and updates

- **Number of distribution stores** (NIPSEA China)
  c.50,000 (2019) ➡ c.290,000 (2023)
- **Number of CCM-installed stores** (NIPSEA China)
  c.3,000 (2019) ➡ c.19,000 (2023)
- **No.1 market share in decorative paints** (global)
  8 countries (2019) ➡ 13 countries (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

- Developing distribution channels that enable us to supply products to consumers worldwide
- Increasing strategic partnerships with property developers
- Developing strong trust relationships with automobile manufacturers and other customers

Particularly relevant Materiality

- Climate change
- Resources and environment
- Safe people and operations
- Growth with communities
- Innovation for a sustainable future

Key related content

Environmental Strategy »» P62 Human Resource Strategy »» P65
R&D Strategy »» P68 Safe People and Operations »» P70 Growth with Communities »» P71

Intellectual capital

Brands/know-how

Customers and consumers highly value the trustworthiness of products and services. As a testament to this trust, corporate and product branding is an indispensable resource for operating a diverse range of businesses globally

Examples of resources and updates

- **Number of key brands** (global)
  31 (2019) ➡ 41 (2023)
- **Top of Mind rating** (NIPSEA China)
  51% (2019) ➡ 51% (2023)
- **Top of Mind rating** (Indonesia)
  26% (2021) ➡ 26% (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

- Promoting advertising, marketing, and social contribution activities
- Sharing and accumulating expertise and know-how through our platform
- Holding AYDA Awards international architectural and interior design competition

Particularly relevant Materiality

- Resources and environment
- Safe people and operations
- Growth with communities
- Innovation for a sustainable future

Key related content

Environmental Strategy »» P62
R&D Strategy »» P68
Safe People and Operations »» P70
Growth with Communities »» P71

Financial capital

Financial base

To achieve sustainable growth, we need to strengthen the ability to generate cash flows and financial foundation that provide us with ample funds to be allocated continuously to investment in M&A, new technologies, and cutting-edge production facilities

Examples of resources and updates

- **Operating cash flows** (consolidated)
  ¥92.1 bn (2019) ➡ ¥189.8 bn (2023)
- **Net D/E ratio** (consolidated)
  0.56x (2019) ➡ 0.36x (2023)
- **Total equity** (consolidated)
  ¥688.0 bn (2019) ➡ ¥1,368.1 bn (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

- Strict adherence to financial discipline
- Prioritizing debt finance and maintaining leverage capacity
- Promoting engagement with financial institutions and credit rating agencies
- Developing a global base of investors

Particularly relevant Materiality

- Climate change
- Resources and environment
- Growth with communities
- Innovation for a sustainable future

Key related content

Our Finance Strategy Presented by Co-President Wakatsuki »» P44
M&A Strategy »» P47 R&D Strategy »» P68
Environmental Strategy »» P62

Natural capital

Nature/environment

As a corporate group operating in the paint and adjacencies businesses, resources such as raw materials, electricity, and water are not only essential, but also significant from a sustainability perspective

Examples of resources and updates

- **GHG emissions** (Scope 1 & 2; global)
  54.3kg/ton of production (2019) ➡ 40.2kg/ton of production (2023)
- **Ratio of hazardous waste** (global)
  45% (2019) ➡ 37% (2023)
- **Water consumption** (global)
  0.44kL/ton of production (2019) ➡ 0.47kL/ton of production (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

- Declaration of support for the TCFD and expansion of climate change-related measures and information disclosure
- Sustainable use of resources and protection of environment/biodiversity
- Mitigating environmental impact through the development of eco-friendly products

Particularly relevant Materiality

- Climate change
- Resources and environment
- Innovation for a sustainable future

Key related content

Environmental Strategy »» P62
R&D Strategy »» P68

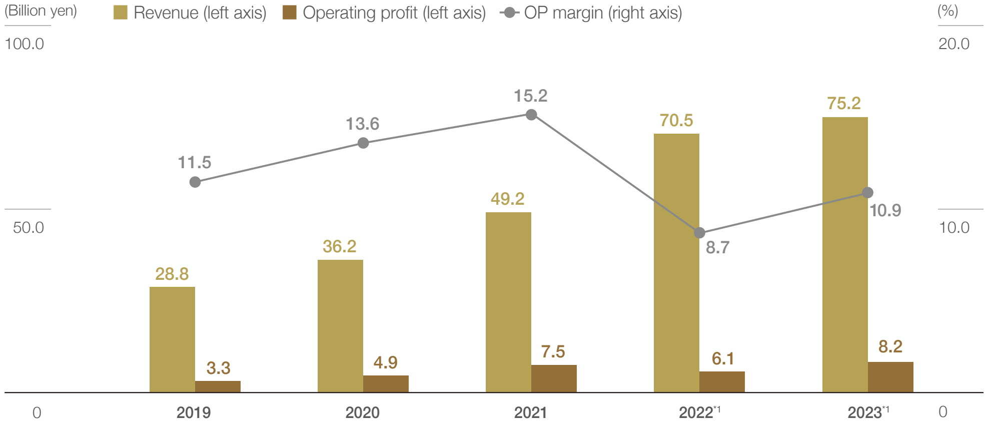
Harnessing Our Platform for Group Collaboration: The Betek Boya Success Story

Case 1 Benefitting from capital injection by NPHD

Becoming a part of Nippon Paint Group in 2019 empowered Betek Boya to thrive in various aspects, both operationally and financially. By utilizing the financial resources provided by NPHD, Betek Boya successfully cleared its existing loans and substantially enhanced its cash flow. With the weight of financial obligations lifted, Betek Boya redirected its attention towards sales, operations, marketing, and branding initiatives, swiftly amplifying its market presence and driving up market share expansion.

Being a part of Nippon Paint Group also allowed Betek Boya to immediately tap on economies of scale and gain benefits across the entire value chain, including marketing, purchasing, finance, technical know-how and formulations, IT, supply chain, production, etc. With the backing of Nippon Paint Group, Betek Boya bolstered its market share expansion efforts by initiating a dealer congress that was attended by 4,000 dealers nationwide and increasing its marketing investments to enhance brand awareness and recognition.

Growth since joining our Group in 2019



	2019		2020		2021		2022*1		2023*1
Market share*2 (Decorative)	27%	➡	30%	➡	34%	➡	34%	➡	35%

*1 Starting from FY2022 2Q, hyperinflationary accounting has been applied. Figures from 2022 onwards reflect this accounting treatment.

*2 Internal estimates

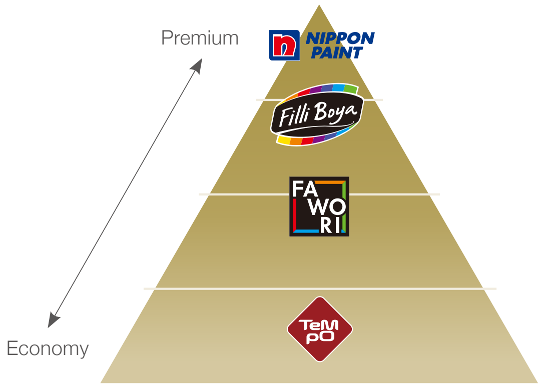
Case 2 Multi-brand strategy implemented in an inflationary environment

Betek Boya provides an extensive array of color options for every surface, spanning interior and exterior paints across four distinct brands: NIPPON PAINT, Filli Boya, FAWORI and Tempo. Each brand is tailored to specific market segments and customer demographics, aiming to deliver high-quality products to end consumers.

Amidst challenging economic conditions, Betek Boya observed two distinct and emerging consumer preferences. With a decline in purchasing power, consumers are becoming more cost conscious, gravitating towards the economic segment, as well as towards products offering enhanced value and reliability (value for money). Over the span of recent years, there has been a significant shift in labor and product costs. The emphasis on products that streamline labor and save time surged, prompting the development of new initiatives within the product portfolio design.

Betek Boya is actively crafting strategies to cater to value-seeking consumers with its flagship brand, Filli Boya. To bolster and elevate brand appeal, Betek Boya is introducing exclusive services through their specialized dealership networks and expanding accessibility via modern sales channels, particularly focusing on e-commerce. Positioned as a masstige brand, Filli Boya provides high-quality, aspirational products accessible to a wide market segment. This approach has distinctively positioned Filli Boya as the sole paint brand among Türkiye's top 10 trusted brands, underscoring its exceptional

Positioning of brands



reputation and consumer trust, as validated by a national survey encompassing 150 brands across 16 sectors in Türkiye.

NIPPON PAINT stands as the pinnacle, the epitome of elegance within its multi-brand strategy. With the broadest range of meticulously crafted products with the upmost quality, NIPPON PAINT caters exclusively to the premium segment. Despite economic challenges, the purchasing power within this segment remains robust, sustaining demand for decorative solutions. By anchoring the NIPPON PAINT brand in the premium segment, it targets professionals and discerning consumers seeking specialized products, distinctive color choices, and exceptional customer service. Through a focus on emotional, experiential, and functional advantages, Betek Boya is steadily fortifying its position in the premium market, delivering unparalleled benefits to its customers.

Case 3 Our strategic penetration into the Central Asian market that holds potential for future growth

Paint portfolio expansion

Applying Betek Boya's successful Multi-Brand Strategy to the Kazakhstan paint market involves complementing Alina's robust mid- and low-tier paint brands with Betek Boya's mid- to high-end paint brands. With this approach, Alina aims to offer distinct brand identities tailored to each pricing tier and expand into corresponding distribution channels to meet the diverse needs of its end-users.

This initiative also entails the sharing of best-in-class paint production capabilities and robust formula know-how to enhance and expand Alina's current paint and coatings portfolio. This will in time allow Alina to achieve a better cost structure, price competitiveness that will be facilitated by initiating Betek Boya production know-how within Alina's facilities, eliminating the need for imports from Türkiye.

Cost synergies

Harnessing the scale of Nippon Paint Group to streamline Alina’s cost structure entails optimizing the procurement of raw materials, deployment of Computerized Color Matching (CCM) machines and other capital expenses. By leveraging Nippon Paint Group's extensive resources and negotiating power, Alina aims to secure favorable pricing and terms, ultimately enhancing its operational efficiency and cost-effectiveness.

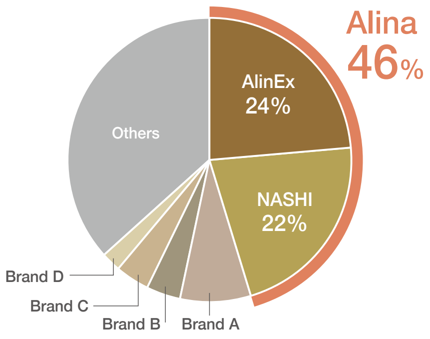
Introducing value-added categories in the medium to long term

Tapping on Betek Boya's products and expertise, Alina aims to venture into other value-added categories such as External Thermal Insulation Composite System (ETICS), furniture coatings and industrial coatings. Leveraging on Betek Boya's leadership in the ETICS category, Alina has the opportunity to introduce innovative insulation methods to the Kazakhstan market, potentially driving significant market growth with the potential to enhance the quality of life for Kazakhstan people by providing better insulation and comfort in their living spaces.

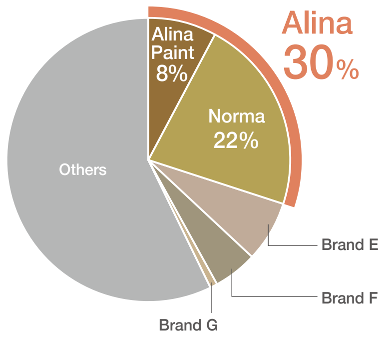
Making Kazakhstan a hub to grow our business in Central Asia

Alina has strong dry mix and paint production facilities, alongside superior products with robust brand equity. Alina plans to leverage this strength by integrating it with Betek Boya’s extensive distribution network in Central Asia, immediately benefitting Alina’s business growth into Kyrgyz, with subsequent expansion to other Central Asia markets in the near term.

Dry mix market share (volume basis)*



Paint market share (volume basis)*



* Internal estimates

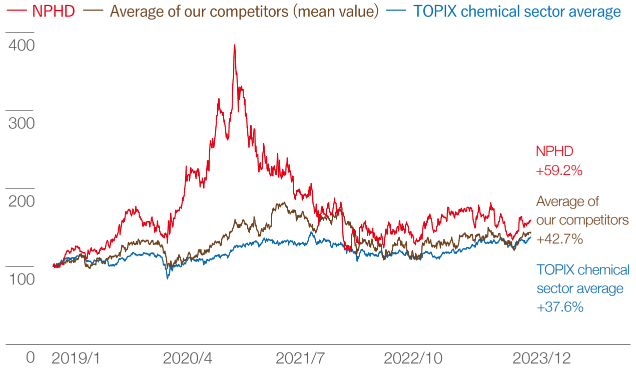
Management Focused on Stock Price

We are pursuing our sole mission of MSV through the maximization of EPS and PER. We practice management with a focus on our stock price, which is the outcome of the pursuit of MSV.

Over the past five years, our stock price has outperformed the TOPIX chemical sector average and the average of our competitors, bolstered by robust EPS growth. However, our stock price declined despite the growth in EPS, prompting us to carry out an analysis that takes into account macroeconomic factors, sector trends, and our own analysis of stock price trends.

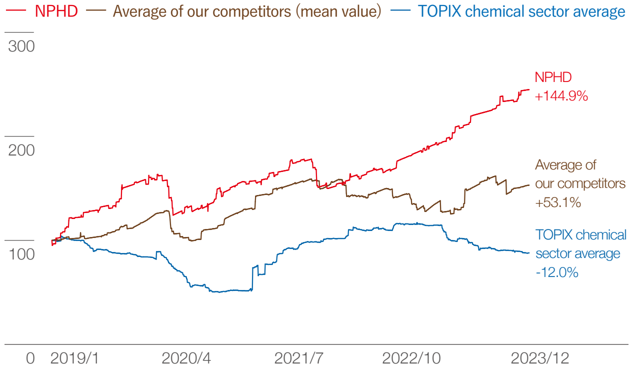
Moving forward, we aim to achieve MSV by focusing on sustainable EPS compounding and elevating capital markets' expectations.

Historical stock price trends



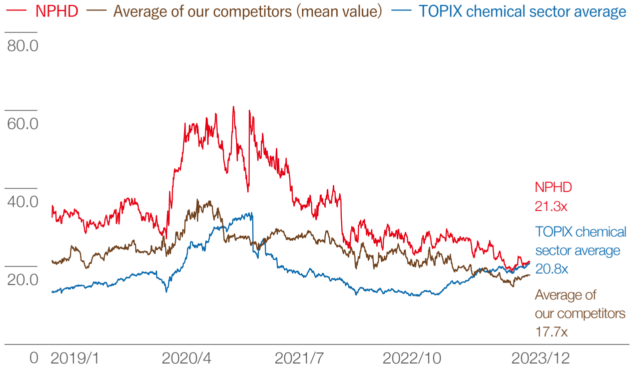
*1 Source: FactSet, Bloomberg
*2 The stock prices were indexed with the closing price on January 1, 2019 as 100
*3 The average of competitors is the average of indexed stock prices of Sherwin-Williams, BASF, Asian Paints, PPG, AkzoNobel, Berger Paints, Axalta Coating Systems, SKSHU Paint, Kansai Paint, TOA Paint, and Asia Cuanon Technology

Historical EPS trends



*1 Source: FactSet, Bloomberg
*2 The stock prices were indexed with the closing price on January 1, 2019 as 100
*3 Average of our competitors is the average of indexed stock prices of Sherwin-Williams, BASF, Asian Paints, PPG, AkzoNobel, Berger Paints, Axalta Coating Systems, SKSHU Paint, Kansai Paint, TOA Paint, and Asia Cuanon Technology

Historical PER trends



*1 Source: FactSet, Bloomberg
*2 Average of our competitors is the average stock price of Sherwin-Williams, BASF, Asian Paints, PPG, AkzoNobel, Berger Paints, Axalta Coating Systems, SKSHU Paint, Kansai Paint, TOA Paint, and Asia Cuanon Technology

Rate of change of stock price, EPS, and PER

	Five-year trend (2019-2023)			Three-year trend (2021-2023)			One-year trend (2023)		
	Stock price	EPS	PER	Stock price	EPS	PER	Stock price	EPS	PER
NPHD	+59.2%	+144.9%	-11.3x	-62.1%	+56.6%	-25.6x	+8.6%	+27.5%	-3.7x
Average of our competitors	+42.7%	+53.1%	-3.5x	-17.0%	+21.8%	-9.6x	+13.5%	+11.0%	-4.6x
TOPIX chemical sector average	+37.6%	-12.0%	+7.5x	+9.1%	+70.3%	-11.6x	+25.4%	+63.6%	+8.1x

Macroeconomic factors

(1) **Rapid rise in long-term U.S. interest rates and acceleration of the tapering pace (reduction of quantitative easing measures) since 2022**

⇒Significant adjustment of high valuation stocks such as tech stocks and domestic growth stocks with low liquidity, leading to a shift towards large domestic demand-driven stocks and value stocks

(2) **Emergence of debt non-performance by property developers and tightened regulations on tech companies in China since 2022**

⇒Capital flight of investment money from China and Hong Kong, resulting in increased fund inflows into the Japanese stock market

Analysis of sector trends and our performance

- **TOPIX chemical sector average:** EPS has improved significantly, mainly attributed to stocks of companies that have bounced back from a slump in demand influenced by the pandemic since 2021 and have benefited from the yen's depreciation
- **Average of our competitors:** PER of high-valuation stocks declined from 2021 to 2022, influenced by the macroeconomic factors (as outlined to the left)
- **NPHD:** (1) In 2020, PER climbed to over 60 times due to a combination of factors, including (i) the capital markets' preference for growth stocks and high interest in China-related stocks, (ii) the realization of our long-term goal: the full-integration of the Asian JVs and acquisition of Indonesia business, and (iii) the low liquidity of our stock. Despite the significant growth in EPS, PER has been greatly influenced by the macroeconomic factors (as outlined to the left) since 2021

  (2) Although our PER follows a similar trend as China-related stocks, businesses outside of China make up as much as 64% of our consolidated operating profit. Over the past three years, our China business has demonstrated stable growth with a CAGR of +12.4%(on a local currency basis) in revenue and operating profit margin at 12.5% (on a Tanshin basis) in 2023, showing a relatively low correlation with Chinese macroeconomic trends

Management Focused on Stock Price

Analysis of current situation and future direction

As analyzed on the previous page, while our EPS has significantly increased over the past five years, the rate of change in our PER has been trending downward compared to the TOPIX chemical sector average and the average of competitors, even though the absolute level of PER is not low.

We believe that the main factors contributing to this decline in PER are: (1) market anxieties over China-related risks; (2) an underestimation of our growth potential; and (3) our aggressive M&A strategy being evaluated as high risk.

We are working to alleviate these concerns and evaluations. Furthermore, we are committed to accelerating the sustainable EPS compounding through both organic and inorganic growth towards achieving MSV.

Management focused on stock price

»» P3 Pursuing the Maximization of Both EPS and PER Towards the Achievement of MSV

Stock price ＝ EPS × PER

c.¥1,000 ＝ ¥50.45 × c.20 times

$$\text{c.20 times} = \frac{1}{\text{Cost of shareholders' equity} - \text{expected rate of return}}$$

	EPS	PER
Future direction	● Organic EPS CAGR target: +10-12% ● Accelerate EPS compounding through aggressive M&A activities	● Elevate capital markets' conviction and expectations in the business acumen of the management team ● Elevate capital markets' conviction and expectations in growth potential and profitability
Key initiatives	● Accelerate EPS compounding across both organic and inorganic growth, leveraging the combined advantages of autonomous and decentralized management and lean headquarters	● Promote understanding of our business model, track record, and growth potential ● Encourage recognition of our portfolio as a collection of low-risk entities ● Enhance investor engagement opportunities and disclosure material

»» P20 Asset Assembler Model

»» P29 Our Strategy for Maximizing PER

For reference (the points of analysis presented by TSE)

(1) Market evaluations (PER/PBR)
(2) Returns on capital (ROE/ROIC)

PER × ROE ＝ PBR

c.20 times × 9.5% ＝ c.1.7 times

ROE 9.5%: ROIC 6.9% — Financial leverage 2.0 times

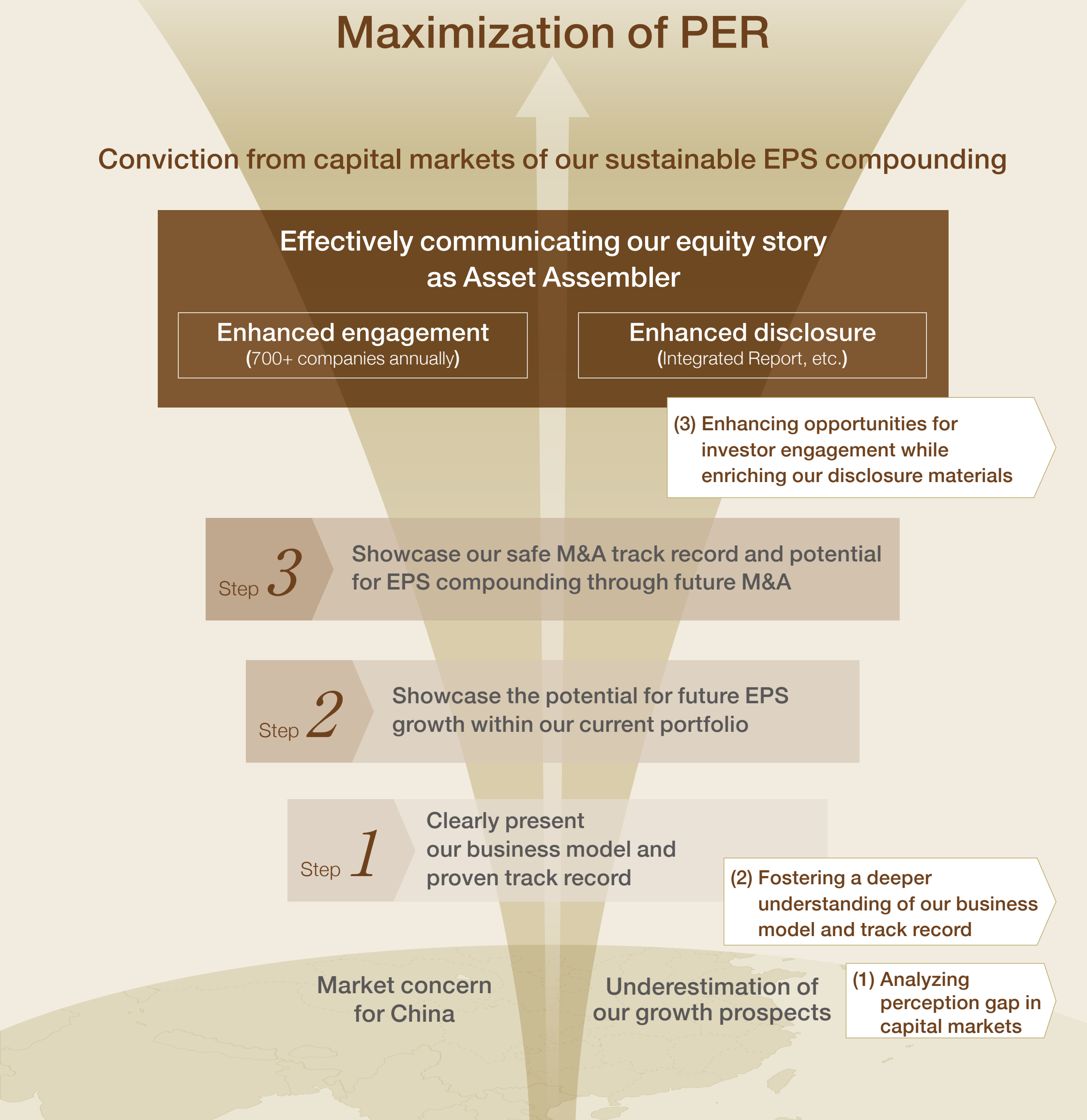
ROIC 6.9%	Financial leverage 2.0 times
● Continuously improve the individual ROIC of acquired companies ● Accelerate EPS compounding through aggressive M&A	● Pursue an optimal capital structure while maintaining leverage capacity ● Secure trust and creditworthiness from financial institutions and rating agencies
● Rigorously select only low-risk, high-return deals for M&A activities ● Ensure that the individual ROIC surpasses WACC within 3-4 years of acquisition through improvement in CCC ● Aim to balance capital efficiency with profit growth	● Enhance cash generation capabilities by improving earnings growth and CCC ● Repay debt when there are no M&A activities ● Implement debt financing in yen to maintain a stable debt composition

»» P44 Our Finance Strategy Presented by Co-President Wakatsuki

* The stock price is as of June 30, 2024; the EPS, ROE, ROIC, and financial leverage are based on the 2023 results; and the PER and PBR are as of June 30, 2024.

Our Strategy for Maximizing PER

We are dedicated to sustainable EPS compounding, aiming to raise capital market expectations in our pursuit of maximizing PER. Our detailed plans of action are: (1) analyzing perception gap in capital markets, (2) fostering a deeper understanding of our business model and track record, and (3) enhancing opportunities for investor engagement while enriching our disclosure materials.



Maximization of PER

Conviction from capital markets of our sustainable EPS compounding

Effectively communicating our equity story as Asset Assembler

Enhanced engagement (700+ companies annually)

Enhanced disclosure (Integrated Report, etc.)

(3) Enhancing opportunities for investor engagement while enriching our disclosure materials

Step 3 Showcase our safe M&A track record and potential for EPS compounding through future M&A

Step 2 Showcase the potential for future EPS growth within our current portfolio

Step 1 Clearly present our business model and proven track record

(2) Fostering a deeper understanding of our business model and track record

Market concern for China

Underestimation of our growth prospects

(1) Analyzing perception gap in capital markets

(1) Analyzing perception gap in capital markets

(i) Our stock price analysis (in comparison with the TOPIX chemical sector average and the average of our competitors) »» P27 Management Focused on Stock Price

⇒Over the past five years, our stock price has outperformed the average of our competitors, backed by strong EPS growth.

⇒From 2021 to 2022, our stock price was impacted by the decline in PER.

(ii) Performance analysis of our China business (in comparison with Chinese macroeconomic indicators)

»» P57 Four Reasons Why Our Performance Does Not Necessarily Correlate with Chinese Macroeconomic Indicators

⇒Revenue from our TUC segment has historically outpaced the growth rate of commercial and residential property sales areas. We observe a low correlation between our TUC revenue and macroeconomic indicators.

⇒Revenue from our TUB segment has historically grown faster than the rate of growth of new construction starts.

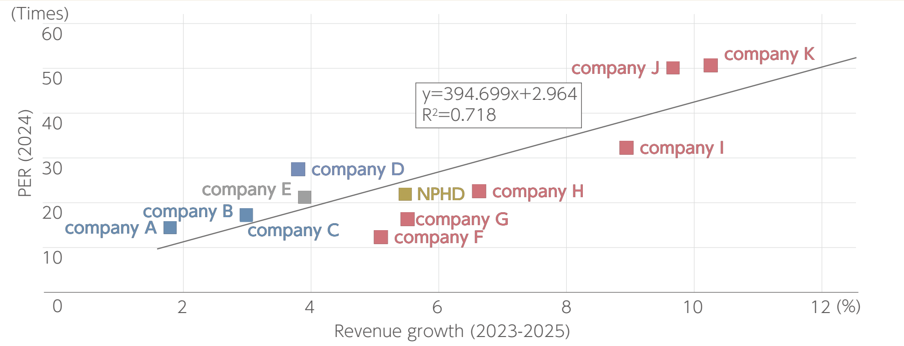
⇒In comparison to our local competitors, our Group's dependence on the Chinese market is lower, and our margins are higher.

(iii) Correlation analysis between PER and revenue growth in the paint industry

⇒An analysis of "PER for 2024" and the "average revenue growth forecast from 2023-2025" (both based on analysts' consensus estimates) within the paint industry reveals a determination coefficient (R^2) of 0.718, indicating a strong correlation between these two factors.

⇒In our Medium-Term Strategy, we projected a medium-term consolidated CAGR of 8-9% for our revenue based on our 2023 portfolio, which includes our Kazakhstan operations and the two India businesses. However, analysts' forecasts (as shown in the chart below) forecast a lower growth rate for our revenue at 5.5%, placing us below the regression line. Considering our aggressive M&A strategy, we analyze that this growth estimation may not be capturing our growth potential.

Correlation analysis of PER and revenue growth



Source: FactSet (as of February 9, 2024), Wall Street Research;
The correlation factor was calculated by excluding Chinese companies

Our Strategy for Maximizing PER

(2) Fostering a deeper understanding of our business model and track record

(i) Our approach, business model, and track record »P20 Asset Assembler Model

⇒Sustainable compounding of EPS, driven by both organic and inorganic growth

⇒Synergistic effects created from the advantage of our Asset Assembler model

(ii) Growth potential within our existing portfolio »P41 Medium-Term Strategy (Released in April 2024)

⇒Target a medium-term consolidated CAGR of 10-12% for our EPS

⇒Expand our market share and EPS across all regions and businesses

(iii) Proven record of successfully executing safe M&As and assurance of future growth potential »P47 M&A Strategy

⇒Demonstrate a stable growth track record of our acquired companies and improvement in individual ROIC

⇒Our unique M&A model, which assumes EPS accretion from Year 1, even with large-scale acquisitions, paves the way for limitless enhancement in EPS.

(3) Enhancing opportunities for investor engagement while enriching our disclosure materials

(i) Enhancing opportunities for investor engagement

⇒Increase our meetings with investors, particularly targeting those in the US and Europe, new investors, and global investment funds

⇒Actively participate in conferences hosted both in Japan and overseas

(ii) Enriching our disclosure materials

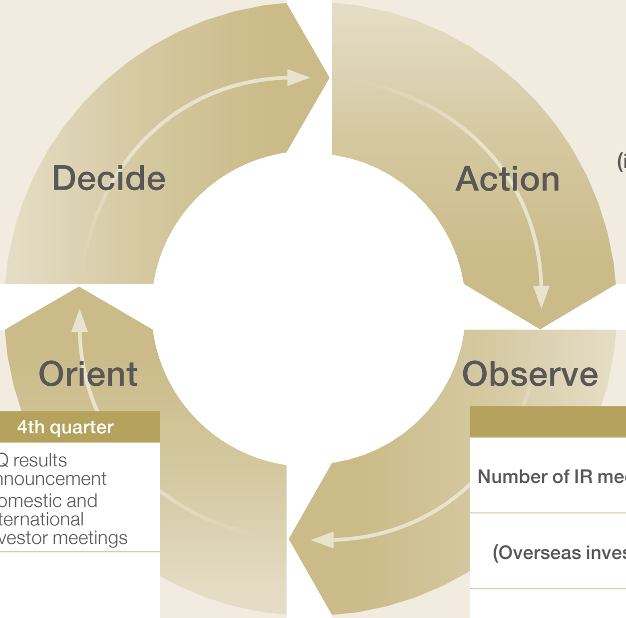
⇒Integrated Report provides detailed explanations on key topics of interest, such as our Asset Assembler model and our commitment to protecting minority shareholder interests.

⇒IR website presents case studies that highlight our innovations and human resource strategy, and explains the results of our cross-functional collaborations within the Group.

(iii) Expanding IR events

⇒Considering launching the “IR Day,” which will serve as an extension of the “Small Investor Meeting with Co-Presidents” and “Small Investor Meeting with Board Chair” that we have traditionally held

⇒Continue to hold the Medium-Term Strategy briefing and M&A briefing



IR activity plan (2024)

	1st quarter	2nd quarter	3rd quarter	4th quarter
Quarterly results announcement	・4Q results announcement ・Domestic and international investor meetings	・1Q results announcement ・Domestic and international investor meetings	・2Q results announcement ・Domestic and international investor meetings	・3Q results announcement ・Domestic and international investor meetings
Integrated Report	・ESG investor meetings		・Publication of Integrated Report ・Integrated Report briefing ・ESG investor meetings	
Domestic investor conferences	・Daiwa Securities ・SMBC Nikko Securities	・CLSA Securities ・Mitsubishi UFJ Morgan Stanley Securities	・UBS Securities ・BofA Securities	・Nomura Securities
International investor conferences	・BofA Securities (Americas)		・Daiwa Securities (Australia)	
IR events	・Co-Presidents’ information exchange with sell-side analysts	・Medium-Term Strategy briefing		・IR Day (Integration/ enhancement of small investor meetings with Co-Presidents/ Board Chair)

KPIs of IR activities (2022-2023)

	2022	2023
Number of IR meetings held (companies)	695	707
(Overseas investors)	384	397
(New investors)	118	82
(Meetings hosted by Co-President)	108	87
(Roadshows for international secondary offering)	121	–
Liquidity to market capitalization ratio	0.18%	0.17%
Analyst coverage (companies)	7	6

Sustainability as the Prerequisite for MSV

We believe that fulfilling our obligations to customers, suppliers, employees, society and other stakeholders is the premise for all initiatives for the maximization of EPS and PER.

We use a medium- to long-term perspective for monitoring a broad range of risks and opportunities involving Materiality. At the same time, we are working to turn these risks and opportunities to creating innovations that support growth strategies based on our Asset Assembler model while watching for changes in Materiality. By taking these actions, we aim to achieve MSV by expanding earnings (maximizing EPS) and raising market expectations (maximizing PER) for Nippon Paint Group.

Autonomous sustainability structure

Under the leadership of the Co-Presidents, five sustainability teams were established. Based on autonomous and decentralized management that emphasizes the autonomy of all partner companies, the five teams are conducting global activities primarily led by business leaders with considerable expertise involving the areas of responsibility of each team.

Basic Policy on Sustainability

Nippon Paint Group recognizes an opportunity for sustainable growth from taking actions such as protecting natural capital including the environment, enhancing human resources by embracing diversity, and creating innovation with social benefits. Our group partner companies autonomously develop sustainability strategies and conduct business activities. Furthermore, we identify risks and opportunities related to Materiality based on sound group governance with the sole mission of Maximization of Shareholder Value (MSV) after adequately fulfilling our legal, social and ethical obligations to customers, suppliers, employees, society and other stakeholders.

›› For more information, please refer to the "Sustainability Management" section on our website.

MSV (EPS Maximization × PER Maximization)

Improve market share and profitability/Raise the markets' expectations

Our pursuit

Relentless pursuit of technologies, talents, intensive use of IT

Vigorous pursuit of higher quality, lower cost, capex efficiency

Advantage of autonomous and decentralized management

Full access to our Asset Assembler platform
(Financing capacity, brands, technologies, know-how, collaborative projects across regions and businesses)

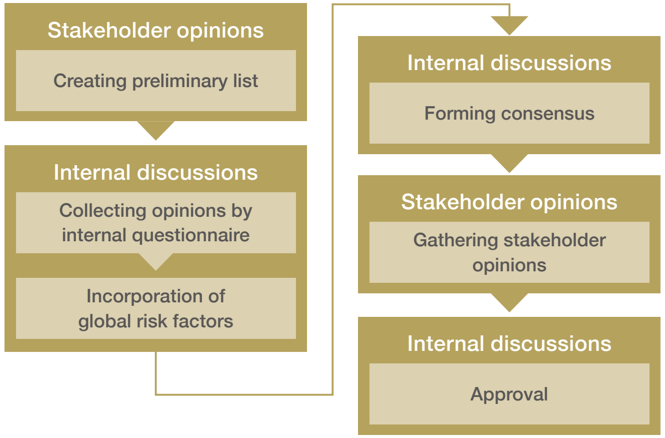
Sustainability linked to Materiality (Sustainability Teams)

Environment & Safety	People & Community	Innovation & Product Stewardship	Corporate Governance	Sustainable Procurement

Growth drivers

Technology	Talent	IT/DX

Materiality identification process



›› For more information, please refer to "Sustainability linked to materiality" under the "Materiality" section on our website.

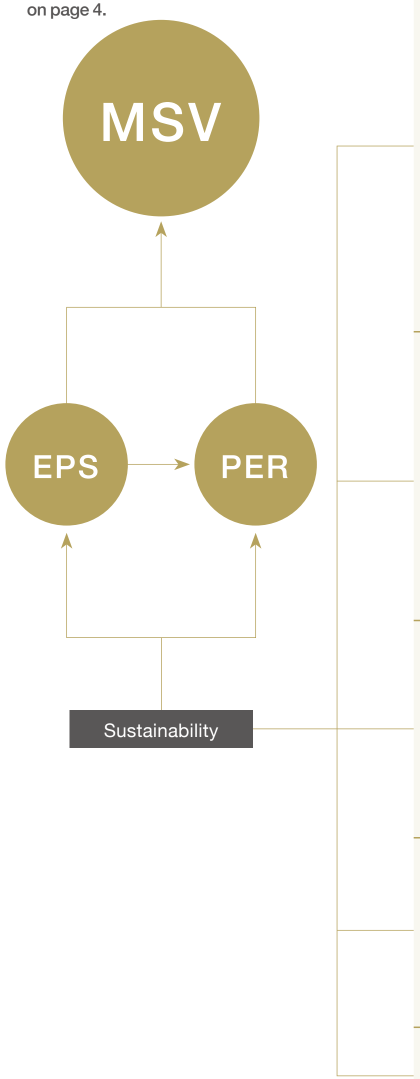
Materiality map

Last reviewed in January 2023

Sustainability as the Prerequisite for MSV

MSV Logic Tree

»» For more information, please refer to "How Shareholder Value Is Maximized" on page 4.



Team	Our pursuit	Materiality	Relevant SDGs
Environment & Safety	Develop low-carbon/ eco-friendly products + Ensure safe people and operations	**Climate change** Climate change is impacting our business, people, and communities. We will work to reduce our greenhouse gas emissions, manage climate-related risks, and capture climate-related opportunities.	7, 9, 13
		Resources and environment Our business and communities depend on the sustainable consumption of natural resources and protection of the environment and biodiversity. We will work to improve the life cycle and circularity impacts of our products and supply chain.	3, 6, 11, 12, 14
		Safe people and operations There are significant safety and health risks in our business that could impact our people, supply chain, and communities. We will work to manage these risks effectively and prevent harm, with a priority focus on high-consequence risks.	3, 4, 8
People & Community	Recruit/train diverse employees + Earn the trust of stakeholders	**Diversity & Inclusion** Respect for the people around us, respect for human rights and active acceptance of diverse values are important for our sustainable growth. We value diversity of ideas and thinking to foster innovation and growth.	4, 5, 8, 10
		Growth with communities We will invest in communities through our value chain and to achieve sustainable business growth based on market growth, brand strengthening and good relationships with local communities.	1, 4, 5, 8, 9
Innovation & Product Stewardship	Develop sustainable products (NPSI↗/monitor LCA) + Chemicals of concern	**Innovation for a sustainable future** In today's society, problems that are difficult to solve with past methods are becoming more and more apparent. We will strengthen our innovation output with active utilization of partnerships.	3, 9, 11, 17
Corporate Governance	Monitor management + Encourage risk-taking	All Materiality categories*	16, 17
Sustainable Procurement	Low-cost and sustainable procurement + Reduce environmental and human rights risks	All Materiality categories*	12, 13, 17

* Focused on activities not only tied to specific Materiality categories but also spanning all Materiality categories.

Sustainability as the Prerequisite for MSV

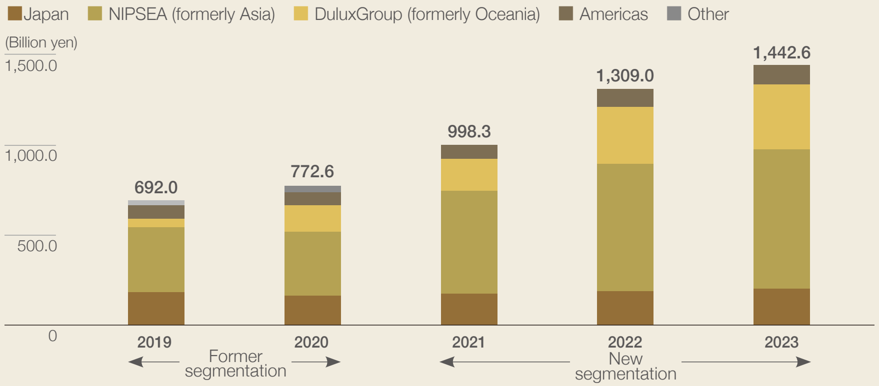
Risks	Opportunities	Main initiatives in 2023
• Regulatory changes and impacts, such as carbon pricing and greenhouse gas emission reduction targets • Increased extreme weather events (e.g., flooding) and climate impacts (e.g., water stress) impacting operations and supply chain • Increased supplier costs from climate adaptation and decarbonization actions • Changes in customer and consumer expectations and behavior during the transition to a low-carbon future • Product claims and brand damage due to performance deterioration (e.g., temperature extremes)	• Market growth for sustainable products (e.g., low-carbon, improved performance in temperature extremes) • Development of new products and services to capture climate-related business opportunities	• Reviewed PCGs' climate risks and opportunities against TCFD framework and identified common group improvement opportunities for 2024 focus • Continued peer benchmarking and implementation of common group metrics (GHG – scope 1, 2 & 3, energy, renewables)
• Regulatory changes and impacts, such as waste disposal restrictions and increased costs • Supply constraints and increased costs associated with resource scarcity • Major site incident or contamination (e.g., soil/groundwater) causing harm to people and community • Changes in customer and consumer expectations and behavior during the transition to a future circular economy	• Market growth for sustainable products (e.g., renewable content, post-consumer waste recovery) • Enhanced competitiveness through development and use of recycling technologies, resource efficiencies, and circular raw materials	• Continued peer benchmarking and implementation of common group metrics (waste, water, VOC)
• Major site incident (e.g., fire) causing asset damage, supply chain disruption, and significant harm to people and community • Loss of effective safety management from introduction of significant changes (e.g., new or modified plant/process)	• Minimizing risks through sharing and adoption of global best practice, particularly for high-consequence risks • Enhancing brand reputation, employee engagement, and attracting talent as a safe employer	• Reviewed global best practice for high-consequence safety risk management and identified common improvement opportunities for 2024 focus • Continued peer benchmarking and implementation of common group metrics (process safety events, high potential incidents)
• Failure to foster a diverse and inclusive work environment risks hindering our growth strategy. • May face perception risk if diversity initiatives are not properly positioned.	• Securing diverse and competent human resource talent as a global company • Creating wealth for companies, workers, and local communities by creating diverse and inclusive organizations	• Launched D&I training in each PCG (PC Group by region/ business) - NIPSEA Group: Started Women Mentorship Program - Dunn-Edwards: Started DE&I curriculum • Launched and continued D&I working group at NIPSEA Group, DuluxGroup and Japan Group • DuluxGroup: Talent and Diversity Council meets quarterly to review progress of key diversity areas • Japan Group: Started to embed D&I into talent management activities
• Significant damage to the corporate brand if the company is not perceived as a good corporate citizen that is connected to and invests in local communities • Damage to the public image of the paint industry caused by inadequate activities oriented toward the local community	• Improving public awareness of the corporate brand through value chain investment in communities • Promoting the sound growth of communities through social contribution activities to increase the positive public view of our Group	• All groups to continue CSR initiatives across the 3 main global CSR pillars, Education, Empowerment and Engagement - NIPSEA Group carried out 86 and DuluxGroup 150 community projects - Japan Group: Advanced "HAPPY PAINT PROJECT" to strengthen Brand and Business - Dunn-Edwards: Established the Dunn-Edwards Foundation
• Significant hindrance to future corporate earnings owing to inability to generate innovation due to slow response to new markets	• Expansion of market for products that contribute to controlling and adapting to climate change • Products and services that address social issues contribute significantly to society and help boost corporate earnings in the long term	• Facilitated calculation of Life Cycle Assessment of selected products at each PCG • Japan Group and NIPSEA Group: Created Sustainable Projects Portfolio for long-term development • Continued to execute phase-out plan of Chemicals of Concern in each PCG • Product Stewardship - NIPSEA Group: Commenced cooperation with upstream value chain partners to reduce GHG emissions - DuluxGroup: Started to integrate sustainable packaging and product improvements into the new product development process
• If our autonomous and decentralized internal control system aligned with our Asset Assembler model does not work effectively, this will create a risk of damage to our Group.	• Social requirements regarding corporate governance are becoming increasingly demanding, which provides an opportunity for our Group to increase our significance of existence and strengthen competitiveness by addressing future issues and fulfilling social requirements ahead of time	• Governance of Board of Directors - Further increased contributions by Independent Directors (Use of the Meeting of Independent Directors) - Enhanced succession plan (Monitoring the status of measures to strengthen the Group's human capital) • Governance of Execution - Overviewed stakeholder needs and activities of the Sustainability Teams, proposed and established an Anti-Bribery and Corruption/Anti-Money Laundering Statement to the Board of Directors
• The risk of raw materials not meeting sustainable criteria now adds to the long list of possible disruptions to the raw material supply chain. We will continue to be vigilant and proactive to identify potential risk. • The failure to ensure responsible sourcing (e.g., conflict minerals and chemicals of concern) will affect company reputation and may lead to legal implications.	• Our sustainability survey of suppliers allows us the opportunity to identify potential risk in advance. We will work with suppliers who are aligned with our sustainable aspiration towards a more resilient supply chain and to develop sustainable products	• Continue to engage with suppliers for their ESG plans and sustainable products • Sustainable Procurement Actions: - Conducted supplier questionnaire

Financial and Non-Financial Highlights

>>> For financial and non-financial data from 2018 and earlier, as well as other financial and non-financial data, please refer to the "Financial and ESG Data" section on our website.

Financial base

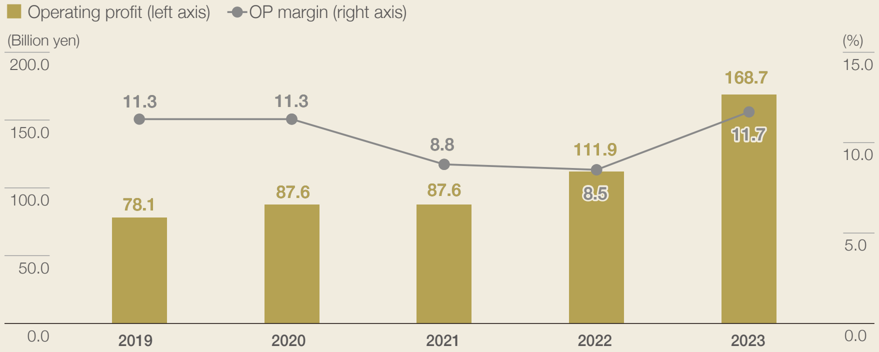
Revenue*



Our revenue growth has accelerated due to the accumulation of assets through multiple M&A executed since 2017, as well as the substantial growth of our decorative paints business in Asia, particularly in China. In 2023, we achieved seven consecutive years of revenue growth and record-high revenue, due to the increased sales volumes and the flow-through of price increases, primarily in the decorative paints business, along with new consolidation of NPT and the yen's depreciation.

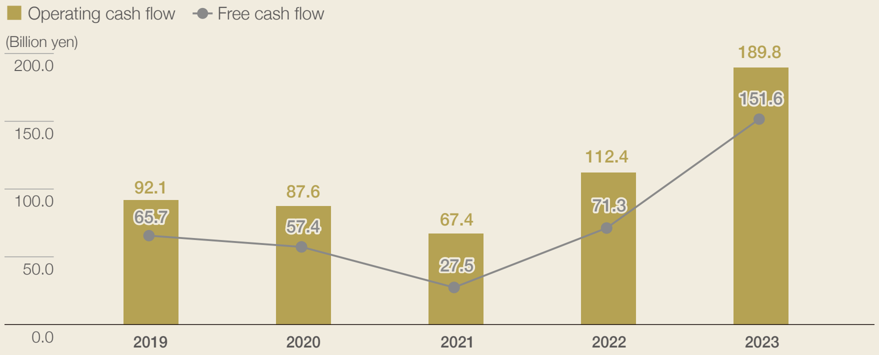
* The primary changes resulting from the reclassification of reportable segments are as follows:
(1) Japan Group now includes the overseas marine business, previously included in the Asia segment
(2) NIPSEA Group now includes Betek Boya and Nippon Paint Turkey, previously included in Other

Operating profit/OP margin



【Operating profit】Since 2020, our operating profit has seen growth for four consecutive years, keeping pace with our revenue growth. Despite the influence of hyperinflationary accounting in Türkiye, our operating profit reached a record high in 2023, thanks to the growth in revenue and improvement in gross profit margin.
【Operating profit margin】The operating profit margin hovered in the 8% range in 2021-2022, due to factors such as the increased raw material cost contribution (RMCC) ratio. However, in 2023, it rebounded to the 11% range thanks in part to a decrease in the RMCC ratio.

Cash flow*

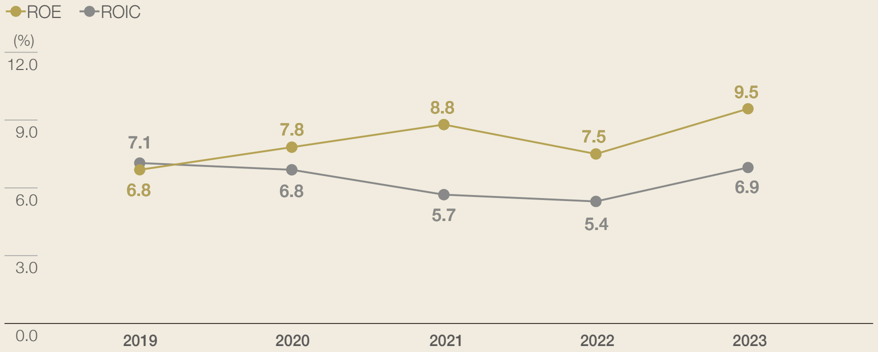


The paint and adjacencies businesses are characterized by relatively low capex requirements, which aids in cash flow generation, further boosted by stable market growth. As a result, free cash flow has been positive every year. In 2023, it significantly increased, partly due to major improvements made in the Cash Conversion Cycle (CCC) in various regions.

>>> P44 Our Finance Strategy Presented by Co-President Wakatsuki

* Free cash flow (IFRS): Operating cash flow ± expenditures related to acquisition of tangible fixed assets ± expenditures related to acquisition of intangible assets

Return on equity (ROE)/Return on invested capital (ROIC)*



【ROE】ROE hovered around 8% from 2020 to 2022; however, it increased to 9.5% in 2023, due to an increase in net profit and margin improvement.
【ROIC】ROIC declined in 2021 and 2022 due to a decrease in capital turnover ratio, resulting from increased interest-bearing debt and shareholders' equity associated with M&A activities. This decline was compounded by reduced margins due to a higher RMCC ratio and other factors. In 2023, ROIC increased because of the negligible amount of goodwill recorded due to the absence of large-scale M&As, combined with an increase in net profit and improvement in margins.

>>> P44 Our Finance Strategy Presented by Co-President Wakatsuki

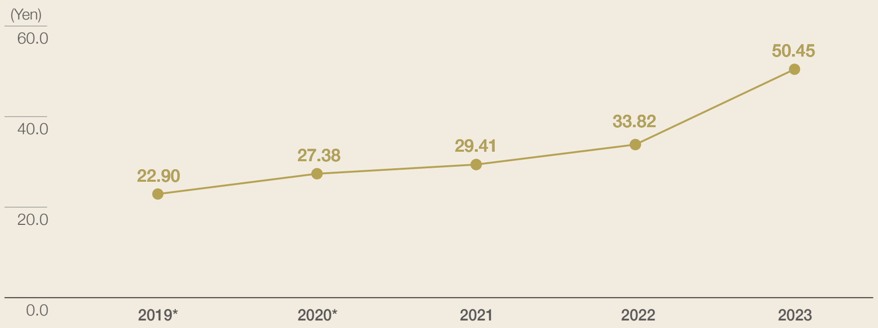
* ROIC (IFRS): Operating profit after tax / (net debt + total equity)

Financial and Non-Financial Highlights

»» For financial and non-financial data from 2018 and earlier, as well as other financial and non-financial data, please refer to the "Financial and ESG Data" section on our website.

Financial base

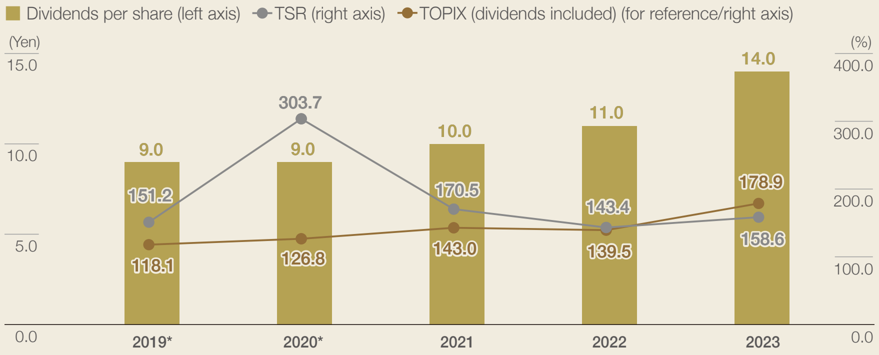
Earnings per share (EPS)



EPS generally follows the trends in profit items such as operating profit. Since 2020, EPS has increased for four consecutive years, driven by the rise in operating profit resulting from increased sales.

* Calculated assuming that the five-for-one stock split on April 1, 2021 was conducted in January 2019

Dividends per share/Total shareholder return (TSR)

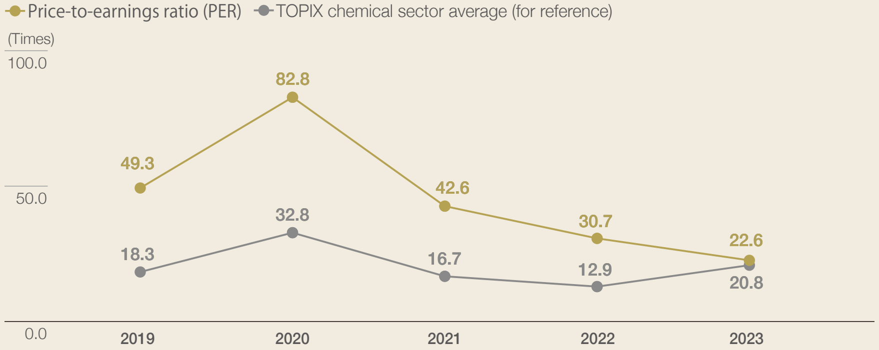


【Dividends】Our basic policy is to provide stable and consistent dividends while aiming for a dividend payout ratio of 30%. Starting in 2021, which included a commemorative dividend marking our 140th anniversary, our dividends have seen an increase for three consecutive years.

【TSR】Up until 2022, our TSR outperformed TOPIX (dividends included), our benchmark for comparison, buoyed by increases in stock price and dividends. In 2023, our TSR fell below the TOPIX (dividends included) due to market anxieties over risks in China and other factors.

* Calculated assuming that the five-for-one stock split on April 1, 2021 was conducted in January 2019

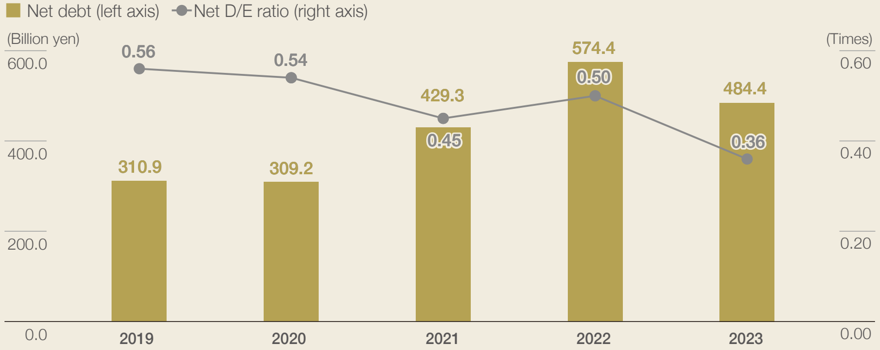
Price-to-earnings ratio (PER)



PER has consistently outperformed the average for the TOPIX chemical sector, reflecting the future growth expectations of our Company. In 2020, PER increased significantly reflecting multiple factors, such as investors' preference for growth stocks in the stock market and our M&A activities. Since 2021, however, PER has been on a downward trend due to market anxieties over risks in China and other factors.

»» P29 Our Strategy for Maximizing PER

Net debt*/Net D/E ratio



【Net debt】The paint and adjacencies businesses are characterized by relatively low capex requirements, which aid in cash generation and typically lead to a negative net debt. However, net debt has been positive since 2019 due to loans from financial institutions to finance M&A.

【Net D/E ratio】Net D/E ratio decreased in 2023 due to a decrease in net debt resulting from the absence of large-scale M&A.

* Net debt: Interest-bearing debt (bonds and borrowings (current/non-current) + other financial liabilities (current/non-current)) – liquidity on hand (cash and cash equivalents + other financial assets (current))

Financial and Non-Financial Highlights

»» For financial and non-financial data from 2018 and earlier, as well as other financial and non-financial data, please refer to the "Financial and ESG Data" section on our website.

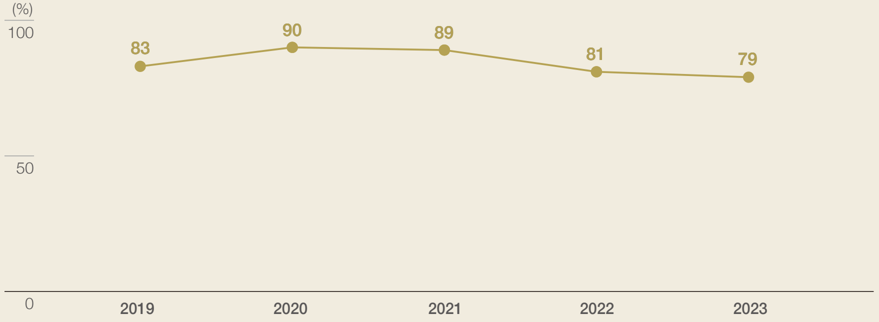
Human resources/ organizations

Employees/Ratio of overseas employees (Global)

With our active M&A overseas, both the number of employees and the ratio of overseas employees have been rising. We continue to focus on strengthening and expanding our workforce for further growth, particularly in our overseas operations. In 2023, the ratio of overseas employees increased to 89.9%, partly due to the acquisition of NPT.

»» For trends in employee numbers by segment, please refer to the "Data by Segment" section on our website.

Employee satisfaction level (Japan Group)*

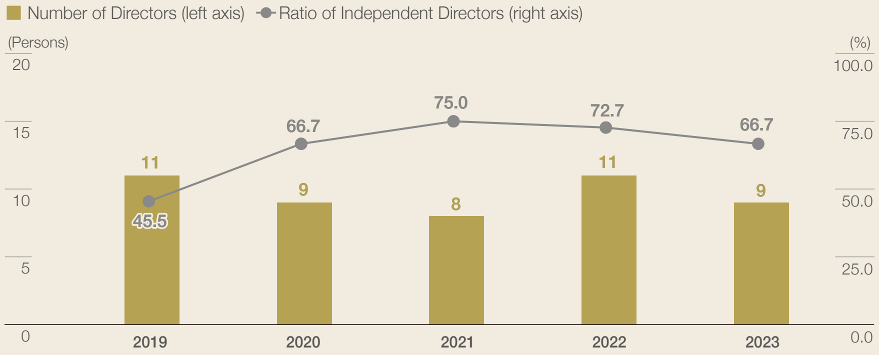


The employee satisfaction level within Japan Group has seen a decline for three consecutive years since reaching an all-time high in 2020. Amid ongoing reforms aimed at improving profitability, employee satisfaction improved in 2023 in areas such as "trust and reassurance in their company" and "annual leave utilization," compared to 2022. However, satisfaction decreased in areas such as "job satisfaction, growth opportunities, and challenges," "ambition towards managerial positions," "culture of challenge," "operation of the human resource system."

»» P59 Japan Group: Striving for Greater Profitability by Unifying Efforts and Overcoming Organizational Barriers and Boundaries

* Surveys by Nippon Paint Labor Union. For information about employee satisfaction at other partner companies, please refer to "Human Resource Strategy" on page 65.

Number of Directors of the Board*/Ratio of Independent Directors of the Board*

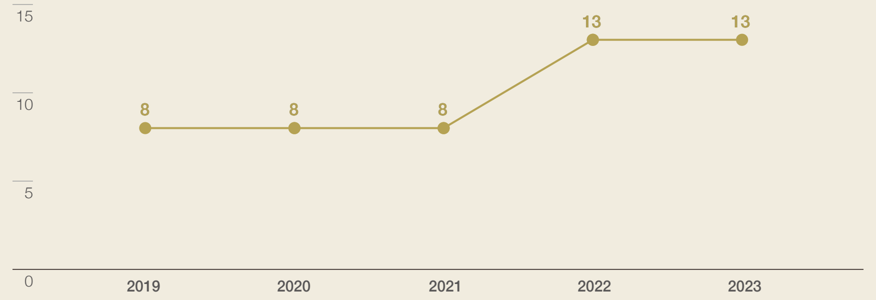


Operating under our Asset Assembler model, we are committed to building an advanced corporate governance structure, aiming for medium- to long-term growth and protection of minority shareholders' interests. In March 2020, we transitioned to a Company with Three Committees structure. Since 2021, the Lead Independent Director has been serving as Board Chair. As of 2023, six out of the nine Directors are Independent Directors.

* Number of the Directors who were elected at the Ordinary General Meeting of Shareholders held during the period. The 2021 figure is the number of the Directors in office on or after April 28, 2021.

Customer base

Number of countries where Nippon Paint Group has the No. 1 market share in decorative paints



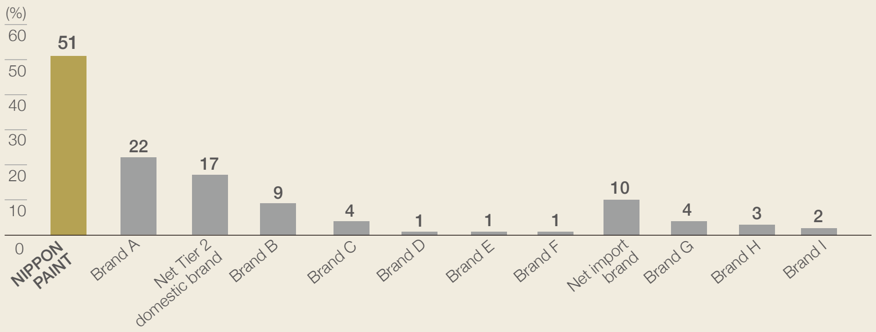
We have maintained our top market position in Japan for many years. Additionally, our aggressive expansion of the ASEAN business since 1967 has gradually increased the number of countries where we hold the No.1 market share. The acquisitions of Cromology and JUB in 2022 further expanded our reach, adding five European countries, including Italy and Croatia, to the list of markets where we hold the leading position. As of 2023, we hold the No.1 position in 13 countries.

Financial and Non-Financial Highlights

>>> For financial and non-financial data from 2018 and earlier, as well as other financial and non-financial data, please refer to the "Financial and ESG Data" section on our website.

Brands/ know-how

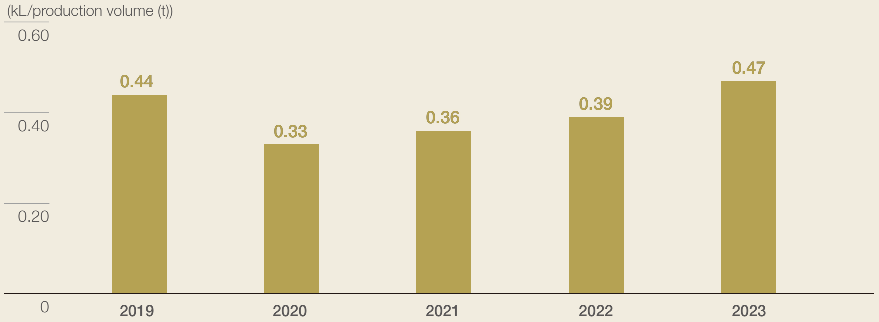
Top of Mind rating (NIPSEA China)



Since our entry into China in 1992, we have focused on promoting our high-quality LiBang brand products. As a result, LiBang has been established as the leading brand in China, with a Top of Mind score reaching 51% in 2023. The LiBang brand has been ranked first in the wall paint category of the C-BPI (China Brand Strength Index) for eight consecutive years.

>>> P54 China Business Strategy

Water consumption (Global)*

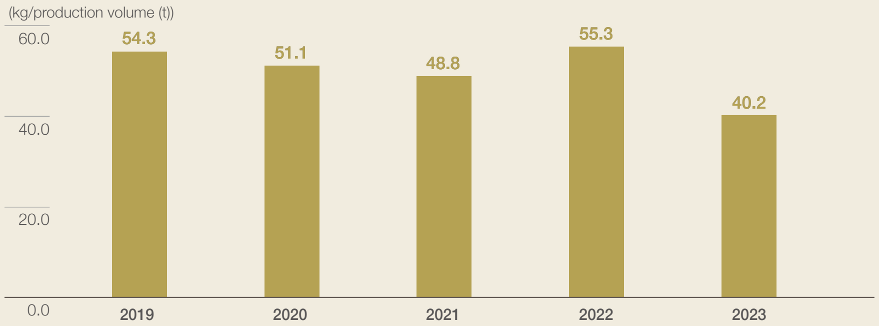


Our Group has identified the efficient use of water as an element of Materiality under the category of Resources and Environment, and is implementing measures such as efficient use of water for raw materials, reduction of water use, and use of recycled water in our manufacturing processes. Since 2021, water consumption has increased due to the expansion of the scope of the data aggregation and changes in production mix in multiple business segments.

* The scope of coverage: Japan Group, NIPSEA Group, DuluxGroup (including Cromology and JUB beginning in 2022), Dunn-Edwards (beginning in 2020)

Nature/ environment

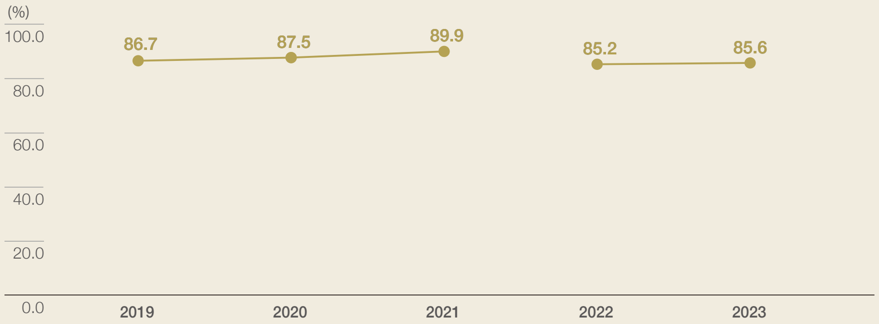
GHG emissions (Scope 1 and 2) (Global)*



Our Group has established a global target to reduce our greenhouse gas emissions (Scope 1 and 2) by 37% by 2030, compared to 2020 levels. To meet this target, we are progressively implementing measures, including intensifying energy-saving activities and adopting renewable energy sources. In 2023, our greenhouse gas emissions were reduced, partly due to the installation of additional solar power generation facilities and improvements in energy efficiency at our factories in China.

* The scope of coverage: Japan Group, NIPSEA Group, DuluxGroup (including Cromology and JUB beginning in 2022)

Ratio of water-based paints in the decorative paints business (Global)*



As global environment awareness grows and environmental regulations tighten, the demand for water-based paints is expanding. Leveraging its strength in technological capabilities, our Group is actively developing highly competitive water-based paint products globally. This has led to an annually increasing ratio of water-based paints in our decorative paints business. While the recorded ratio appears to have started declining from 2022 compared to 2021, this is due to a change in data compilation definitions, and does not indicate a shift from our trend of increasing the ratio of water-based paints.

* Calculations for the years 2019 to 2021 are based on the ratio of water-based paint shipments to total paint shipments, both in units of 10,000 tons. From 2022 onwards, the calculations are based on the ratio of water-based paint sales to total sales volume, both in units of tons. The Scope of coverage: Nippon Paint (NPTU), NIPSEA Group, Dunn-Edwards, DuluxGroup (including Cromology and JUB beginning in 2022)

Execution of Medium- to Long-Term Management Strategy

In April 2024, we unveiled our Medium-Term Strategy, which is focused on sustainable EPS compounding through both organic and inorganic growth.

In this section, we will elucidate the key aspects and provide illustrative examples of our Finance Strategy, M&A Strategy, Sustainability Strategy, and Strategy by Asset, which we are advancing under our Medium-Term Strategy.

Review of the Medium-Term Plan

Medium-Term Plan

2009-2014
Survival Challenge Program I & II
(Released in May 2009)

Reform cost structure in Japan

Basic strategy

- Reform the cost structure/expand sales and profit of existing businesses/create new markets
- Reinforce sustainable growth and the profitable business structure in Asia/reinforce the earnings base in North America

Targets and results

	2014 (JGAAP)	
	Plan	Results
Net sales	¥250.0 bn	¥260.6 bn
Operating income	¥25.0 bn	¥33.4 bn
Operating income margin	10.0%	12.8%

Outcomes

- Significantly improved profitability and achieved targets through rigorous cost saving mainly in Japan

Challenges

- Drastically reduced costs including spending on long-term investment as part of emergency measures to respond to the global financial crisis, which is the cause of the current aging facilities and workforce
- Growth in China and other Asian countries achieved through the Asian JVs, which were consolidated in 2014

2015-2017
Survival Challenge Program III
(Released in May 2015)

Capture demand in the high-growth Asian markets

Basic strategy

- Establish a foundation to achieve a “dominant” position in China, our most critical market
- Significantly transform our business structure to Asia-driven business expansion, thereby increasing the proportion of decorative paints characterized by high growth potential and profitability

Targets and results

	2017 (JGAAP)	
	Plan	Results
Net sales	¥700.0 bn	¥605.3 bn
Operating income	¥105.0 bn	¥75.0 bn
Operating income margin	15.0%	12.4%

Outcomes

- Restructured the Japanese businesses and implementedcompany splits based on lines of business, and transitioned to a holding company structure
- Achieved significant earnings growth through consolidation ofthe Asian JVs

Challenges

- Underachieved the plan due to the yen’s appreciation, as well as a rise in raw materials caused by environmental regulations in China
- Profit capture through full integration of the Asian JVs

2018-2020
N-20
(Released in May 2018)

Establish a solid regional and business portfolio

Basic strategy

- Strengthen the businesses in existing segments
- Accelerate expansion of our portfolio
- Improve earnings capacity
- Enhance the structure of “Global One Team”

Targets and results

	2017	2020	
	Results*	Plan	Results
Revenue	¥610.2 bn	¥750.0 bn	¥781.1 bn
Operating profit	¥85.4 bn	¥105.0 bn	¥86.9 bn
Operating profit margin	14.0%	14.0%	11.1%

* Figures recalculated in accordance with IFRS

Outcomes

Steadily reinforced the organizational base for sustained growth

- Expanded business in Oceania and Türkiye through M&A (DuluxGroup and Betek Boya)
- The full integration of the Asian JVs and the Indonesia business announced

Challenges

Improvement of sustainability and profitability over the medium to long term

- Operating profit margin reached 13.8% in 2018, but fell below the target in 2019 due to impairment losses and in 2020 due to the pandemic and other factors
- Achieve sales growth and profitability improvement that outpace competitors in the growing paint market
- Create business opportunities through ESG initiatives and work on net zero GHG emissions
- Utilize DX (Digital Transformation) and recruit competent talent to respond to aging facilities and workforce in Japan

Corporate actions

- Kenji Sakai appointed President & CEO and Survival Challenge Program launched (April 2009)
- Consolidation of the Asian JVs announced (February 2014)
- Transition to a holding company structure (October 2014)

- Domestic business restructuring, seperation of operating companies by lines of business, and Tatsushi Tado appointed President & CEO (April 2015)
- Acquisition of U.S. Dunn-Edwards announced (December 2016)

- Increase of Outside Directors based on a shareholder proposal submitted by Wuthelam Group (January 2018)
- Appointment of Masaaki Tanaka as Executive Chairman of the Board, Representative Director of the Board announced (February 2019)
- Acquisition of Australian DuluxGroup and Turkish Betek Boya announced (April 2019)
- Appointment of Masaaki Tanaka as President & CEO announced (September 2019)
- Transition to a Company with Three Committees (March 2020)

Review of the Medium-Term Plan

2021-2023

Medium-Term Plan (FY2021-2023)

(Released in March 2021)

Relentlessly pursuing growth based on Asset Assembler model

Strategy by Asset
Further reinforcing our global growth foundation while proactively addressing new challenges

Finance Strategy
Leveraging our robust cash flow generation capability, we aim to reinforce our financial base and secure funds for growth initiatives, such as M&A and business investments

M&A Strategy
Leveraging the paint market’s growth potential and the stability of cash generation, actively considering the inclusion of new partner companies

Sustainability Strategy
Expanding business opportunities through ESG initiatives towards sustainable growth

Targets and results

		2023 guidance (Released in March 2021)	2020*	(1) 2021	(2) 2022	2023
Revenue	Original guidance	¥1,100.0 bn	¥720.0 bn	¥890.0 bn	¥1,200.0 bn	¥1,400.0 bn
	Year-end results		¥781.1 bn	¥998.3 bn	¥1,309.0 bn	¥1,442.6 bn
	Overachievement rate		+8%	+12%	+9%	+3%
Operating profit	Original guidance	¥140.0 bn	¥63.0 bn	¥87.0 bn	¥115.0 bn	¥140.0 bn
	Year-end results		¥86.9 bn	¥87.6 bn	¥111.9 bn	¥168.7 bn
	Overachievement rate		+38%	+1%	-3%	+21%
EPS	Original guidance	¥45.00	¥15.59	¥29.17	¥34.49	¥41.73
	Year-end results		¥27.83	¥29.41	¥33.82	¥50.45
	Overachievement rate		+79%	+1%	-2%	+21%

* Original guidance announced in May 2020;
EPS was calculated using the number of shares after stock split

Outcomes

Succeeded in sustainable EPS compounding as Asset Assembler

- Achieved both organic and inorganic growth through our Asset Assembler model
- Despite drastic changes in the business environment beyond our original assumptions, we maintained profitability through agile responses. With a business model and earnings capacity that are mostly unaffected by market conditions for each asset, we largely met our original guidance over the three-year period
- Acquiring high-quality assets with a low PER allows for EPS accretion from Year 1

Challenges

Enhancing expectations from capital markets while improving profitability of Japan Group

- In pursuit of maximizing PER, we strive to elevate capital market expectations regarding sustainable EPS accretion
- While the groundwork for improving the profitability of Japan Group is taking shape, a foundation for profitability improvement of Japan Group is being established, we are only halfway to reaching the levels achieved in 2017-2018

››› P29 Our Strategy for Maximizing PER

››› P59 Japan Group: Striving for Greater Profitability by Unifying Efforts and Overcoming Organizational Barriers and Boundaries

Guidance revised downward at mid-term
(1) 2021: (Factors) COVID, raw material inflation, chip shortage, etc.
(2) 2022: (Factors) Increase in provision in China, hyperinflationary accounting in Türkiye, etc.

- Asian JVs fully integrated and Indonesia business acquired (January 2021)
- Transitioned to a Co-President structure led by Yuichiro Wakatsuki and Wee Siew Kim (April 2021)
- European automotive and India businesses transferred to Wuthelam Group (August 2021)
- International secondary offering (January 2022)

Improving profitability of Japan Group

- Nippon Paint Corporate Solutions (NPCS) established (January 2022)

Sustainability

- Endorsement of the TCFD recommendations (September 2021)
- Deepening of autonomous sustainability structure (January 2022)

Accumulation of assets through M&A

- Vital Technical (March 2021)
- Cromology (October 2021)
- JUB (October 2021)
- Chinese automotive JVs (November 2021)
- NPT (February 2023)
- Buyback of India businesses from Wuthelam Group (August 2023)
- Alina (November 2023)

››› For press releases and presentation materials regarding each acquisition transaction, please refer to the "M&A Information" section on our website.

Medium-Term Strategy (Released in April 2024)

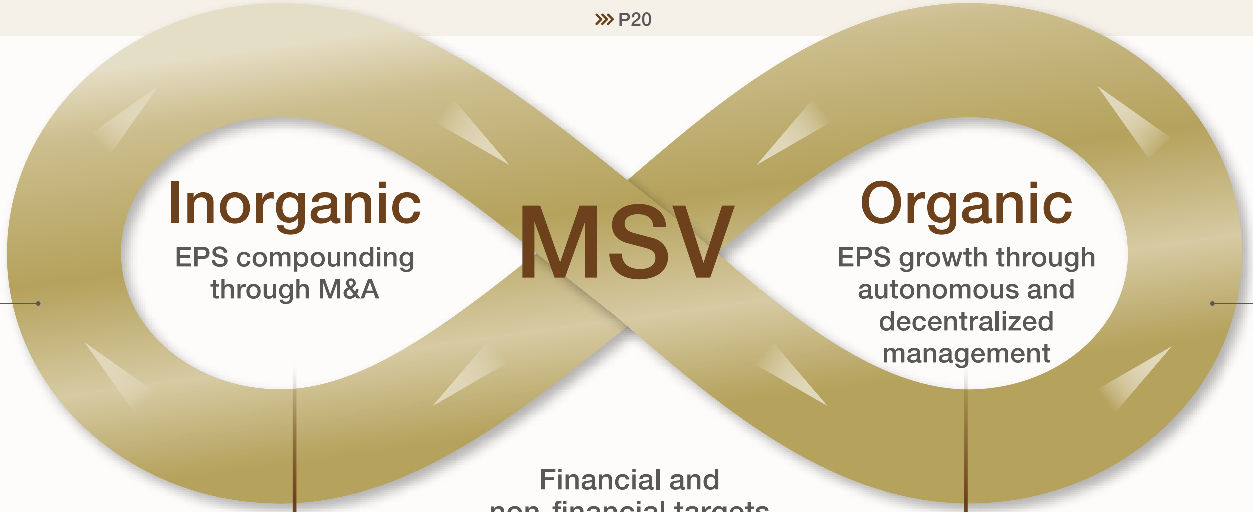
2024–

As Asset Assembler, striving to achieve MSV in the long term, not bound by a three-year timeframe

In April 2024, we revisited the advantage of our Asset Assembler model and unveiled a Medium-Term Strategy focused on sustainable EPS compounding across both organic and inorganic growth. For organic growth, based on our 2023 business portfolio, we are targeting a medium-term consolidated CAGR of 8-9% in revenue and 10-12% in EPS. For inorganic growth, we are focused on M&A that ensure safe and sustainable EPS compounding. By securing conviction from the capital markets towards our capacity and track record in EPS compounding, we aim to raise PER and thereby achieve MSV from a long-term perspective.

Asset Assembler model

››› P20



Accumulating excellent assets, including newly acquired brands, talent, and technology

Inorganic
EPS compounding through M&A

MSV

Organic
EPS growth through autonomous and decentralized management

Aggressively sharing and leveraging technologies, channels, sourcing, know-how, brands, etc., across the Group

Financial and non-financial targets

Acceleration of EPS compounding with active pursuit of M&A opportunities

Target companies can be of any region, business area, or size, provided they offer low risk and good returns

Carefully judging the balance between risk and valuation for M&A, allowing for stable EPS compounding

Consolidated medium-term CAGR assuming our 2023 business portfolio*

Revenue	HSD (c.+8-9%)
EPS	LDD (c.+10-12%)

Striving to unlock the full potential of our assets

By maintaining sustainable EPS compounding, we aim to gain conviction from the capital markets in our capacity and track record of compounding EPS, thereby serving to enhance PER

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* 2023 portfolio including the two India businesses (NPI and BNPA) and Alina (Kazakhstan)

Medium-Term Strategy (Released in April 2024)

EPS compounding through organic growth

EPS compounding through market +α growth

For organic growth, we leverage the advantage of our autonomous and decentralized management, fostering autonomous growth of each asset through low-cost and strong cash generating ability, and the utilization of operating leverage. Simultaneously, we aim for EPS compounding through market +α growth by harnessing our Group's platform, creating synergies among assets and achieving breakthroughs.

Growth forecast by asset

			2020-2023 results		Medium-term forecast (in LCY)	
			Revenue CAGR (in LCY)	2023 OP margin (Tanshin)	Revenue CAGR	2026 OP margin[1] (vs 2023)
Japan Group			+7.5%	9.5%	+0–5%	↗
NIPSEA China	Segment total		+12.4%	12.5%	c. +10%	→
		TUC	+23.5%[2]	—	+10–15%	—
		TUB	+0.5%[2]	—	c. +5%	—
NIPSEA Except China	Segment total		+32.5%	17.4%	+15–20%	→
		Singapore Grp. Malaysia Grp. Thailand Grp.	+17.8%	—	+5–10%	→
		PT Nipsea (Indonesia)	+12.6%	32.9%	c. +10%	→
		Betek Boya (Türkiye)	+87.3%	10.9%	c. +10%	(→)[3]
		NPI/BNPA (India)	(For reference) +26.6%[4]	(For reference) 4.7%[4]	c. +10%	→
		Alina (Kazakhstan)	(For reference) +20.6%[4]	(For reference) 20.2%[4]	c. +10%	→
DuluxGroup	DGL (Pacific)		+5.7%[5]	12.8%	c. +5%	→
	DGL (Europe)		+12.4%[6]	4.4%	+5–10%	↑
Dunn-Edwards (U.S.)			+2.5%	—	c. +5%	↗

*1 ↑ : ≧+2%, ↗: +1–2%, →: –1–+1%, ↘: –1– –2%, ↓ : ≦–2% *2 2020 figures are based on the former segmentation (DIY/Project)
*3 Subject to change due to the impact of hyperinflationary accounting
*4 The 2020-2023 results are unaudited pro forma figures. The 2023 OP margin (Tanshin) was calculated using the exchange rates of 1 INR=1.74 JPY and 1 KZT=0.31 JPY
*5 2020 figures include Craig & Rose and Maison Deco *6 Calculated using 2022-2023 figures

Market growth forecast by asset

		Market growth forecast[1](2024-2026)	
		Volume basis	Value basis[2]
Japan Group	Decorative	-1%	+1%
NIPSEA China	TUC	+3%	+1%
	TUB	+1%	+2%
NIPSEA Except China	Singapore Grp. Malaysia Grp. Thailand Grp.	Singapore +1% Malaysia +3% Thailand +2%	Singapore +1% Malaysia +5% Thailand +2%
	PT Nipsea (Indonesia)	+3%	+6%
	Betek Boya (Türkiye)	+1%	+7%
	NPI (India)	+6%	+4%
	Alina (Kazakhstan)	+3%	+4%
DuluxGroup	DGL (Pacific)	–+1%	+2–2.5%
	DGL (Europe)	±0–+1% (France)	+1–3% (France)
Dunn-Edwards (U.S.)		+2% (overall U.S.)	+5% (overall U.S.)

*1 Internal estimates
*2 Including the impact of volume changes

»» **P48 Our Strategy by Asset Presented by Co-President Wee**

»» **For more information including the medium- to long-term growth strategy of each asset, please refer to the "Medium-Term Strategy" briefing presentation on our website.**

EPS compounding through inorganic growth

Accumulating excellent assets that contribute to EPS accretion from Year 1

Regarding inorganic initiatives, we will leverage our advantage of lean headquarters to sustainably compound EPS through M&A endeavors targeting companies of any region, business area, or size, provided they offer low risk and good returns. By assessing the balance of risk and returns, we will pursue safe and sustainable EPS compounding that contribute to EPS accretion from Year 1 post-acquisition.

»» **P21 Competitive Advantage of Asset Assembler Model**

»» **P47 M&A Strategy**

Finance strategy aimed at accelerating EPS compounding »» See page 44.

As Asset Assembler, pursue a finance strategy to drive EPS compounding

Sustainability initiatives that drive EPS and PER »» See page 31.

Aim to achieve MSV by increasing the earnings and capital markets' expectations via sustainability activities

Our approach to maximizing PER »» See page 29.

Elevate capital markets' expectations by effectively communicating our equity story as Asset Assembler

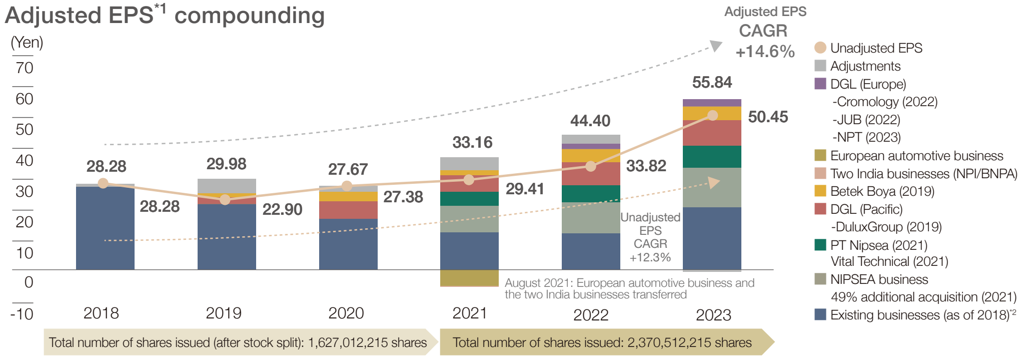
Medium-Term Strategy (Released in April 2024)

Our approach to compounding EPS

Successfully and substantially compounded EPS by driving organic and inorganic growth

Alongside the steady organic growth of existing assets, we pursue inorganic growth through safely and continuously compounding EPS by skillfully utilizing M&A, thereby achieving sustainable EPS compounding.

Adjusted EPS[*1] compounding



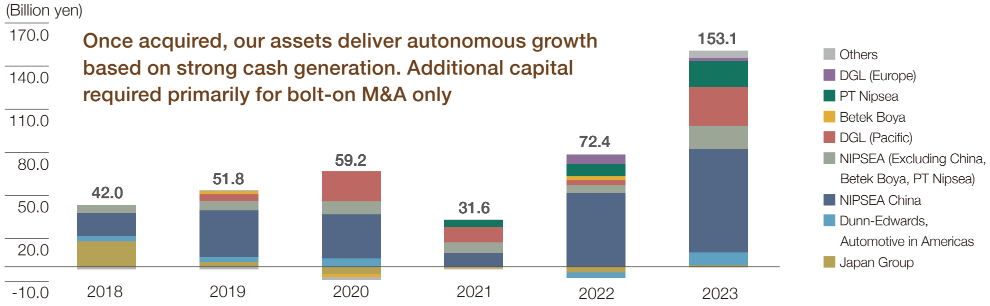
*1 Calculated using simple sum of earnings after excluding one-off factors with major impacts (impairment, M&A expenses, provisions, hyperinflationary accounting, etc.) and dividends received from the Group subsidiaries; for 2018-2020, calculated using the number of shares adjusted for the stock split conducted in 2021

*2 Japan Group, automotive in Americas, automotive in Asia, overseas marine, Dunn-Edwards, European automotive business, NIPSEA business (51% ownership)

Each of our assets has strong cash flow generation capabilities, characterized by high margins and low capex requirements

Each asset features low capex requirements, along with business model and earnings power largely unaffected by market turbulence. They are working on expanding market share while stably generating cash flows.

Cash flow[*3] generation



*3 Calculated as simple sum of Operating CF (excl. dividend income from Group subsidiaries) – CAPEX (excl. M&A and lease expenses)

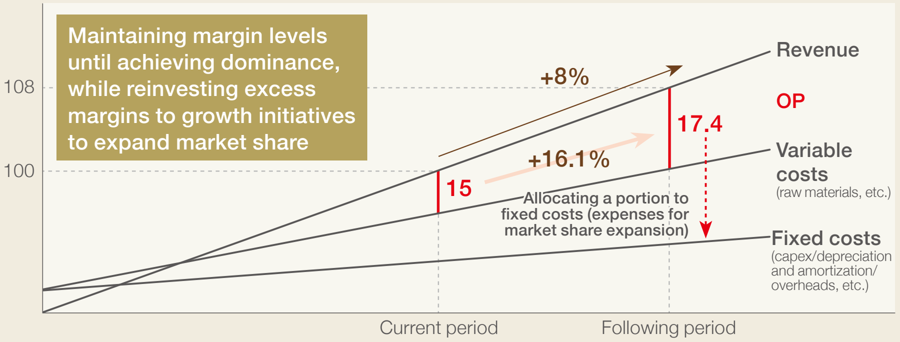
Illustrative operating leverage model

The paint business, characterized by its relatively low requirements for fixed costs including capital expenditures, typically facilitates the generation of leverage effects. This enables us to achieve operating profit growth that surpasses revenue growth. However, these effects can vary across different regions and business segments. In a standard model (see the illustration below), variable costs account for approximately 50% of revenue, while fixed costs constitute around 35%, leading to an operating profit margin of 15%. Under normal conditions, increases in fixed costs and capital expenditures are outpaced by revenue growth. Consequently, an 8% growth in revenue can result in a 16% increase in operating profit.

While operating under this illustrative model, we aim to strategically reinvest our excess margins into growth-oriented initiatives, such as advertising and sales incentives, maintaining our operating profit margin levels. This strategy remains vital until we reach market dominance, which we define as securing a market share of approximately 50-60%; we will emphasize growth-focused investments during this phase. Furthermore, depending on the competitive landscape, additional investments might still be needed even after achieving market dominance.

We have established financial guidance aiming for a medium-term consolidated CAGR of 8-9% in revenue and 10-12% in EPS, factoring in the considerable effects of operating leverage. However, we remain committed to continuing our growth-focused investments towards achieving MSV from a long-term perspective.

Our illustrative model



	Current period		Following period
Revenue	100	+8%	108
Variable costs (raw material and other variable costs)	-50	+8%	-54
Fixed costs			
Capex/depreciation and amortization	-3	±0%	-3
Overhead	-32	+5%	-33.6
OP	**15**	**+16.1%**	**17.4**
OP margin	**15%**	**+1pp**	**16%**

Our Finance Strategy Presented by Co-President Wakatsuki

Driving EPS compounding through our finance strategy

Yuichiro Wakatsuki
Director, Representative Executive
Officer & Co-President

How Shareholder Value Is Maximized »» See pages 3-4.

Our pursuit

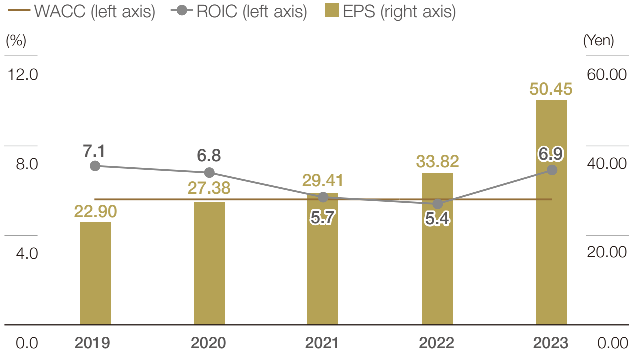
Rigorous financial discipline — Debt leverage with market acceptance + Equity financing with EPS accretion

Our consolidated ROIC performance

In 2023, our consolidated Return on Invested Capital (ROIC) reached 6.9%, reflecting a 1.5 pp increase compared to 2022. This improvement is primarily attributed to: (1) limited increment in goodwill absent large-scale M&A activities in 2023, (2) accelerated compounding of EPS within our existing businesses, and (3) improved Cash Conversion Cycle (CCC), particularly in our China business. We estimate our Weighted Average Cost of Capital (WACC) to be around 6%.

Over the past five years, while EPS has steadily increased, ROIC has remained static in the range of 5-7%. This stability is largely due to the posting of goodwill associated with our M&A activities.We consider this to be inevitable for a company that places M&A as a pillar of its growth strategy.

WACC/Consolidated ROIC/EPS



* ROIC (IFRS): After-tax operating profit / (net debt + total equity)

Our approach to ROIC

We have noticed increased interest from our investors concerning our approach to ROIC. To address this, I would like to clarify our basis by answering the following questions.

Q1 Are we acquiring companies with high capital efficiency?

Our strength as Asset Assembler lies in our ability to consistently make safe acquisitions. While our goal is to maximize long-term and sustainable EPS through these acquisitions, we believe that a strategy overly focused on improving ROIC does not optimally utilize our platform nor align with our overall strategy. I would like to emphasize that the companies we acquire (1) operate their businesses with high capital efficiency relative to the invested capital, such as working capital and capital expenditure, and (2) generally present low business risks and high safety due to their stable business models, strong brand power, and quality management teams.

Please refer to the chart labeled "ROIC of major acquired assets" on the following page. Since we are allocating capital entrusted to us by investors for acquisitions, our standard procedure is to examine the respective ROIC of each acquisition. Our goal is to achieve an ROIC that surpasses the WACC within a few years post-acquisition. Indeed, the major five companies we acquired since 2019 have either already seen their ROIC exceed the WACC or are on a steady path towards this goal, with all demonstrating year-on-year improvements in their ROIC. For your reference, observing the evolution of individual companies' ROIC excluding goodwill shows that these companies already had relatively high ROIC immediately after their acquisition, specifically in Year 1 or Year 2 post-acquisition.

There is a common perception that companies actively engaged in M&A carry significant risk. However, a unique characteristic of our business is its high efficiency: we generate cash and profits locally, and our capex requirements are relatively low. As we consistently acquire such safe companies our Group, even with the inclusion of goodwill in our consolidated accounts, can be confidently described as a collection of very low-risk assets.

Q2 How should we interpret your strategy for returning value to shareholders? Are there any plans to enhance shareholder payouts?

During our dialogues with investors, some have expressed a desire for double-digit expected growth rates. We note that our business domain generates substantial cash flow that can be deployed towards share repurchases, rather than undertaking M&A, which will consistently improve ROIC. Indeed high-ROIC paint manufacturers can demonstrate a scenario of achieving double-digit growth through a combination of single-digit organic EPS growth and share repurchases.

On the other hand, as outlined in our Medium-Term Strategy, we already have the potential for double-digit growth, with a medium-term consolidated CAGR target of 10-12% organic growth in EPS without any repurchases. The substantial cash flow generated is primarily allocated towards M&A that contribute to the maximization of long-term EPS. We aim for robust growth with 10-12% organic EPS growth, plus additional upside through M&A contributing to EPS from Year 1 post-acquisition.

Based on this strategy, our approach to returns is twofold: (1) to expand the basis of EPS growth through M&A rather than focusing on short-term shareholder returns, and (2) to reserve cash flows as dry powder (standby funds) for future M&A, even if this reduces leverage in the short term. While we have consistently acknowledged the potential for equity financing in acquisitions, we prioritize debt financing given the lower cost. In this context, short-term returns such as share repurchases could also create an opportunity loss by limiting our financing optionality for larger-scale acquisitions.

Within our Asset Assembler model, we do not set limitations on the business areas, regions, or scale of our M&A targets as long as they are low-risk and offer good returns. Given the abundance of safe targets that contribute to EPS, we believe our policy and strategy are justifiable. As we naturally consider ROIC as one of the key indicators, we are dedicated to achieving organic profit growth and shortening CCC. However, we believe it is not appropriate to rely solely on consolidated ROIC to evaluate the potential of our Company.

ROIC of major acquired assets*

	2019	2020	2021	2022	2023
DuluxGroup (Pacific)	-	3.6%	4.2%	5.6%	5.8%
Betek Boya	-	9.4%	11.8%	8.1%	12.6%
PT Nipsea	-	-	3.7%	5.3%	6.5%
Cromology	-	-	-	2.6%	3.1%
JUB	-	-	-	-	5.9%

* ROIC (IFRS): after-tax operating profit (after PPA amortization of intangible assets) / acquisition cost (including transfer consideration and subsequent capital increase, etc.), converted into Japanese yen using actual exchange rates
* The ROIC calculation for DuluxGroup (Pacific), Betek Boya, and JUB excludes Year 1 as these companies were acquired during the fiscal year.
* The ROIC for DuluxGroup (Pacific) is calculated by subtracting Cromology and JUB from DuluxGroup's consolidated figures. The 2022 figures exclude expenses related to the acquisition of Cromology and JUB, as well as expenses related to other small-scale acquisitions.
* The ROIC for Betek Boya is calculated using the statutory effective tax rate for 2022 and 2023, as the tax rates were at abnormal levels due to the application of hyperinflationary accounting and other factors.

For reference: ROIC of major acquired assets (excluding goodwill)*

	2019	2020	2021	2022	2023
DuluxGroup (Pacific)	-	9.7%	10.5%	12.6%	12.9%
Betek Boya	-	16.8%	21.1%	14.5%	22.5%
PT Nipsea	-	-	13.8%	19.5%	24.1%
Cromology	-	-	-	6.9%	7.8%
JUB	-	-	-	-	8.4%

* ROIC (IFRS): after-tax operating profit (after PPA amortization of intangible assets) / acquisition cost (excluding goodwill but including transfer consideration and subsequent capital increase, etc.), converted into Japanese yen using actual exchange rates
* The ROIC calculation for DuluxGroup (Pacific), Betek Boya, and JUB excludes Year 1 as these companies were acquired during the fiscal year.
* None of these companies incurred any acquisition-related costs in Year 1.
* The ROIC for DuluxGroup (Pacific) is calculated by subtracting Cromology and JUB from DuluxGroup's consolidated figures. The 2022 figures exclude expenses related to the acquisition of Cromology and JUB, as well as expenses related to other small-scale acquisitions.
* For the ROIC calculation of Betek Boya, the goodwill excluded from the denominator does not reflect the effects of hyperinflationary accounting. The statutory effective tax rate is used for the 2022 and 2023 calculations, as the tax rates were at abnormal levels due to the application of hyperinflationary accounting and other factors.

Our Finance Strategy Presented by Co-President Wakatsuki

Our financial discipline

Our financial discipline focuses on prioritizing debt financing while preserving leverage capacity to maintain access to low-cost funding. Recognizing the crucial importance of fostering a clear understanding of our Company's risk profile among financial institutions and rating agencies, we are facilitating active dialogue with these entities and enhancing our disclosure materials.

Financial discipline

1. Prioritize debt financing
2. Maintain the leverage capacity and promote engagement with financial institutions
3. Equity financing remains an option assuming EPS accretive

Balance sheet management

KPI: CCC, CF, Net Debt/EBITDA, ROIC, etc.

Balance sheet management

In terms of balance sheet management, we have established CCC as one of the key performance indicators. Each partner company is working to shorten CCC by reviewing transaction terms within each region and business. As a result, we saw a considerable improvement in our CCC in 2023, particularly within our Asian operations, notably in China. While our fixed assets (tangible and intangible assets, goodwill) have increased primarily due to our M&A activities, we have been proactively monitoring these assets with an emphasis on efficiency and profitability. Our marine business within Japan Group, for one, has undergone structural reforms. Regarding goodwill, we strive to minimize impairment risks by selecting cash-generating target businesses, ensuring smooth post-merger integration (PMI) through our autonomous and decentralized management approach, and consistently pursuing high-quality M&A at reasonable valuations.

Regarding our financial leverage, in 2023, we saw a significant rise in cash generation, driven by revenue growth and an improved CCC. As a result, our net debt/EBITDA ratio decreased to 2.2 times by the end of the year (see the chart below). Our debt financing is primarily denominated in yen, and as of the end of 2023, we have achieved a highly stable debt composition, with an average duration of 3.5 years and a pre-tax average interest rate of 0.4%. Moving forward, while retaining adequate debt capacity to seize new opportunities, we will strive for an optimal capital structure and work towards fostering trust and creditworthiness with financial institutions and rating agencies.

Capital allocation

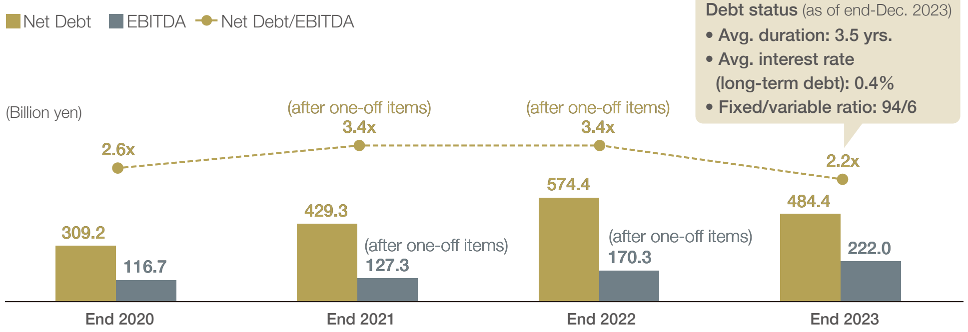
Our capital policy prioritizes growth-oriented investments while maintaining financial discipline, with the primary objective of sustainable and long-term maximization of EPS, ultimately leading to the maximization of PER (see the diagram below).

We deploy capital expenditures aimed at securing future sustainable growth noting the burden of capital investment is relatively small, accounting for only approximately 3% of revenue, mostly in maintenance capex. We maintain a disciplined approach to new investment initiatives aimed at enhancing production capacity, reinforcing digital transformation (DX), and advancing research and development across all regions and business segments. Consequently, M&A remains our most capital-intensive investment. In line with our Asset Assembler model, we will continue to focus on accumulating high-quality, low-risk M&A at reasonable valuations. Our current dividend policy aims to maintain steady payments with a target payout ratio of 30%, considering overall business performance and investment opportunities.

Reflecting on the three-year period from 2021 to 2023, we generated approximately JPY370 billion in operating cash flow, while allocating approximately JPY120 billion to capital investments, approximately JPY80 billion to dividends, and more than JPY300 billion to M&A activities. Although our net debt increased, we also experienced a rise in EBITDA. Given the nature of our businesses, we remain in a safe zone for debt leverage.

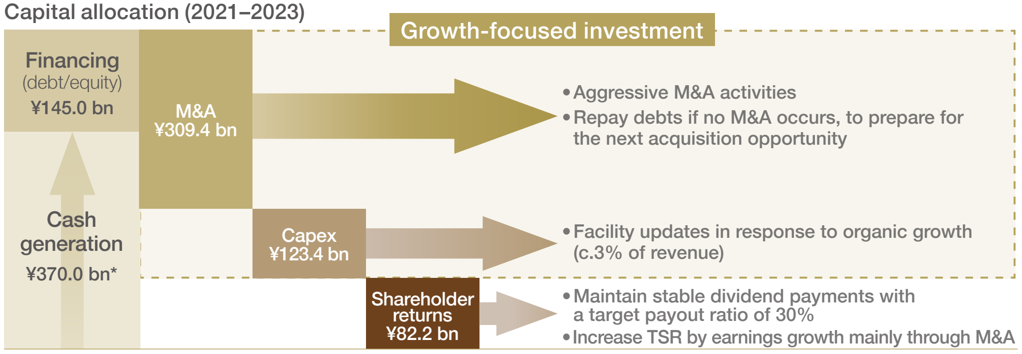
Regarding share buybacks, despite our dissatisfaction with the current stock price as of the end of July 2024, they are not under consideration at this point in time. We believe that utilizing our valuable capital for safe M&A activities will contribute more to the sustainable compounding of EPS in the future than allocating it to the purchase of our own shares. However, we remain flexible and will continue to assess market trends, keeping all options open for the future.

Net Debt/EBITDA



Debt status (as of end-Dec. 2023)
- Avg. duration: 3.5 yrs.
- Avg. interest rate (long-term debt): 0.4%
- Fixed/variable ratio: 94/6

Capital allocation (2021–2023)

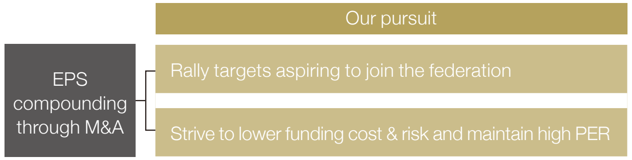


* Operating cash flow (on a continuing operations basis)

M&A Strategy

By leveraging the competitive advantage of our Asset Assembler model, we actively seek M&A opportunities to further accelerate the growth and compounding of EPS.

How Shareholder Value Is Maximized ››› See pages 3-4.



No limitations on M&A target areas, regions, or scale

We believe, by leveraging the competitive advantage of our Asset Assembler model, we should be able to compound EPS with limited risk, without setting limitations on the business areas, regions, or scale of our M&A targets. To date, our M&A activities have been primarily focused on acquiring decorative paints companies. However, our strategic considerations are not confined to the paints and adjacencies arena. We remain open to every opportunity that promises to contribute to MSV.

››› P20 Asset Assembler Model

Rigorous acquisition criteria that minimize risk

When selecting M&A targets, our sole criterion is whether they contribute to MSV. We specifically focus on companies that: 1) present low-risk and good returns, 2) have an excellent management team, and 3) generate good cash flows.

Essentially, our acquisitions are centered around what we term "good companies." We place considerable emphasis on financial discipline, particularly ensuring that a newly acquired company contributes to EPS accretion from Year 1. This reflects our meticulous approach to pursuing low-risk M&A. Moreover, our Co-Presidents and Directors, who have extensive experience in M&A, leverage their discernment abilities to assess the appeal of acquisition targets and the competency of their CEOs. This approach allows us to unlock the growth potential in partner companies through our autonomous and decentralized management.

››› For more information about our M&A process, please refer to the "M&A Strategy" section on our website.

Fostering high growth in acquired companies through autonomous and decentralized management

The decorative paints market is characterized as local production for local consumption, with diverse business models across different countries and market segments. To address this, we implement an autonomous and decentralized management approach. By delegating authority and accountability to excellent local management teams, we facilitate swift local decision-making.

The strength of our platform rests on the collaborative efforts of our colleagues, united by a shared goal of achieving MSV. They assist each other across borders when needed and proactively share growth strategies for both mature and emerging markets. Additionally, they exchange expertise from existing and new businesses among partner companies. This approach is not imposed by the headquarters; instead, each partner company has the autonomy to choose its path. This collaborative and flexible approach fuels synergistic growth across our portfolio, benefiting both our existing businesses and the companies we acquire.

››› P23 Our Platform That Underpins Autonomous and Decentralized Management

New M&A opportunities brought about by Asset Assembler model

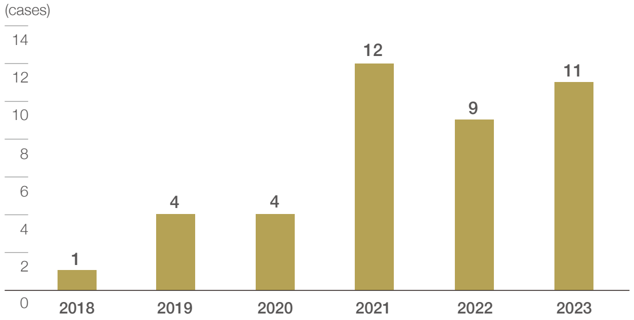
Unlike the cost-cutting approach typically seen in Western companies, our approach has been generating new opportunities thanks to our proven track record and solid reputation. We have observed a growing interest from growth-focused local CEOs in joining our Group, as this allows them to fully demonstrate their management skills. Additionally, our commitment to respecting the legacy, brand, and leadership of target companies—especially private ones—appeals to asset owners who have a strong attachment to their companies and are seeking a seamless transition to the next generation.

Rigorous acquisition criteria

Acquisition targets

- Companies that present low-risk and good returns
- Companies led by excellent management teams
- EPS accretive from Year 1

M&A* transactions



* Including small-scale business acquisitions (undisclosed) across different regions and business segments

Growth since joining our Group

	2019-2023		
	CAGR of revenue	CAGR of operating profit	Market share
DuluxGroup (Pacific)	+13.3%	+15.7%	48% → 50%
Betek Boya	+27.1%	+25.5%	27% → 35%
PT Nipsea*	+26.2%	+25.2%	17% → 19%

* The comparison of PT Nipsea covers the period from 2020 to 2023

Our Strategy by Asset Presented by Co-President Wee

Toward Sustainable EPS Compounding — Pragmatically Tackling Challenges, Striving for Operational Excellence

Wee Siew Kim
Director, Representative Executive Officer & Co-President

NIPSEA Group:

Navigating headwinds to seek out opportunities for growth

With delivery of the Medium-Term Plan (FY2021-2023) (MTP) commitments, it is worthwhile reflecting on what we had gone through and where we could have done better. In our previous MTP, our Group encountered three significant challenges that affected the operating landscape that were not fully anticipated when we crafted the plan: a prolonged pandemic and its aftermath on supply chains; China's property market crisis and its knock-on effects on market sentiments; and the hyper-inflationary conditions and economic distress in several of our markets.

The pronounced effects of the pandemic delayed recoveries in several markets. Operationally, challenges in the supply chain arose from parts and material shortages, coupled with the difficulties of logistically moving goods. Rising costs of material and energy inputs impacted performance. Kudos to all our colleagues. It is only through their collective and concerted effort that we mitigated the consequences on our customers and the Group.

China's property market woes deepened and stretched out to an extent that was unprecedented. This coincided for long periods with the country's Zero-COVID policy.
In China, our colleagues not only persevered through the constraints of the Zero-COVID policy and kept our operations going, but they also orchestrated a strategic shift. We broadened our customer base in the traditional TUB Business (Trade Use Business: business transactions direct to Project customers and main contractors, etc.; B2B business) to regional developers, constructors and contractors. Beyond the residential new build segment, Nippon Paint China developed a slew of product offerings that targeted specific applications like clean rooms, factories, hospitals, schools, etc. As we began to look at widening our addressable market, our TUB colleagues leveraged on the footprint of fellow TUC colleagues to serve smaller, rural customers. Additionally, the TUC business (Trade Use Consumer: business to consumers, DIY business, sales via dealers/distributors and e-commerce to end consumers, etc.; B2C business) ramped up resources to penetrate the smaller Tier 3-6 cities. To succeed in these 4,000 smaller cities in China, different products were developed and distributed and more of our talent base was redeployed to these new growth areas. Although it is still early days, the higher sales growth in Tier 3-6 cities over the past two years gave us confidence that we are heading in the right direction.

As we ventured out of the big metropolitan areas, the sales and marketing strategies were supported by a supply chain initiative with outreach to many regional paint and putty manufacturers as partners to complement our own regional factory networks. Through partnerships with these manufacturers, we were able to expand our product sales under our brand at a faster pace and scale, broadening our access to remote markets. In many instances, the strong NIPPON PAINT brand coupled with the attributes of a larger global group were highly attractive to our partners.
Last year, our call for partnerships was met with positive responses from 60 companies and we are working hard to bring into the fold many more in 2024.

As the number of new residential apartments will drop in the foreseeable future, we hope to stimulate the renovation and repainting demand with our "Color Strategy." We kicked off with extensive advertising and promotional campaigns for Magic Paint, our innovative new product that combines exceptional design and texture finishes with environmentally friendly features. For our customers to have easy access to the thousands of colors on offer, Computerized Color Matching (CCM) machines were rapidly installed. By the end of 2023, we had installed approximately 19,000 CCM machines across China.

»» P54 China Business Strategy

The last three years have been a baptism of fire for the Group as we faced unprecedented hyper-inflationary and economic distress conditions. Whilst we endured the financial impact of hyper-inflationary accounting, our Betek Boya colleagues in Türkiye focused on basic operating discipline, launching new products, and continuing to invest in the market, gaining five percentage points of market share along the way. With an eye on the future, productive capacities were increased both in Türkiye, and in Betek Boya's subsidiary in Egypt. With our recent acquisition in Kazakhstan, Alina, the leading manufacturer of paint and dry-mix mortar joining the Group, Betek Boya is well poised to look at Central Asia as an exciting growth area.

»» P25 Harnessing Our Platform for Group Collaboration: The Betek Boya Success Story

In August 2021, we strategically chose to divest our India businesses to Wuthelam Group, our majority shareholder, with the aim of enabling these businesses to undertake an aggressive growth path. This decision stemmed from our recognition that such an aspiration to surge in a rapidly growing market and close the gap with the market leaders in two regional but sizable Indian markets would require bold and substantial investments that, as a Group, we deemed highly uncertain and risky at that time. Since then, our Indian colleagues did accomplish significant strides in gaining market shares and achieved sustainable profitability. To a large extent, one could say that the initiatives in India post divestment paid off, creating a brighter pathway to more robust and profitable growth prospects. As a result, we decided to exercise the option to repurchase these businesses in August 2023.

Our Indonesian operations also merit a mention. It is one entity that has attracted attention with its consistently higher profitability. However, what is exciting is that our Indonesian colleagues have set about reinventing themselves with new products that are reputedly best in class and penetrated into new segments. The seeds planted ought to signal stronger growth prospects for the Group in the coming years.

»» P51 Indonesia Business Strategy

Japan Group:
Creating an enhanced "profit-making platform" through organizational reforms and functional unification

A voluntary early retirement program, Next Career Plan (NCP), was introduced in 2022. NCP was among the most challenging and heartfelt initiative undertaken. Designed to ensure fair treatment for employees through special early retirement packages and job placement services for their subsequent careers, it was at times quite traumatic for the organization as we saw some of our long serving colleagues depart.

Recovering from NCP, at the very first Japan Group's General Management Meeting, leaders embraced a rallying call for "One NIPPE." Since the *bunshaka* restructuring in 2015, which divided the organization along focused business lines—Automotive, Decorative, Industrial, Marine, and Surface Treatment—Japan Group has accelerated reforms within each partner company. Acceptance of this new unifying approach recognizes that we must find a way to retain the benefits of *bunshaka* restructuring while addressing structural impediments to operating as one cohesive unit. It was about how to have our cake and eat it. Striking a new balance would likely introduce significant risks that necessitate pragmatic approaches to bring our people together along the journey.

One clear intent was to motivate an open collaborative ethos among all staff in Japan. A firm believer that leaders must demonstrate by example, our leaders were persuaded to wear multiple hats and actively exemplify this principle of oneness. With double hatting in both a partner company role as well as a pan-Japan Group role, senior management constantly grapple with the trade-offs between business units and the group, and among different business units. Over time, a new working attitude will evolve. Even today, we see some of our cohort of managers and staff starting to embrace this desired working mindset and feel encouraged enough to look beyond narrowly defined boundaries of roles and organizations, daring to think in terms of enlarged common value creation.

In addition to these efforts, the journey of our Marine Coatings reassured us that a phased pathway toward financial health and growth can work in Japan. In the first phase, we refreshed the management teams under the leadership of Takeshi Shiotani from our Industrial Coatings entity. As President of both Marine and Industrial Coatings, he could draw upon the resources and strengths of both. Additionally, Mr. Shiotani personally led the efforts to return to profitability in Japan while deputizing Gladys Goh to address the revamp of the international associates. Phase 1 of rescue and resuscitation ended in December 2023 with all units in Marine Coatings regaining profitability, thereby triggering Phase 2 in which Ms. Gladys took the reins to invigorate growth and expansion.

Building on the experience gained in restructuring Marine Coatings, especially in customer and segment profitability, Mr. Shiotani assumed the pan-Japan, cross-organizational role of Chief Commercial Officer (CCO). The success he wrought in energizing sales focus and profitability in a stagnant Japan marine arena is now expected to be replicated across our Japan industry, starting next in the automotive and decorative areas.

A pragmatic tailored approach had been the guiding principle when we approached the objective of creating an enhanced “profit-making platform.” Take, for example, the auto segment in Japan. The emphasis in the initial phase was on the technical division as we assessed that we had fallen behind technologically and needed to have the technical leadership pull together and deploy valuable resources to specific future projects that would reset the competitive field. The NIPSEA CTO (Chief Technology Officer) who has an automotive background doubled up as the Global Auto CTO so that we can leverage resources from outside of Japan. It is only when key technical projects are well underway that we set about initiating sales force reforms spearheaded by the CCO.

There is no one solution fits all mentality. The key is pragmatism. In late 2023, there was another step up in cross-Japan Group collaboration as the so-called Jupiter and Gemini task forces were set up to target the electric mobility and 3C markets with a combined array of product offerings drawn from different partner companies. What is encouraging is the enhanced communication and rapport between task force members from different entities who are approaching key customers as one unified team.

Many experiments are underway. The common thread is to encourage collaboration, and break silos with a view to growing the business and making money.

These management reshuffles and shifts in employee mindset have yielded some initial successes. There is still a long way to go.

»» P59 Japan Group: Striving for Greater Profitability by Unifying Efforts and Overcoming Organizational Barriers and Boundaries

Automotive business:
Nurturing global collaboration with customer centricity

Collectively, the automotive segment in Nippon Paint Group is the second largest segment after decorative paints. However, in 2021, our Automotive business faced numerous challenges, including tougher competition, operating losses in several markets, bloated cost structures and glaring technical deficiencies. At that time, the automotive segment in the Group functioned as disparate entities divided by region—Japan, NIPSEA Group, Europe, and the Americas—where the primary link was that the majority of customers were Japanese OEMs. This balkanized set-up posed significant challenges for our Group, hampering our ability to present compelling sales propositions to many customers. The lack of a common purpose and direction meant that we were rather dysfunctional in technology and talent developments.

The first order of the day was to swiftly marshal the technological resources of Japan Group and NIPSEA and redirect focus on a limited portfolio of key projects. Leveraging the key strengths of our Japanese colleagues with the Japanese auto OEMs, they undertook global responsibilities for product development and support for Japanese auto OEMs. NIPSEA and our European colleagues took on the responsibilities for European and Chinese auto OEMs. While this is a broad bifurcation by customer focus, by having a CTO that straddles both the Japan segment and NIPSEA meant that emerging technologies could be shared and offered to different auto OEMs, irrespective of their country of origin. Anecdotally, there are pockets of progress. Hopefully in 2024, we achieve some substantial customer wins in the main programs. Winning is the only acid test of progress.

For the automotive business in the Americas, the focus was on integrating separate operations in the United States, Mexico and Brazil and building bridges so that our American and Mexican colleagues work as part of a more extensive Nippon Paint Group Automotive segment. At this point in time, all the auto units in the Americas have regained profitability and our US colleagues are playing key roles in the emerging film segment, as well as pulling their weight in the automotive parts arena with their intimate relationships with the global-tier parts manufacturers.

We believe that we have started pulling together the automotive business entities into a unified group not a moment too soon. As Chinese automakers set their sights on the export markets especially with their competitive electric vehicles (EVs), Nippon Paint Group Automotive with our global footprint and intimate knowledge of the Chinese auto OEMs are well placed to try to grow globally with these customers and eco-system partners. Internally, we are organized in a way that incentivizes our Chinese colleagues to ensure that we gain globally by assisting overseas Nippon Paint auto colleagues.

As all our key customers are global, we have customer-focused global key account managers (GKAMs) and local key account managers (LKAMs) to ensure that we meet the current and future expectations of our key OEM auto and auto parts manufacturers. This set up is new and we have much to learn. This enhanced customer-centric approach, we hope, will serve us well and make us the main partner of choice.

In summary, even in the face of market upheavals and input cost challenges, delivery of the last MTP commitments spoke volumes of the tenacity and ingenuity of our people. We embarked on many transformations and went about turning around loss-making businesses and units.
With some positive experiences and eagerly awaiting the seeds planted to flourish, we look forward with confidence as we embark on the task at hand of delivering the Medium-Term Strategy.

Asset Strategy Aimed at Compounding Sustainable EPS (1)

PT Nipsea Paint and Chemicals (Indonesia)

Tay Lim Heng

President Director

How Shareholder Value Is Maximized

››› See pages 3-4.

Maximization of EPS

Improve market share and profitability

Indonesia business strategy

Business environment

Growth drivers
1. Brand 2. Distribution channel
3. Human resources

Market growth forecast (2024-2026)
Decorative:
Volume basis: +3% / Value basis: +6%

Our medium-term forecast (in LCY)
Revenue CAGR: **c.+10%**
2026 OP margin: **c.32.9%** (2023 results)

Indonesia Business Strategy

— Solidifying No. 1 position in the decorative market by strengthening brands, distribution channels, and human resources

Navigating the decorative paints landscape

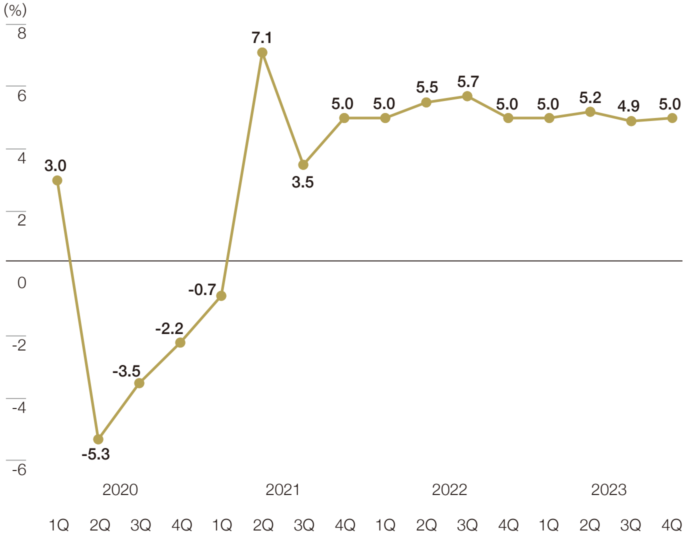
Amidst the global slowdown of 2023, the Indonesian economy grew relatively strongly at 5.05%, and the middle class in Indonesia has been growing faster than other groups; according to World Bank Data, there are now at least 52 million economically secure Indonesians or one Indonesian in every five. The market is expected to see continued growth fueled by government infrastructure and construction projects, specifically investment given the ongoing national strategic projects (PSN), including the new capital city (IKN) development.

The economy segment is highly competitive, with local and international players vying for market share. Price sensitivity is a key factor for this segment and PT Nipsea holds a strong position by leveraging our extensive distribution network and brand recognition. We cater to budget-conscious consumers by introducing economy lines alongside our core mid-tier offerings and product guarantee, ensuring affordability without compromising on quality.

On the other hand, the premium segment is experiencing growth due to rising disposable incomes. Here, consumers seek superior aesthetics, functionality, and eco-friendly benefits. Established international brands and local players with strong brand recognition hold sway in this segment. We differentiate ourselves by capitalizing on our global reputation for innovation to introduce premium lines with best-in-class features, as a reputable, trusted Japanese brand and exceptional customer service to stand out in this competitive landscape.

By strategically catering to the entire spectrum—economy, mid-tier, and premium—PT Nipsea is well-positioned to maintain Indonesia market leadership. Our differentiated product offerings and targeted brand positioning ensure we capture the full potential of this exciting market.

Indonesia GDP growth rate



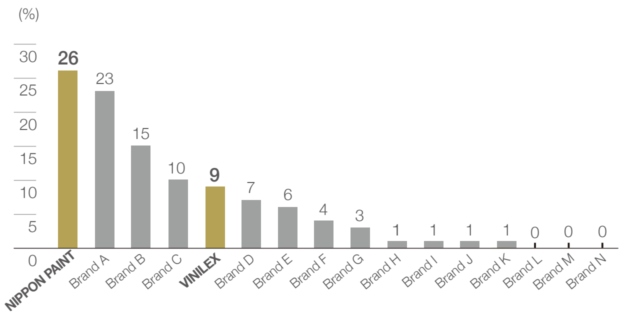
EPS compounding strategy that leverages growth drivers

Holistic branding

PT Nipsea has established a strong brand presence in Indonesia since 1969, and our brand awareness has gained a Top of Mind score of 26% in the latest Nielsen Brand Health Check, solidifying our leadership position. We offer comprehensive paint solutions, from budget-friendly options to innovative premium lines.

Our multifaceted marketing strategy builds loyalty across the entire value chain: (1) We empower our exclusive dealers through training initiatives, marketing collaborations, and sales incentives, enabling them to recommend our products effectively. (2) We offer training programs for painters, equipping them with product knowledge for our entire range and promotional tools to effectively market their services, thus ensuring superior application quality and reinforcing brand value. (3) We engage homeowners through targeted advertising campaigns across various media channels to establish Top of Mind awareness. Additionally, sales promotions and loyalty programs further incentivize purchase and strengthen brand affinity. This holistic approach solidifies our leadership position.

Top of Mind rating



Source: 2023 Nielsen Indonesia Brand Health Check- H1 2023
(4,940 homeowners, 52 cities)

Dominating the economy segment

PT Nipsea dominates the economy segment with a strategic approach that leverages our strong brand heritage. We understand budget is key, so we offer economy lines alongside core offerings. This ensures budget-friendly options to consumers without sacrificing quality—a promise reinforced by our #1 Top of Mind score. Our extensive distribution network guarantees product accessibility across Indonesia, eliminating the need for consumers to seek alternatives. We collaborate with local dealers, leveraging their market knowledge and established business partners. Exclusive programs, product rebates, bundled packages and sales incentives empower our dealers to confidently endorse PT Nipsea's value lines to their customers. We also utilize targeted promotions, like discounts and product guarantees, to further incentivize purchase for cost-conscious consumers. This approach not only drives sales but also reinforces the value proposition of our economy product lines.

By combining brand strength, accessibility, business partnerships, targeted promotions, and product guarantees, this multi-pronged strategy ensures we deliver a compelling value proposition that resonates with budget-conscious consumers across the country.

Vinilex series

Leading the premium segment

Capitalizing on our #1 ranking and global reputation, we offer premium lines that provide best-in-class formulations (superior hiding power, vibrant colors, smoothness, minimum spattering, and eco-friendly), surpassing our stakeholders' expectations. Our targeted marketing campaigns demonstrate the transformative power of our premium paints. These campaigns utilize high-end media channels and feature inspiring design projects to position our products as the key to achieving a dream living space. We also understand the influence of KOLs (Key Opinion Leaders) and designers in the premium segment. By forging partnerships with these influencers and professionals, we leverage their expertise to position Nippon Paint as the premium choice for high-end projects. This not only increases brand visibility but also reinforces the trust and value proposition associated with our premium lines. Understanding the distinct journey of the premium customers, we provide unparalleled customer service that extends beyond the point of purchase. This includes personalized consultations, color and product expertise, and readily available after-sales support. This holistic approach ensures a premium experience that matches the caliber of our products.

Four designers for Ramadan Color Trend Campaign

Dominant distribution edge

PT Nipsea's six strategic pillars

1. Expand distribution points across Indonesia
2. Drive stronger distribution of CCM machines and increase product penetration in all segments
3. Develop new channel through business partners
4. Key account management for high revenue dealers
5. Nippe Star Outlets for business partners catering to the specific refinishing and painting needs of the automotive industry
6. Pylox Star Outlet for business partners catering to smaller, localized markets and specific spray paint customer segments

By harnessing our brand's strengths that align with our strategic pillars outlined above, PT Nipsea aims to drive growth of the Indonesia business. Our dominant distribution edge hinges on a two-pronged approach: extensive reach and strategic partnerships. We're expanding distribution points nationwide, ensuring product accessibility. Furthermore, we prioritize computerized color matching (CCM) machine deployment and deeper penetration across all segments. To complement this, we cultivate partnerships with new business partners, empowering them to offer our full range—color-matching options included—to their customers. This comprehensive strategy positions PT Nipsea as the most accessible and versatile paint choice in Indonesia.

Revolutionizing color and product choices

PT Nipsea prioritizes CCM as a key differentiator that offers major benefits for both value and premium customers. Budget-conscious consumers personalize colors within their economy line, while premium customers have access to a vast palette for creating unique designs. This strengthens our competitive edge, particularly in the premium segment, where customization is highly valued. For stores, implementing CCM opens up a wider range of possibilities, leading to higher sales and reducing the inventory cost, and having a CCM positions the store as a one-stop shop—a win-win for all.


CCM shop

Expanding our reach with business partners


Our business partners

We strategically select new business partners, drawing on the stellar track record of our existing distributors. These business partners gain access to our established brand reputation, comprehensive training programs, our selective product portfolio, and special technical services. This empowers them to deliver exceptional customer service and cater to diverse consumer needs, allowing them to replicate the success of our current network. By capitalizing on the expertise of proven partners, we seamlessly expand market reach and solidify our leadership position.

Robust human resource structure

PT Nipsea boasts a robust human resource structure with strengths evident at both the management and frontline levels.

Management powerhouse: Our leadership team brings a wealth of experience from diverse, competitive sectors. This diversity fosters innovative approaches. For instance, our LFG Awards winning projects: Leveraging Sales Promoters & Repurpose of Waste. These initiatives demonstrate their ability to leverage cross-sector expertise and drive impactful results. This talent pool also ensures a strong pipeline for future leadership, with potential successors already groomed and gaining experience for bigger roles in the near future.

Frontline excellence: Our frontline employees are the backbone of our customer experience. We invest heavily in their development, providing comprehensive training programs that equip them with in-depth product knowledge, application techniques, and exceptional customer service skills. This is further exemplified by initiatives to leverage our Sales Promoters to Product and Color Consultant. Through such programs, our frontline staff hone their capabilities and empower customers to make informed paint and color choices, fostering brand loyalty and trust.

By building a dynamic leadership team with diverse industry backgrounds and investing in the continuous development of our frontline workforce, PT Nipsea ensures a high-performing human resource engine that propels our success in the Indonesian coatings market.

Asset Strategy Aimed at Compounding Sustainable EPS (2)

Nippon Paint China
(NIPSEA China)
Eric Chung
CEO

How Shareholder Value Is Maximized

»» See pages 3-4.

Maximization of EPS

Improve market share and profitability

China business strategy

Business environment

Growth drivers
1. Brand 2. Distribution channel
3. Human resources

Market growth forecast (2024-2026)
TUC: Volume basis: +3% / Value basis: +1%
TUB: Volume basis: +1% / Value basis: +2%

Our medium-term forecast (in LCY)
Revenue CAGR...
TUC: +10-15% TUB: c.+5%
2026 OP margin (NIPSEA China) : c.12.5% (2023 results)

China Business Strategy

— Establishing dominant No. 1 position by leveraging our brand strengths in various dimensions

Analysis of the decorative paints market landscape

Home renovation boosting TUC market

Real estate remains pivotal to China's economy. As restrictive policies ease, the real estate market is set to usher in a relaxed environment, leading to growing demand for aesthetic living spaces due to rising income. New growth areas are re-renovation, partial renovation, and home renovation. As of November 2023, China's housing stock, accounting for about 40% of home decoration, stands at 13.4 billion square meters, growing steadily at 5-6%. This expansion suggests a future increase in repainting demand.

Color and personalization fueling Tier 1-2 cities

As of 2023, 72.6% of China's home decoration consumers are located in economically prosperous Tier 1 and 2 cities. These areas, with high overall economic development and the post-90s and post-95s generations as key consumers, are seeing increased demand for color and personalization. The main competitors in Tier 1 and 2 cities are a major brand and several art paint brands. The major brand, known for its high visibility, targets young consumers through strategic marketing, while the art paint brands are focused on innovation and price competition to vie for market share.

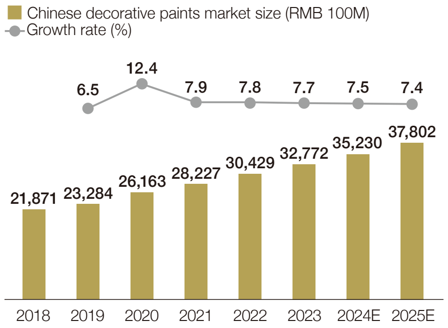
Great market share expansion potential in Tier 3-6 cities

As of 2023, around 27% of home improvement users are found in China's less economically developed Tier 3 to 6 cities, which consist largely of towns and counties. With increasing urbanization and rising per-capital consumption, these under-served areas, particularly Tier 5 and 6 cities, present significant growth potential. Our primary competitors in Tier 3 to 6 cities are a major paint manufacturer and small local ones. The major player invests heavily in aggressive sales promotion and store expansion. Local small players cater to local customers, offering competitive prices and fostering close relationships.

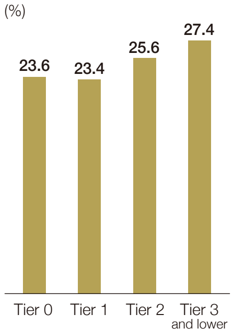
Distribution by tier (2024E)

Distribution by tier	Population (10,000 people)	GDP (RMB million)
Tier 1-2 cities	58,161 (42%)	459,216 (47%)
Tier 3-6 cities	61,942 (45%)	282,978 (29%)
Nationwide	138,034 (100%)	974,975 (100%)

Chinese decorative paints market growth



Breakdown of users by tier



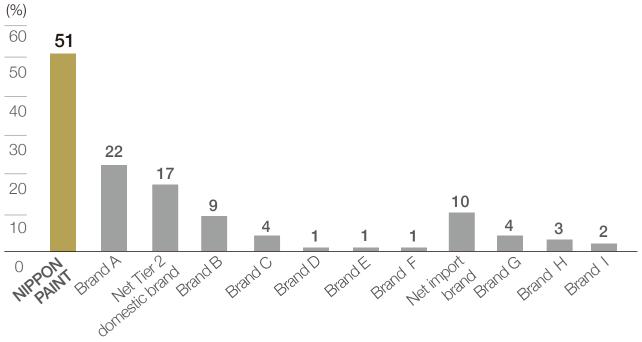
Source: iResearch 2023 China Home Decoration New Trend Insight Report

EPS compounding strategy that leverages growth drivers

Leveraging top-of-mind brands and training painters

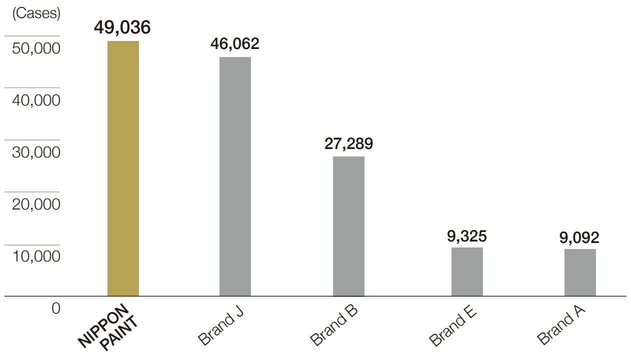
Nippon Paint China entered the Chinese market in 1992 and has since been a pioneer in brand building in the Chinese paint industry. It has always ranked first in brand awareness in the Chinese paint market with a Top of Mind rating of over 50% among consumers.

Top of mind rating



Source: UA Report 2023, NP China

Share of voice



Source: All Media, China

In 2023, Nippon Paint China's Magic Paint became the top independently searched brand in the texture paint category on platforms such as Baidu, Tmall, Douyin, and Xiaohongshu. It attracts more than 7,000 customers monthly through live broadcasts and other forms. These customers are automatically distributed to the nearest dealers for follow-up and service through Nippon Paint China's digital intelligent clue center, creating more business opportunities for dealers.

Nippon Paint China has 16 training and certification centers in China, which have trained more than 400,000 painters over the past 14 years. Nippon Paint China has become the first foreign-funded enterprise in China to obtain a "Private School Operating License," providing professional competency level certification for interior and exterior wall painting construction personnel. At the same time, the "Nippon Paint Club" has over 1.4 million members through points, training, certification and other operations.

Additionally, over the past two years, Nippon Paint China has continued to expand its presence within the Chinese designer community through the "Dream Home Makeover" video series, the "Future Star" Young Designer Competition, and Magic Paint's "Light and Shadow Wonderland" series of exhibitions at Shanghai and Guangzhou Design Weeks. Through these events, we are enhancing our influence on high-end consumers with premium decoration needs.

Brand influence—Nippon Paint China's booth

Empowering Color Strategy through CCM machines

1. TUC's Color Strategy focuses on seizing the Chinese computerized color matching (CCM) market and customers' color mentality.

2. Starting from 2020, we have increased investment in CCM machines, as well as 1,988 color cards and other color tools in the distribution market, and cooperate with Professor Song Jianmin of the China Academy of Art to release annual color trend colors; at the same time, we utilize the community, Xiaohongshu and other online mainstream media platforms to promote Nippon Paint China's popular colors.

3. Starting from 2024, we plan to add 8,000-10,000 CCM units every year. For distribution stores that achieve a certain sales volume, we will provide CCM machines free of charge.

Nippon Paint China's lifestyle store

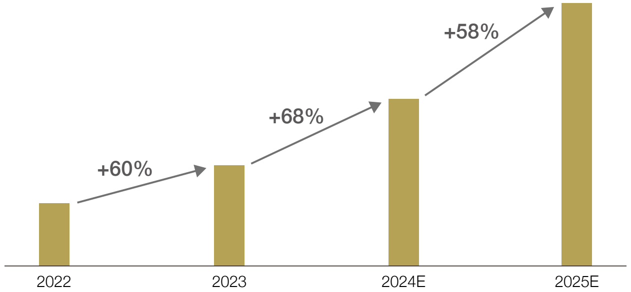
CCM machine

China Business Strategy

Our success with Asset Light strategy

To quickly occupy the market and enhance product competitiveness, Nippon Paint China introduced the "OEM" outsourcing production model on the basis of self-production. In areas with mineral resources, we select OEM manufacturers with resource advantages, production capacity, and logistics distribution capabilities. This strategy allows Nippon Paint China to become asset-light, meet demands for rapid growth in production capacity, and significantly reduce the cost of dry powder mortar products, laying the foundation for the business group to achieve rapid growth and seize the market. By the end of 2023, Nippon Paint China had successfully developed 62 suppliers, distributed in 58 county-level cities in 24 provinces. In addition to our 33 self-owned factories, Nippon Paint China has a total of 95 factories in China, forming a robust supply chain and production network for base materials, yielding remarkable results.

Nippon Paint China's dry mortar production capacity



Overall output achieved in 2023 - by category

	Putty powder	Gypsum plastering	Tile grout
No.1	**NIPPON PAINT**	**NIPPON PAINT**	Brand D
No.2	Brand A	Brand C	Brand E
No.3	Brand B	Brand B	**NIPPON PAINT**

* Internal estimates

Our human resource strategy

1. The competency of management personnel is demonstrated in: result-oriented, prioritization of growth, analytical insight, leadership motivation, and full cooperation; four key positions that will significantly impact the future development of Nippon Paint China (TUB Regional Director, TUC Regional Director Supervisors, Factory Directors, PDT Managers) also have their own competency models, including business execution ability, team leadership, and self-management skills.

2. For management positions, we use competency as the cornerstone and continue to carry out the "selection and retention" of cadres in corresponding positions. At the same time, we conduct echelon inventory every year, target key and high-potential talents, and organize systematic empowerment training and job rotation based on the competencies of higher positions based on the model to accelerate the growth of successors.

3. In terms of employee development, we implement "how to fight, how to train," and design a targeted training system based on job standards and combined with Nippon Paint China's actual combat scenarios. For newly recruited front-line sales, each business group combines differentiated needs to carry out highly directional professional training such as "Shooting Training" and "Sail Power" to accelerate the professionalism of new employees from various aspects such as deep industry insights, product knowledge, and sales skills, thereby fostering their ability growth. For front-line workers and technicians, especially for positions such as color creation and color mixing, we will strengthen certification-based employment and continue to carry out various labor competitions such as color creation competitions to promote the continuous improvement of the professional capabilities of all employees.

Frontline talent building

TUC talent building

Talent development for working level

TUB talent building

Four Reasons Why Our Performance Does Not Necessarily Correlate with Chinese Macroeconomic Indicators

Our stock price tends to be significantly influenced by news flow from China, more so than by our actual performance results. Our analysis suggests that the capital market participants might be overly focused on Chinese macroeconomic indicators. While we do acknowledge a certain correlation between our performance and Chinese macroeconomic indicators, we believe that these factors are not the sole determinants of our performance due to the following four reasons.

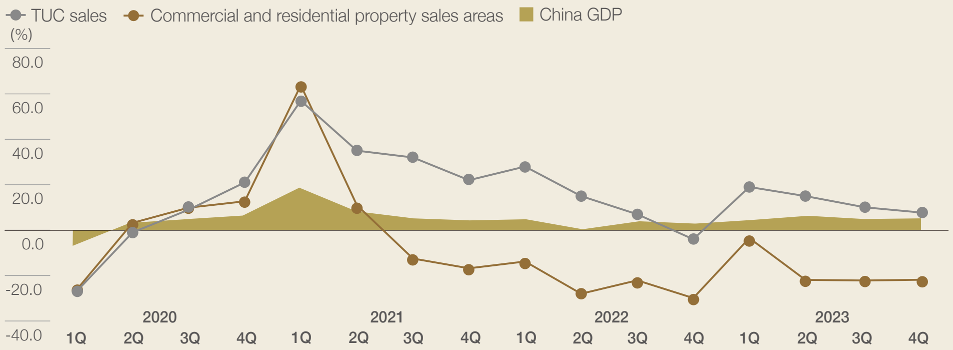
Reason

1

TUC revenue growth has been markedly outpacing the growth in commercial and residential property sales areas

Tier 0 and 1-2 cities, where our TUC business has a dominant No.1 position, have a higher proportion of commercial and residential property sales areas compared to Tier 3-6 cities. These cities are also characterized by faster market recovery. Consequently, the growth rate of TUC tends to be higher than that of property sales areas nationwide. The high revenue growth in the TUC business can also be attributed to factors such as NIPSEA China's extensive distribution networks, the large number of Computerized Color Matching (CCM) machines installed, high brand awareness and quality. Factors such as the arrival of the era of stock housing and our market share gains in Tier 3-6 cities also contribute to a growth rate that exceeds the general macroeconomic indicators.

TUC sales trends (QoQ)



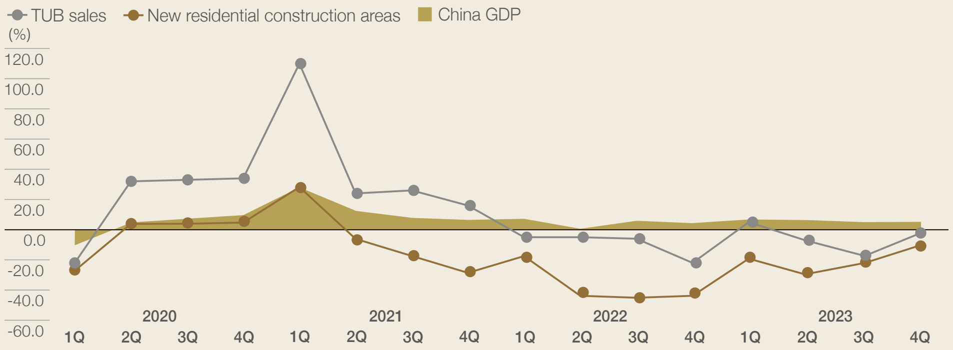
Reason

2

TUB revenue growth has been outpacing the growth in new residential construction areas

Since March 2020, our TUB revenue growth has constantly been outpacing growth of new residential construction areas. This strong performance is attributable to: (1) working with financially stronger real estate developers, (2) growth contribution from non-real estate developers, e.g., healthcare, industrial, infrastructure, as well as interior decoration companies and contractors, (3) pushing the adjacencies area, such as substrates and construction chemicals (CC). We expect that the TUB business will remain on a steady growth track due to the arrival of the era of stock housing and by focusing on the development of key channel businesses.

TUB sales trends (QoQ)



Four Reasons Why Our Performance Does Not Necessarily Correlate with Chinese Macroeconomic Indicators

Reason

3

TUC's competitive advantage and its significant contribution to NIPSEA China's sustainable growth and profitability

NIPSEA China's overall revenue growth in 2023 may be perceived as weaker. This is mainly due to the sluggish performance of the TUB and automotive businesses against the overall weak economic and property outlook in China. In contrast, the TUC business achieved growth that exceeded both the market and our competitors. In the midst of a challenging business environment, we secured a higher operating profit margin in China than our key local competitors. This is primarily due to the strong and highly profitable TUC sales with the TUC segment representing approximately 70% of overall decorative paints sales in China.

The ability of TUC to maintain high profitability is not solely due to its B2C business model. Other contributing factors include: (1) the ability to control pricing, based on the strong brand power we have built over the years in this B2C brand business, (2) the creation of demand and improvement in margin through the expansion of CCM deployment, (3) our "Asset Light Strategy," (4) The sheer size of the enlarged Group that allows us to leverage our economies of scale and tap into resources spanning from purchasing to marketing. We are optimistic that TUC's medium-term growth forecast will continue to surpass the market growth. Looking ahead, NIPSEA China will steadfastly pursue sustainable growth while preserving the operating profit margin.

NIPSEA China 2023 results

Revenue growth (YoY)	**Consolidated*1**	+7.1%
	Automotive*1	+0.6%
	TUC*2	+13%
	TUB*2	-7%
OP margin*1 (consolidated)		12.5%
TUC revenue/China decorative revenue*2		c.70%

*1 Tanshin basis
*2 In local currency

»» P41 Medium-Term Strategy (Released in April 2024)
»» P54 China Business Strategy

Reason

4

Establishing a regional and business portfolio not heavily reliant on China

As Asset Assembler, we boast a well-diversified regional and business portfolio. While China is a significant asset for us, it accounts for 33% of our overall consolidated revenue—a contrast to local entrenched competitors who are heavily dependent on a single geographical market. Furthermore, our operations in Asia Except China continue to achieve sales growth and an operating profit margin that outpace those from our China operations.

Comparison of 2023 results (Tanshin basis): NIPSEA China vs. NIPSEA Except China

		NIPSEA China	NIPSEA Except China
Dependence on the region	**Revenue**	33%	20%
	OP	36%	30%
Revenue growth (YoY)		+7.1%	+12.0%
OP margin		12.5%	17.4%

Feature Article

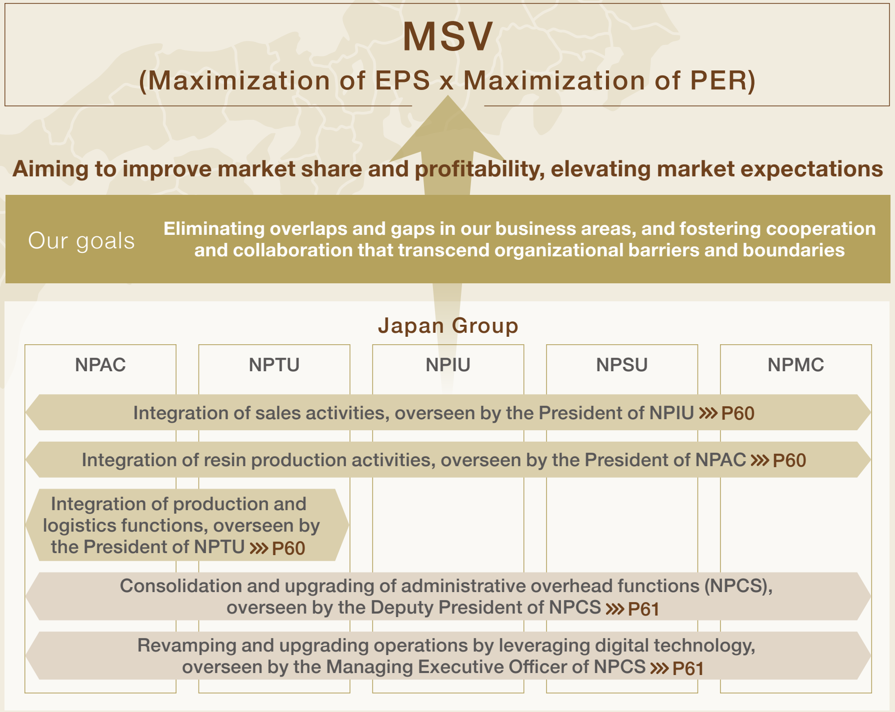
Japan Group: Striving for Greater Profitability by Unifying Efforts and Overcoming Organizational Barriers and Boundaries

Under the leadership of our Co-Presidents, Japan Group has made steady advancements in profitability, thanks to the structural reforms implemented in recent years. These reforms have included unconventional approaches and measures. However, we recognize that our journey to restore the operating profit margin levels achieved during 2017-2018 is only halfway complete. To expedite this progress, we are accelerating cooperative and collaborative initiatives that transcend organizational barriers and boundaries. These efforts are being led by the senior management of each partner company, with the ultimate objective of achieving sustainable EPS compounding.

In this section, we will present the collective projects and initiatives undertaken by Japan Group, outlining our strategic roadmap towards further enhancing profitability.

» P48 Our Strategy by Asset Presented by Co-President Wee

United in our pursuit of realizing “One NIPPE”



MSV
(Maximization of EPS x Maximization of PER)

Aiming to improve market share and profitability, elevating market expectations

Our goals: **Eliminating overlaps and gaps in our business areas, and fostering cooperation and collaboration that transcend organizational barriers and boundaries**

Japan Group

NPAC	NPTU	NPIU	NPSU	NPMC

Integration of sales activities, overseen by the President of NPIU » P60

Integration of resin production activities, overseen by the President of NPAC » P60

Integration of production and logistics functions, overseen by the President of NPTU » P60

Consolidation and upgrading of administrative overhead functions (NPCS), overseen by the Deputy President of NPCS » P61

Revamping and upgrading operations by leveraging digital technology, overseen by the Managing Executive Officer of NPCS » P61

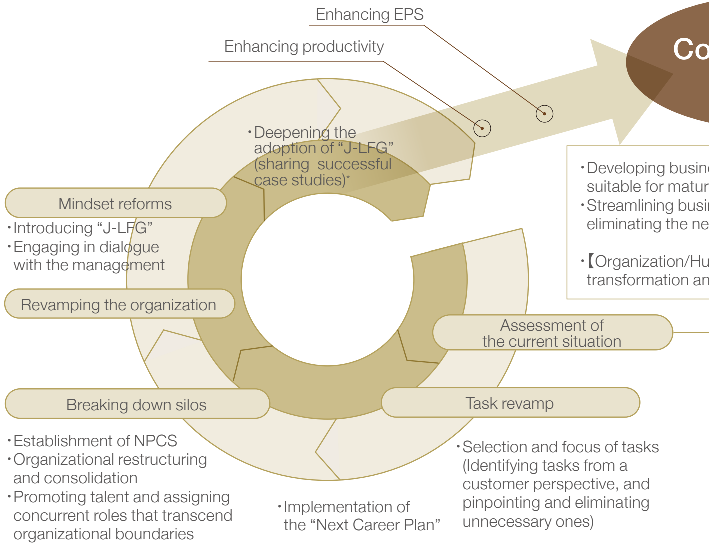
Eliminating overlaps and gaps in our business areas, and fostering cooperation and collaboration that transcend organizational barriers and boundaries

Since the implementation of *bunshaka*, a company split by lines of business, in 2015, Japan Group has seen increased autonomy and accountability within each business unit. However, over time, several issues have emerged, including inflated cost structures, duplication of functions, complex business processes, organizational silos, and rigidity in personnel allocation.

To address these challenges, we have implemented several measures: (1) identifying issues and considering/implementing remedial actions through task forces, (2) consolidating and upgrading group support functions via the establishment of Nippon Paint Corporate Solutions (NPCS), (3) implementing the “Next Career Plan” voluntary early retirement program, (4) restructuring the automotive and marine businesses, and (5) transforming corporate culture and employee mindsets through the adoption of “J-LFG."

Currently, under the banner of “One NIPPE,” we are advancing a unified approach where the five partner companies within Japan Group operate as a single entity. This approach focuses on eliminating overlaps and gaps in our business areas and fostering cooperation and collaboration that transcend organizational barriers and boundaries. Under the leadership of senior management, who concurrently hold multiple positions, our partner companies are mutually leveraging each other's management resources. This shift from individual optimization to overall optimization is strengthening our foundation for cost competitiveness.

Our organizational and human resource strategies for embracing transformation and revamping our working styles



The Communication Forum held from May to July 2024

» **For more information about our efforts to disseminate the J-LFG spirit, please refer to "Human resource development measures essential for achieving MSV" on our website.**

Japan Group: Striving for Greater Profitability by Unifying Efforts and Overcoming Organizational Barriers and Boundaries

Sales functions

Establishing sustainable growth drivers by creating a cross-functional marketing and sales structure across the Group

Takeshi Shiotani

Representative Director and President

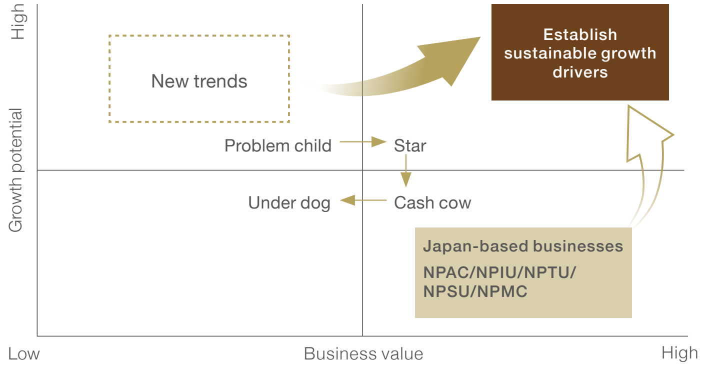
Nippon Paint Industrial Coatings (NPIU)

For Japan Group to achieve further growth, strong marketing and sales functions are essential. Particularly in emerging markets and areas such as electric vehicles and autonomous driving, we must respond synergistically, efficiently, and swiftly. This requires transcending the boundaries of existing business segments and organizations across the Group.

In response to these challenges, the position of Chief Commercial Officer (CCO) for Japan Group was established in January 2024. President Shiotani of NPIU has assumed this role, overseeing the entire sales function of Japan Group. This position bridges the management and heads of sales units across partner companies, facilitating the implementation of strategies throughout the organization. Beyond the traditional business framework focused on existing markets and customers, the CCO role allows for group-wide supervision of the sales function. This enables us to accurately capture rapidly changing markets and flexibly advance our marketing and sales activities.

By holistically analyzing and sharing insights on the Japanese market and each business within Japan Group from a sales perspective, we aim to enhance our marketing and sales functions across the organization. This approach is designed to improve the profitability of each partner company, deliver sustainable growth through the creation of new business opportunities, and establish sustainable growth drivers.

Establishing sustainable growth drivers by reinforcing the sales function



Production and logistics functions

Rebuilding production and logistics functions, and enhancing and streamlining the supply chain

Masuo Kida

Representative Director and President

Nippon Paint (NPTU)

Satoshi Nishimura

Representative Director and President

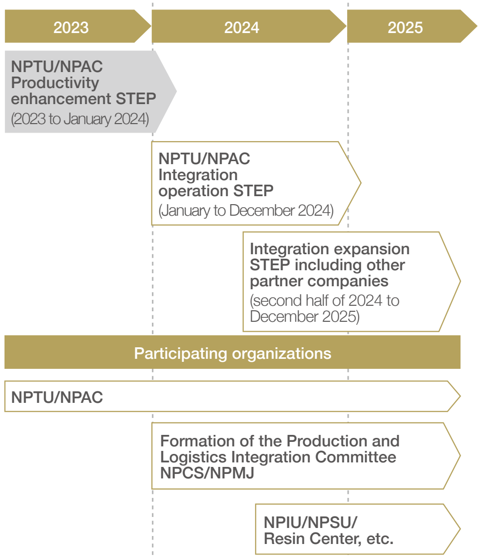
Nippon Pant Automotive Coatings (NPAC)

Since the implementation of *bunshaka* in 2015, we have observed a fragmentation of management resources and the emergence of organizational silos within the production and logistics units. This fragmentation has led to decreased productivity and efficiency. To address these challenges, we launched the “Production and Logistics Integration Project” in 2023. The goal of this project is to eliminate the issues resulting from the division of production and logistics units and to enhance the production capabilities that serve as the foundation for Japan Group as a whole.

President Kida of NPTU took the helm as project leader, kick-starting the initiative by implementing an integrated operation targeting NPTU and NPAC. In 2024, with the formation of the Production and Logistics Integration Committee, we strengthened cross-functional capabilities in production and logistics by enhancing collaboration between NPTU and NPAC and expanding their activities. Additionally, we focused on nurturing talent to establish and solidify integrated operations. At the newly established Resin Center, under the leadership of President Nishimura from NPAC, we are consolidating development, mass production, and resin-related production technologies—one of our core strengths. Concurrently, we aim to achieve comprehensive optimization of resin manufacturing and the supply chain across Japan Group.

By reconstructing our production and logistics functions and enhancing and streamlining the supply chain, we aim to achieve comprehensive optimization that transcends organizational barriers and silos, enabling us to operate as a unified entity across the entire Japan Group.

Promoting the integration of production and logistics functions



Japan Group: Striving for Greater Profitability by Unifying Efforts and Overcoming Organizational Barriers and Boundaries

Administrative overhead functions

Revamping administrative overhead functions and optimizing the allocation of management resources

Shinichi Saito

Representative Director and Deputy President

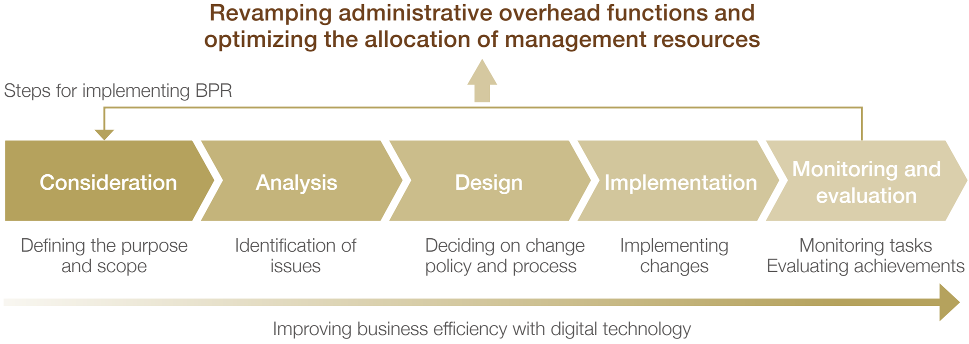
Nippon Paint Corporate Solutions (NPCS)

Established in 2022, NPCS has undertaken the task of dismantling organizational silos within our partner companies in Japan Group. This is accomplished by addressing common issues across the group in areas such as supply chain, production, talent development, research and development, finance, auditing, and information systems.

Under the leadership of Deputy President Saito, who also serves as the President of Nippon Paint Materials, NPCS is currently undertaking a “Business Process Reengineering (BPR)” initiative. This initiative aims to revamp the administrative overhead functions and optimize the allocation of management resources to provide more efficient support to Japan Group. Launched in the second half of 2023, the BPR initiative focuses on five departments: Finance and Accounting, Corporate Service, Human Resources, IT & Solutions, and Operational Excellence. The goal is to identify and streamline inefficient tasks and processes across the organization. Surplus resources generated through this process are then redirected to areas where human involvement can add value. This strategic reallocation aids in enhancing the operational efficiency of NPCS as a support function company.

One key aspect of BPR is its focus on improving business efficiency through the use of digital technologies (see next theme). By integrating IT tools such as generative AI and RPA into our business processes, we aim to create a virtuous cycle that benefits both employees and the organization, while simultaneously enhancing employees’ digital literacy.

Overview of BPR



Revamping administrative overhead functions and optimizing the allocation of management resources

Steps for implementing BPR

Consideration	Analysis	Design	Implementation	Monitoring and evaluation
Defining the purpose and scope	Identification of issues	Deciding on change policy and process	Implementing changes	Monitoring tasks Evaluating achievements

Improving business efficiency with digital technology

IT/DX

Promoting digital transformation (DX) strategy for new value creation and enhanced and accelerated management decisions

Hiroyuki Ishino

Managing Executive Officer

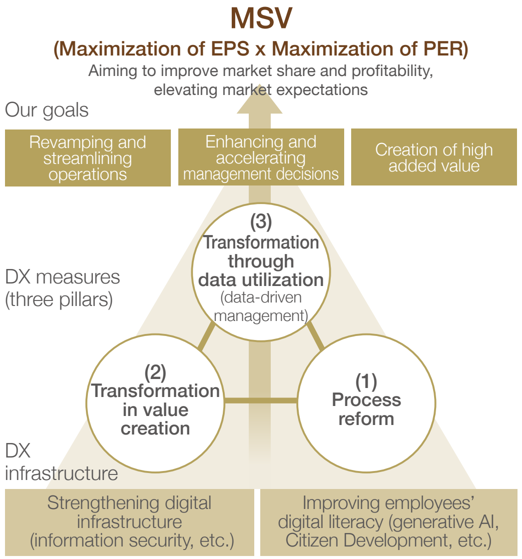
Nippon Paint Corporate Solutions (NPCS)

Based on our efforts to strengthen digital infrastructure, including enhanced information security and reformed mission-critical operations and systems, and to improve employees’ digital literacy through generative AI and Citizen Development, Japan Group is advancing a three-pillared DX strategy: (1) process reform, (2) transformation in value creation, and (3) transformation through data utilization.

Under the first pillar, process reform, we are gradually introducing a “standard process and supporting ERP system” across the entire Japan Group. By learning from the system implementation experiences and successful case studies of our overseas partner companies, we aim to thoroughly simplify and standardize operations. Under the second pillar, transformation in value creation, we are deploying “NP Assistant,” a proprietary AI tool of Japan Group that leverages generative AI to improve operational efficiency and quality. Alongside RPA and low-code tools, each employee, acting as a “Citizen Developer,” contributes to the growth of the organization and business by creating new value through innovative approaches. Under the third pillar, transformation through data utilization, we aim to realize “data-driven management” at an early stage through the adoption of the “standard process and supporting ERP system” and process reform. This approach will enable us to swiftly respond to changes in the management environment, optimize the allocation of management resources, strengthen decision-making processes, and expedite management decisions.

By advancing our DX strategy in this manner, we aim to adapt flexibly to the constantly evolving management environment, create new business opportunities, and enhance the profitability of our Japan-based businesses, all with the ultimate goal of achieving MSV.

Japan Group’s DX strategy



» For more information, please refer to "Japan Group's DX Strategy for MSV through Enhanced Profitability" on our website.

Environmental Strategy

Addressing Nippon Paint Group's most material sustainability impacts is a key imperative and priority for the organization to ensure MSV. Within the sustainability aspect of the environment, the identified priority material impacts for the business are Climate Change and Resources and Environment, especially waste and water.

How Shareholder Value Is Maximized
»» See pages 3-4.

	Our pursuit	Relevant financial information
Environment & Safety	Develop low-carbon/ eco-friendly products + Ensure safe people and operations	Sales (contribute to new products/ new markets) Expenses: Low-carbon raw materials, fuels, utilities, waste processing costs CF: Investments in renewable energy facilities and recycling facilities

Our approach to achieving MSV

During 2023, each Partner Company Group (PCG: PC group by region/business) continued to make further progress on their individual ambitions, targets, and priorities within each of these material impact areas. This has continued to be supported by the global Environment & Safety Team comprising senior environment and safety leaders from each PCG, with a primary focus on benchmarking, sharing best practice, and establishing common performance metrics. Implementation of these metrics across all PCGs continued during the year, including additional businesses calculating their Scope 3 carbon footprints, and once these metrics are fully established they will provide improved understanding and oversight of climate and circularity impacts and performance. This includes carbon footprints, renewable energy and resources, waste recoveries, and high stress water consumption.

Supporting and enabling improved management and understanding of the impacts, risks, and opportunities for both Climate Change and Resources and Environment, will continue to be the primary focus of the Sustainability Team in the coming year, including reviewing best practice approaches for carbon and climate adaptation.

Climate Change

Climate change is impacting our business, people, and communities. We will work to reduce our greenhouse gas emissions, manage climate-related risks, and capture climate-related opportunities.

Reports based on TCFD recommendations

In September 2021, Nippon Paint Group expressed its support for the final report of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. For MSV, we are working to enhance climate change-related measures and information disclosure.

Governance

The Environment & Safety Team, one of our Group's Sustainability Teams, reviews and discusses each partner company's climate change initiatives and reports the findings to the Co-Presidents. The Co-Presidents then submit a report to the Board of Directors as necessary. This arrangement ensures that the Board of Directors can monitor the Materiality-related activities of the Environment & Safety Team.

Strategy

The key risks and opportunities associated with climate change are summarized in Sustainability as the Prerequisite for MSV. There is some variation across individual PCGs, including in the associated identification of priority actions as part of their sustainability strategies and action plans.

Here we show the risks and opportunities based on the climate-related scenario analysis.

»» For more information, please refer to "Strategies" under the "Climate change" section on our website.

Climate-related scenario analysis

Risks			Opportunities
Variables	1.5°C	4°C	
Changes in regulations and their impacts, such as carbon pricing and greenhouse gas emission reduction targets	Introduction of strict regulations	Regulations strengthened in limited areas	**Market growth for sustainable products** - 1.5°C scenario Growth of low-carbon products and enhanced performance - 4°C scenario Growth of low-carbon products against extreme weather and enhanced performance **Development of new products and services to capture climate-related business opportunities** - Both for 1.5°C and 4°C scenarios
Increase in supplier costs arising from climate adaptation and decarbonization actions	Large increase in supplier costs due to climate adaptation and decarbonization actions	Certain increase in supplier costs for climate adaptation as limited decarbonization measures are no longer sufficient	
Changes in customer and consumer expectations and behavior	Higher disposition for low-carbon products and lower demand for carbon products	Higher disposition for low-carbon products	
Higher temperatures affecting product functions	Occasional product claims and brand damage due to performance deterioration	Frequent product claims and brand damage due to performance deterioration or malfunction	
Increase in floods and/or water stress negatively affecting operations and supply chain	Occasional floods and/or water stress affecting operations and supply chain	Frequent floods and/or water stress routinely impacting operations and supply chain	

Environmental Strategy

Risk management

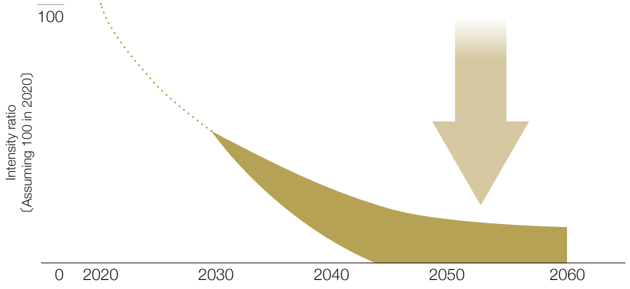
The Sustainability Team that works directly under the Co-Presidents identifies and assesses risks, including their importance, based on the criteria of factors directly related to our operations (e.g., raw materials, energy, and water consumption, greenhouse gas emissions) and our products and customers (e.g., product impacts, product application and feature needs).

»» For more information, please refer to "Risk management" under the "Climate change" section on our website.

Metrics and targets

Our PCGs continue to accelerate their response to climate change by identifying and progressing actions to achieve their net zero targets via reductions in carbon emissions and adaptation to a net zero future. Key actions currently being progressed across PCG businesses include energy efficiency initiatives, renewable power purchase, solar system installations, and transition planning for electric vehicle fleets. By taking these actions, our Japan Group and DuluxGroup businesses will achieve net zero for Scope 1 and 2 greenhouse gas emissions by 2050, and NIPSEA Group by 2060. Scope 3 emissions are currently calculated for Japan Group, DuluxGroup (Pacific), and the majority of NIPSEA Group, and is being progressively expanded across our remaining businesses, while some PCGs have also commenced development of potential Scope 3 emissions reduction plans.

Our Group's GHG emissions reduction target (Scope 1 and 2)



Climate Change-related targets

PCG	Targets*		Improvement priorities
	GHG emissions (Scope 1 and 2)	Energy consumption	
NIPSEA Group	2025: 15% reduction 2060: Net zero	2025: 8% energy consumption reduction	Additional solar installations and completion of air compressor and dust collector energy efficiency projects in China, plus calculation of Scope 3 emissions for 90% of the group.
DuluxGroup	2030: 50% reduction 2050: Net zero	2030: 50% renewable electricity consumption	Additional solar installations (Australia, Europe), continued renewable power purchase (Europe, New Zealand), site energy efficiency plans development, Scope 3 reduction planning including supplier consultations, and Scope 3 calculations commencement (Europe).
Japan Group	2030: 37% reduction 2050: Net zero	—	Increased renewable power purchase, continued focus on energy efficiency actions, and Scope 3 reduction planning including supplier consultations.
Dunn-Edwards	—	—	—

* Baseline years for targets are 2021 for NIPSEA Group, 2020 for DuluxGroup, and 2019 for Japan Group

Performance

In 2023, our greenhouse gas emissions (Scope 1 and 2) decreased 27% to 40.2 kilograms per tonne (kg/t) and total energy consumption decreased 10% to 0.46 gigajoules per tonne (GJ/t), driven by reductions across most of the larger businesses through energy efficiency and renewable electricity initiatives, together with changes in production mix across different business units and inclusion of recent acquisitions. Renewable energy consumption remained relatively steady at 5.7% of total energy consumption, while renewable electricity consumption decreased 1.5 percentage points (pp) to 8.7% of total electricity consumption. These changes were driven by the same factors that impacted Scope 1 and 2 emissions and energy consumption performance, together with a decrease in renewable power purchase within Cromology in DuluxGroup (Europe). The Scope 3 emissions increased 3% to 8.4 million tonnes (Mt), reflecting increased production in NIPSEA Group and inclusion of additional business areas. While the Scope 3 emissions currently exclude DuluxGroup (Europe), smaller parts of NIPSEA Group (about 10%), and Dunn-Edwards, these businesses also are preparing to start calculating Scope 3 emissions.

Metrics and results related to Climate Change (2023)

* Figures in brackets indicate year-on-year change.

PCG	GHG emissions (Scope 1 and 2) (kg/t)	GHG emissions (Scope 3) (Mt)	Total energy consumption (GJ/t)	Renewable energy consumption (% of total)	Renewable electricity consumption (% of total)
NIPSEA Group	32.3 (-33%)	6.2 (+5%)	0.29 (-9%)	3.0% (+1.4 pp)	5.8% (+3.0 pp)
DuluxGroup	75.0 (-5%)	0.9 (-6%)	0.83 (-6%)	7.4% (-11.0 pp)	13.8% (-23.9 pp)
Japan Group	149.8 (-2%)	1.2 (+0%)	3.32 (+0%)	10.1% (+5.1 pp)	14.4% (+7.1 pp)
Dunn-Edwards	—	—	0.20 (+5%)	—	—
Total	40.2 (-27%)	8.4 (+3%)	0.46 (-10%)	5.7% (+0.1 pp)	8.7% (-1.5 pp)

»» For data from 2022 and earlier, as well as other ESG data, please refer to the "ESG Data" section on our website.

Our Sustainable Products

In the area of EV coating, Japan Group and NIPSEA have integrated functional coating technologies to create differentiated technologies that meet the needs of each module. We have been accelerating their market introduction in collaboration with EV module customers, like adhesion function, insulation, hydrophobic and flame resistance.

We aim to provide comprehensive solutions to this rapidly growing market. Some products have already been launched to this market, such as PD E-501 as insulating powder and SURFCOAT NRX for surface coating of battery packaging.

Resources and Environment

Our business and communities depend on the sustainable consumption of natural resources and protection of the environment and biodiversity. We will work to improve the life cycle and circularity impacts of our products and supply chain.

Governance

Under the guidance of the Environment & Safety Team, we promote initiatives to address our specific targets and priorities related to this Materiality.

»» For more information about the framework, please refer to the "Governance" under the "Climate Change" section on page 62.

Strategy

Establishing common metrics to improve understanding of circularity impacts and enable identification of risks and opportunities has been the foundation of the current strategy, and good progress is being made. Each PCG is also continuing to progress their individual waste, water, and environment improvement priorities, while circularity and nature-related targets and plans are expected to be developed in the medium term.

Risk management

The key risks and opportunities for Resources and Environment are largely common across the consolidated group, though individual PCGs do have different focus areas and action priorities that reflect the local maturity of their improvement journeys.

Metrics and targets

In 2023, our total waste generated decreased 7% to 14.7 kilograms per tonne (kg/t), while the hazardous waste proportion increased 3.3 percentage points (pp) to 36.6%. Waste recovered (recycled, reused) decreased 5.5 pp to 30.8% of total waste generated. These changes were driven by a combination of factors, including reduced generation and improved recovery through improvement initiatives in a number of businesses, increased production in NIPSEA Group, changes in production mix across different business units, and inclusion of recent acquisitions. These same factors also influenced water performance, where water withdrawal decreased 7% to 0.54 kiloliters per tonne (kL/t), while water consumed increased 20% to 0.47 kL/t. A new metric has been established to improve understanding of water consumption in regions of high or extremely high water stress, with 61% of total water consumption occurring in such regions during the year. This metric will help determine future priorities for improvement in sustainability impacts associated with water consumption.

Metrics and results related to Resources and Environment (2023)

* Figures in brackets indicate year-on-year change.

PCG	Waste			Water			Improvement priorities
	Total waste generated (kg/t)	Hazardous waste generated (% of total)	Waste recovered (% of total)	Total water withdrawn (kL/t)	Total water consumed (kL/t)	High stress regions water consumed (% of total)	
NIPSEA Group	10.4 (-1%)	46.8% (+3.6 pp)	11.0% (-9.9 pp)	0.49 (-6%)	0.48 (+26%)	66%	Implementation of local improvement projects, including a water project at the Shanghai factory that reduced water discharge by 90% via reuse in production. Water reduction target is 8% by 2025.
Dulux Group	40.1 (-13%)	26.6% (+1.8 pp)	52.5% (+15.0 pp)	0.55 (-11%)	0.34 (-10%)	36%	Implementation of landfill waste plans to achieve 2030 target of 50% reduction in DuluxGroup (Pacific), waste water treatment plant improvements (France, Italy), and implementation of waste and water metrics across recent acquisitions.
Japan Group	53.6 (+7%)	12.4% (-1.9 pp)	80.6% (-15.9 pp)	1.66 (+2%)	0.53 (-13%)	0%	Continued focus on waste separation for recovery and recycling of wash waters in paint manufacturing.
Dunn-Edwards	9.9 (-11%)	1.0% (+1.0 pp)	5.4% (-4.9 pp)	0.63 (+10%)	0.50 (-4%)	93%	—
Total	14.7 (-7%)	36.6% (+3.3 pp)	30.8% (-5.5 pp)	0.54 (-7%)	0.47 (+20%)	61%	Sharing of global best practice across the Group, including implementation support for new high stress region water consumption performance metrics.

»» For data from 2022 and earlier, as well as other ESG data, please refer to the "ESG Data" section on our website.

Human Resource Strategy

As a Japan-origin global corporate group operating in 47 countries worldwide, including in China and other parts of Asia, Nippon Paint Group is committed to contributing to MSV by leveraging the diversity and strengths of its human capital, as well as fulfilling its obligations to stakeholders, which is the premise of MSV.

How Shareholder Value Is Maximized

»» See pages 3-4.

	Our pursuit	Relevant financial information
People & Community	Recruit/train diverse employees + Earn the trust of stakeholders	Sales (contribute to new markets, productivity) Expenses: Labor, training, hiring

Our approach to achieving MSV

People play a vital role in an organization as they are the driving force behind business growth. In successful partner companies, powerful teams consisting of diverse individuals, along with excellent leadership teams, act as the driving force. It's important to recognize that achieving goals cannot be done alone.

Given that the market undergoes long-term changes, we need a human resource base that can not only adapt to these changes but also capitalize on them with agility. People can embrace change and seize opportunities, even if they encounter failures while taking risks to pursue their objectives, as long as they accept and learn from those failures.

To attain MSV, it is crucial to foster a dynamic and open corporate culture, as well as a pleasant and rewarding work environment that encourages every employee to take on challenges and fully showcase their unique qualities and abilities in generating new value and businesses.

Human Resource Development

Governance

In our Group, which values the autonomy of partner companies and operates on autonomous and decentralized management principles, each PCG takes the lead in investing in human capital. Each partner company within PCGs initiates programs for employee competency development tailored to their specific needs, nurturing a diverse and self-reliant human resource pool.

»» For more information, please refer to "Nippon Paint Group Statement regarding Employee Development" under the "Human Resource Strategy" section on our website.

Strategy

Our primary approach in our human resource strategy to achieve MSV is to build a strong and diverse organization with excellent human capital. This will enable us to consistently achieve strong growth. We will make appropriate investments in human capital to establish an organization that can grow sustainably. From a technological standpoint, this means investing in human capital with a long-term perspective towards developing innovative and productive technologies, while also implementing tailored personnel systems.

»» For more information and details of respective partner company's initiatives, please refer to "Human resource development measures essential for achieving MSV" under the "Human Resource Strategy" section on our website.

Training programs

	Overview
NIPSEA Group	**To ensure the holistic development of our employees, our learning and development plans are designed at country level to meet the specific needs of the local workforce** • Group Level development programs including Leadership Development (LEAD), Leadership Competencies (AGILE), LFG Values (VITALS), Women Mentorship • Country level programs that include functional training, health safety & environment, information technology & wellness programs • Equipping countries with essential tools, resources, and initiatives for effective development (Learning Management System, development programs, etc.)
Dulux Group	**Comprehensive learning program covering leadership, professional skills** • Residential programs, external programs, virtual programs, livestreams and podcasts • "Learning Festival" – three days of learning on a broad range of topics • Cromology and JUB offer relevant learning programs to support the business and professional skills of their employees
Japan Group	**In 2023, Japan Group started to substantiate talent management of senior and mid-level managers** • Started a unique career program to augment the expertise mainly for technology and manufacturing • Offers training for all employees, such as training by job level according to the expected roles and career stages of individual employees (new employee orientation training for new grads and mid-careers, follow-up training, new manager training, and annual training) • HR department conducted a communication program (1-on-1 meeting, feedback, coaching)
Dunn-Edwards	**Develop and deliver programs that empower team members' long-term professional development** • Leverage both technology (learning management systems, interactive programs, etc.) and current training techniques (micro learning, hands-on sessions, etc.) to build successful careers in an ever-evolving workplace • New-hire orientations • Position-specific programs in Sales, Product Performance, Retail and Business Management, Labor Law, Harassment Prevention, Risk Management, Safety, Hazardous Materials (HAZMAT), Diversity and Inclusion and more

Risk management

Increasing employee engagement will lead to creating an environment where excellent human resources can consistently perform to their fullest potential. We regularly monitor and survey employee satisfaction levels of partner companies that join the Group under our Asset Assembler model.

The survey results of each partner company will be compared and analyzed using benchmarks, such as the peer average in the same region, and historical data to examine actions necessary to improve employee satisfaction levels.

»» For information and details of respective partner company's initiatives, please refer to "Benefits expected from improving employee satisfaction levels" under the "Human Resource Strategy" section on our website.

Metrics and actions of engagement

	Overview
NIPSEA Group	• NIPSEA Group aims to energize its employees and improve engagement and retention through stepping up communication efforts by senior leaders, focusing on aspects such as development and recognition of employees, and streamlining processes (most recent score is 75% in FY2022). • NIPSEA Group will continue to focus on Senior Leaders' communication with employees about business objectives, performance updates, and company initiatives and implement employee development programs comprising of leadership, soft skills, technical, functional, and wellness programs while focusing on employee retention by communicating about career, skill gaps, and growth opportunities.
DuluxGroup	• DuluxGroup focuses on ongoing monitoring of employee engagement through its leaders. Most recent engagement survey (80% satisfaction in FY2021) shows world-class engagement scores. • DuluxGroup will continue to equip leaders to take up their role to lead and engage our people and reinforce connection to their purpose, as well as to their Values and Behaviors in different countries and business units.
Japan Group	• Japan Group embraces employees' engagement as an important management issue and has started in FY2024 the survey adopting NIPSEA's framework. Japan Group will address the issues identified in the survey for future improvement.

Diversity, Equity, and Inclusion (DE&I)

Governance

As one of the Sustainability Teams, the People & Community Team discusses policies and initiatives concerning human resources activities of each partner company and reports updates to Co-Presidents. Then, Co-Presidents will submit reports to the Board of Directors whenever necessary. In this manner, Materiality-related activities of the People & Community Team are overseen by the Board of Directors.

Strategy

Building up human capital with diversity serves as one of the most critical cornerstones of our Asset Assembler model. To this end, we foster the promotion of human resources with a diverse background and of education and awareness of diversity, equity, and inclusion; eliminate the discrimination, harassment, and violence based on race, gender, religion, and any other form of diversity in the workplace; and create a more welcoming work environment where everyone feels welcomed and respected. Each of our partner companies is building up human capital by taking actions that are suitable for the country and region where it conducts business activities.

»» For more information, please refer to "Building up human capital with diversity" under the "Diversity and Inclusion" section on our website.

Risk management

The Nippon Paint Group Global Code of Conduct, which was established in January 2022, articulates our focus on diversity and respect for human rights. In addition, our partner companies around the world carry out human resource management activities designed to secure and increase diversity. Moreover, our Corporate Governance Policy stipulates that the Group values ensuring diversity.

Human Resource Strategy

DE&I promotion program

	Overview
NIPSEA Group	**Fostering a diverse and inclusive workforce that embraces people of different genders, generations, nationalities, and expertise** • D&I committee continues to champion initiatives focused on promoting diversity and inclusion • Successfully completed Group-level women mentoring program, fostering empowerment and providing support to mentees in establishing local women mentorship program • Introduced D&I policy and campaigns in NIPSEA countries
DuluxGroup	**Focused on creating an environment where everyone feels they belong and can do their best work** • Through a focused effort in our recruiting strategies, our talent management processes and development of our people, we have increased female representation at all levels of the organization, particularly in leadership • Promoting career development opportunities and a compelling employee value proposition, including flexible work arrangements
Japan Group	**Fostering next-generation leaders** • As part of the activities of D&I Committee Japan launched in July 2022, in FY2023 we selected approximately 50 female candidates for next-generation leaders and provided support and programs for their career development » **For case studies of D&I initiatives within Japan Group, please refer to "Examples of the Japan Group D&I Initiatives" under the "Diversity and Inclusion" section on our website.**
Dunn-Edwards	**Fostering an inclusive and diverse environment, where all employees feel welcomed and valued, and where everyone has equal access to opportunities, guidance, and support** • Expanded resources for career development and career pathing • Launched a DE&I training curriculum for team members • Launched a new Intranet and communication strategy to improve transparency across the organization

Metrics and targets

Roadmap

	2023	2024	2025
DE&I	**Launched D&I training in each PCG** • NIPSEA Group: Launched Women Mentorship Program • Dunn-Edwards: Launched DE&I curriculum for all employees at all levels **Launched D&I working group in each PCG** • NIPSEA Group: Launched D&I across NIPSEA Group • DuluxGroup: Talent and Diversity Council meets quarterly to review progress of key diversity areas	• NIPSEA Group: Develop the 1st batch of mentees to become mentors in their respective NPX • DuluxGroup: Leader-led approach driving toward gender balance • Dunn-Edwards: Continue the hiring and promotion of women • Japan Group: Plan to create a development program targeting junior and middle level employees	• NIPSEA Group: Implement and monitor progress of roadmap towards the goal of achieving 35% female representation in both management and emerging leader category • DuluxGroup: Continue to drive toward our ambition of gender balance across the group • Dunn-Edwards: Continue the hiring and promotion of women • Japan Group: Increase the ratio of women in managerial positions to 10%

Metrics and results related to human capital (2023)

	NIPSEA Group	DuluxGroup	Japan Group	Dunn-Edwards	Total
Ratio of female employees	25.2%	33.4%	22.0%	30.0%	26.9%
Ratio of women in managerial positions	26.6%	30.5%	5.3%	35.0%	26.5%
Ratio of full-time employees leaving the company at their own discretion	-	13.1%	3.6%	22.0%	—

» **For data from 2022 and earlier, as well as other ESG data, please refer to the "ESG Data" section on our website.**

R&D Strategy

The world is seeing the emergence of numerous problems that are difficult to solve by using methods of prior years. To help solve these problems, we will use many partnerships to further upgrade our ability to create innovative ideas.

How Shareholder Value Is Maximized

››› See pages 3-4.

	Our pursuit	Relevant financial information
Innovation & Product Stewardship	Develop sustainable products (NPSI↗/ monitor LCA) + Chemicals of concern	Sales (contribute to new products/ new markets) Expenses: R&D Assets,Intangible assets (patents, etc.)

Our approach to achieving MSV

Our technology mission is to drive and sustain growth and market share in Japan and globally as a leading technology organization for coatings and adjacent markets. We have formulated our innovation strategy with three pillars: 1) build an adaptive organization; 2) develop core enabling technology competency; and 3) expand into adjacencies and emerging markets. These are initiatives for MSV from a technology perspective. We believe that our technology organization’s culture of being customer-centric, socially responsible and collaborative is the key driver to success.

LSI (Leveraging, Sharing, and Integration) is a collaborative activity within our global R&D partner companies. It involves 14 projects from multiple regions or segments, with a projected business impact of USD530 million over the next three years. In addition to these projects, the technology teams in decorative paints have established a global technical community to exchange best practices and leverage research capabilities in joint technology development projects as part of LSI. These initiatives aim to break down silos, encourage collaboration, and optimize the organization's collective expertise and assets for MSV.

Governance

Nippon Paint Group has approximately 4,300 technical staff globally, including about 990 in Japan. They are the driving force of our powerful innovation and core enabler of competitiveness for achieving sustainable business growth.

We have established a framework that allows the reinforcement of global technology collaboration for increasing the added value of intellectual property. For instance, technology teams in decorative paints have formed a global technology community to share best practices and leverage research capabilities in joint technology projects, which have produced successful outcomes in addressing the needs of customers in each market. We have also started LSI (Leverage, Share & Integrate) activity aimed at driving technology sharing and capability enhancement among partner companies to facilitate technology exchange platforms and cross-organizational projects among partner companies.

Nippon Paint Group manages intellectual property by classifying its core technologies involving paint and coatings in 12 categories: polymer chemistry, color science, formulation, curing technology, dispersion technology, application technology, process technology, rheology, weathering and corrosion, measurement science, AI and sustainability. Experts in each core technology field are working in core R&D teams in the R&D centers and collaborating with scientists from the global network of technical centers to support product development across the Group.

Strategy

Innovation initiatives

We developed the New Product Sales Index (NPSI) as one of the indicators for measuring the sales volume of products produced using innovative technologies, as part of our efforts to foster innovation. Nippon Paint Group has defined NPSI as the percentage of sales revenues generated from new products commercialized in the past three years to the total sales revenues. NIPSEA Group started using the NPSI in 2018 and Japan Group in 2022. Japan Group and NIPSEA Group achieved a combined NPSI of 25% and launched approximately 10,000 new products in 2023.

Sustainability of our products

We define sustainable products and technologies by aligning with the United Nations Sustainable Development Goals (SDGs) and adopting a portfolio sustainability assessment (PSA) process to enable identification of sustainable products. This encompasses a systematic approach that includes main lifecycle stages of a product: Product feedstock, Production, Applications and End of life. At each of these stages, we evaluate how our paint and coatings products outperform market products by mapping specific SDG targets to their attributes. To support this sustainable framework, we have developed the Sustainability Scoreboard, an assessment tool now integrated into the NPSI systems of our partner companies in Japan Group and most NIPSEA Group partner

Our sustainable products

AQUATERRAS is an innovative marine coating product from Nippon Paint Marine that improves ship operations, fuel and cost efficiency and reduces CO_2 emissions in the marine industry. This product, a biocide-free self-polishing coating (SPC), took eight years to be developed and tested, and can reduce ship friction by approximately 15% and fuel consumption and CO_2 emissions by approximately 10%. Applying cutting-edge medical antithrombotic polymer technology, the hydrophilic and hydrophobic microdomain structure prevents biological adhesion. This effectively prevents marine organisms from attaching to and growing on the ship's hull, contributing to the efficient operation of the ship.

››› For more information on our sustainability innovations, please visit "Results of sustainable products" under the "Creation of Sustainable Products" section on our website.

R&D Strategy

companies. Moreover, we have established the "Green Design Review" within our R&D project management systems, which serves as a process to assess each project's contribution towards building a sustainable society.

Risk management

In 2021, Japan Group launched the “Green 30” chemicals management system to minimize the impact of chemicals on the environment and public health. This system is designed to manage Chemicals of Concern (CoC) based on regulations or treaties such as REACH regulations in EU, TSCA in the USA and CSCL in Japan. We classify chemical risks into three categories (Rank A, Rank B, Rank C)* according to the laws and regulations in the countries where we operate. Japan Group started using this system in 2021 and the system is being expanded to our partner companies outside Japan.

Alkylphenol ethoxylates (APEs) are mainly used for surfactants and include the subcategory of nonylphenol ethoxylates (NPEO/NPE). Nonylphenols (NP), raw materials for NPE, are regulated by REACH and TSCA. Nippon Paint Group has been steadily phasing out APEs-containing surfactants.

In addition, we have been replacing UV absorbers such as UV-328 and UV-327 that are considered as persistent organic pollutants (POPs) with other substances. In Japan Group, the phase-out of UV-328 was completed by the end of 2023. Moreover, in Japan we are reducing the use of chlorinated paraffins, including other POPs, medium-chain chlorinated paraffins (MCCP, with carbon chain lengths in the range C14-17 and chlorinated content of 45% by weight or more).

* The definitions of categories
Rank A (Prohibited): Prohibition of introduction
Rank B (Restricted for new introduction): Prohibition of new introduction with some exceptions
Rank C (Avoid new introduction): Decide whether or not to introduce based on regulatory trends, environmental impact, and the business environment
No rank: No impact on raw material introduction

For our risk management initiatives, please refer to "Initiative" under the "Management of chemical substances" section on our website.

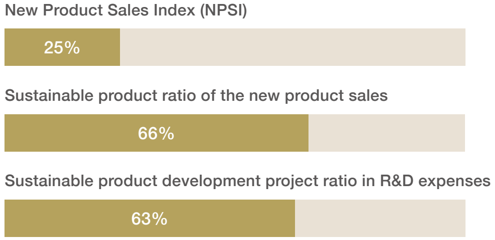
Metrics and targets

Roadmap

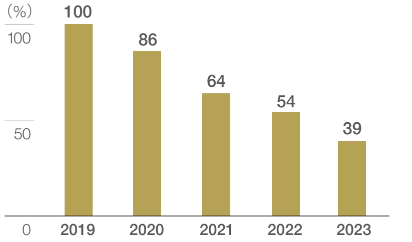
	2023	2024	-2030
Sustainable Products	• Life Cycle Assessment (LCA) of selected products can be calculated at each PCG • DuluxGroup: Implementation of sustainable product sales and packaging roadmaps	• Develop methodologies and modeling of LCA (PCF[*1], software, database) • IT Tool implementation for product sustainability scoring in system • Sustainable products portfolio optimization • DuluxGroup: - Develop recommendation for Scope 3 reduction target and roadmap - Continue implementation of sustainable products sales and packaging roadmaps	• Manage the performance of Sustainability Scoreboard of each PCG every quarter • Promote creation of more innovative sustainable products • Implement sustainable products and Scope 3 reduction roadmaps • DuluxGroup: Deliver 2030 Best in Class sustainable product sales target
Chemicals of Concern (CoC)	• The execution of the phase-out plan of CoC in each PCG • NIPSEA Group: Focus on 4 hazardous heavy metals[*2] • DuluxGroup: Completed position statements for 75% of CoC and developed a structured program of CoC in Europe	• Proceed with the CoC phase-out plan by regions and business units based on local status • Continuously evaluate other CoC restriction requirements and implementing action plans • DuluxGroup: Continue development of positions statement for 95% of CoC	• Create sustainable products based on phase out plan • Phase-out 4 heavy metals before the end of 2030 globally
R&D	• R&D activities for sustainable products from PCG beyond Japan and NIPSEA, e.g., DuluxGroup, Dunn-Edwards, etc.	• Initiate and drive flagship projects in sustainability • Create sustainable project portfolio and drive sustainable business growth	• Drive innovation towards UN SDGs and carbon neutrality
Product Stewardship	• Identified inquiry items • Stakeholder questionnaire • NIPSEA Group: Reinforced PS&RA[*3] team • DuluxGroup: Implemented Product Vision to help with formulation management and regulatory tracking	• Monitor, record and communicate the change of global regulations • Assess raw materials introduction, register new substances and ensure SDS and GHS label generation, registration hazard chemical permits correctly and precisely • Respond to customers' requests, i.e., RoHS, IMDS etc.	• Implement inquiry management database • Inquiry response training • Training for customers and business partners • DuluxGroup: Implement packaging roadmaps

[*1] Product Carbon Footprint [*2] Lead, Chromate (Cr6+), Cadmium, and Mercury [*3] Product Stewardship & Regulatory Affairs

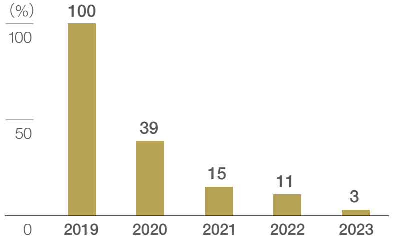
Sustainable products data (2023)



Chlorinated paraffins usage (2019=100)



UV-328 usage (2019=100)



Safe People and Operations

Managing significant safety and health risks effectively to ensure the protection of our people, operations, and communities is a key imperative and priority for the organization. Given the high-consequence disaster and fatality risks associated with our operating plants in particular, this is a material sustainability impact for Nippon Paint Group and a critical focus to ensure our maximization of shareholder value.

How Shareholder Value Is Maximized

»» See pages 3-4.

	Our pursuit	Relevant financial information
Environment & Safety	Develop low-carbon/ eco-friendly products + Ensure safe people and operations	Sales (contribute to new products/ new markets) Expenses: Low-carbon raw materials, fuels, utilities, waste processing CF: Investments in renewable energy facilities and recycling facilities

Our approach to achieving MSV

During 2023 each Partner Company Group (PCG) made further progress on their individual improvement priorities for Safe People and Operations, including both high-consequence risks and everyday injury risks. This has continued to be supported by the global Environment & Safety Team comprising senior environment & safety leaders from each PCG, with a primary focus on benchmarking, sharing best practice, and establishing common performance metrics. Implementation of these metrics across all PCGs continued during the year, and once fully established will provide improved understanding and oversight of high-consequence risk management, including process safety events (e.g., flammable solvent losses of containment) and high potential incidents (e.g., serious near misses involving fatality risks).

Improving the effectiveness of high-consequence risk management will continue to be the key focus of the Sustainability Team in the coming year, including reviewing and establishing common standards for process safety risk management.

Governance

Under the guidance of the Environment & Safety Team, one of our five Sustainability Teams, we promote initiatives to address our specific targets and priorities related to this Materiality.

»» For more information about the framework, please refer to "Governance" under the "Climate Change" section on page 62.

Strategy

There are significant safety and health risks in our business that could impact our people, supply chain, and communities. We will work to manage these risks effectively and prevent harm, with a priority focus on high consequence risks.

Risk management

While key risks and opportunities with Safe People and Operations are largely common across the consolidated group, individual PCGs do have different focus areas and action priorities that reflect the local maturity of their safety and health risk management improvement journeys.

Performance

There were no fatalities across the Group during the year, which is the second consecutive year following the occurrence of two fatalities in 2021. Process safety incident reporting was implemented during the year and four Tier 1 and 2 process safety events occurred, compared with three events in the prior year. This new metric enables an improved focus on management of high-consequence safety risks and will be further supported by a high potential incident metric in the near future.

The recordable case rate for employees and contractors decreased 7% to 0.84 recordable injuries and illnesses per 200,000 hours worked, while the lost workday case rate for employees and contractors decreased 6% to 0.50 lost time injuries and illnesses per 200,000 hours worked. These changes were primarily associated with performance improvement across DuluxGroup and Dunn-Edwards, together with inclusion of recent acquisitions.

Metrics and results related to Safe People and Operations (2023)

* Figures in brackets indicate year-on-year change.

PCG	Process safety incidents (Tier 1 and 2)	Fatalities	Recordable case rate (per 200,000 hours)	Lost workday case rate (per 200,000 hours)	Improvement priorities
NIPSEA Group	3 (±0)	0 (±0)	0.41 (-0%)	0.27 (+0%)	Regular meetings involving all businesses to share experiences and knowledge in risk mitigation actions, incident learnings, and specific safety themes.
Dulux Group	1 (+1)	0 (±0)	1.60 (-13%)	1.18 (-2%)	Implementation of actions from new process safety hazard studies, fatality prevention lead scorecard reviews, and significant risk audits of recently acquired sites.
Japan Group	0 (±0)	0 (±0)	0.62 (+59%)	0.19 (+138%)	Sharing of incident learnings and corrective actions with all businesses, together with a focus on forklift safety training.
Dunn-Edwards	0 (±0)	0 (±0)	4.72 (+3%)	1.42 (-29%)	Implementation of a comprehensive site audit program, plus a focus on driver safety awareness.
Total	4 (+1)	0 (±0)	0.84 (-7%)	0.50 (-6%)	Sharing of global best practice across the group, including implementation support for new process safety event and high potential incident performance metrics.

»» For data from 2022 and earlier, as well as other ESG data, please refer to the "ESG Data" section on our website.

Growth with Communities

Based on our CSR framework and long-term community engagement strategy, we will build a better community that includes all stakeholders and achieve sustainable business growth.

How Shareholder Value Is Maximized

»» See pages 3-4.

	Our pursuit	Relevant financial information
People & Community	Recruit/train diverse employees + Earn the trust of stakeholders	Sales (contribute to new markets, productivity) Expenses: Labor, training, hiring

Our approach to achieving MSV

Since its inception, our Company has been dedicated to creating innovative solutions that bring colors and joy to people's everyday lives. As part of our commitment to sustainable development, the Group strives to support and promote the well-being of communities through our business activities. To achieve this, we have established three priority areas known as the "Three Es" under Nippon Paint Group's global CSR initiative, "Coloring Lives. The main activities of these "Three Es" are described as follows.

- Education: Activities for children and students who are our future potential customers or employees
- Empowerment: Support activities and vocational training for socially vulnerable people, and activities to find talented individuals
- Engagement: Collaborations with local communities and stakeholders, cooperation with NGOs, and disaster relief

Governance

As one of the Sustainability Teams, the People & Community Team discusses policies and initiatives concerning human resources and community outreach activities of each partner company and reports updates to Co-Presidents. Then, Co-Presidents will submit reports to the Board of Directors whenever necessary. In this manner, Materiality-related activities of the People & Community Team are overseen by the Board of Directors.

Strategy

Investing in society presents potential opportunities for the Group, such as increased business prospects in thriving local communities, enhanced employee engagement and commitment to our Group companies, and stronger connections with local communities, all of which contribute to our mission of MSV.

Conversely, neglecting our obligations to stakeholders poses potential risks. These risks include a loss of trust from local communities, resulting in diminished ability to attract and retain talented employees and reliable business partners, reduced consumer and customer loyalty, and ultimately, a decline in shareholder confidence and the opportunity to fulfill our promise of MSV.

Risk management

We recognize that while our social contribution activities hold the potential for immense positive change, they are not immune to risks. Therefore, we employ a comprehensive risk management approach that begins with thorough identification and assessment of potential risks and uncertainties.
This includes considering factors such as negative public perception, resource constraints, regulatory hurdles, and external factors. Once risks are identified, we develop and implement mitigation strategies tailored to each specific challenge, leveraging our commitment to transparency, stakeholder engagement, and compliance with regulations. Additionally, we continuously monitor and evaluate our social impact of our projects, remaining agile and adaptable in the face of evolving circumstances. By proactively managing risks, we not only safeguard the success of our initiatives but also maximize their long-term impact, ensuring they contribute meaningfully to the betterment of society and the communities we serve.

Metrics and targets

Investment in social contribution activities and their results and impacts (2023)

Number of projects		> 540
Resources input	**Monetary donation to beneficiaries**	> USD950,000
	Time spent on the activities	> 180,000 hours
	Employees and volunteers who participated in the activities	> 9,300 participants
	Paint used in the activities	> 460,000 liters
Results and impacts	**People impacted**	> 15.07 million

»» See the "ESG Data" section on our website.

Performance

In 2023, our Group carried out about 540 social contribution activities, targeting approximately 15.07 million people worldwide. The total amount of donations to beneficiaries and organizations exceeded USD950,000.

As an example of these initiatives, the "AYDA Awards" hosted by NIPSEA Group, is highly regarded as a global competition in the interior design and architecture sectors held in 20 countries and regions, deepening relationships with global stakeholders. In DuluxGroup's "Color your Club," we are partnering with AFL (Australian Football League) clubs to support the upgrade of local sports facilities through paint donations.

These initiatives demonstrate the Group's dedication to making a meaningful difference in various communities and exemplify our commitment to fostering sustainable development and social well-being.

»» For more information, please refer to "Pillars of social contribution activities and examples of activities" posted in the "Growth with communities" section on our website.

Sustainable Procurement

Nippon Paint is firmly committed to doing business ethically and responsibly. Sustainable Procurement is the integration of Nippon Paint's ESG principles into our procurement processes and decisions while maximizing shareholder value.

How Shareholder Value Is Maximized »» See pages 3-4.

	Our pursuit	Relevant financial information
Sustainable Procurement	Low-cost and sustainable procurement + Reduce environmental and human rights risks	Sales (contribute to new products/new markets) Expenses: Raw materials, shipment Assets: Inventories

Our approach to achieving MSV

We engage our suppliers to ensure the sustainable procurement of products and services through environmentally, socially and economically responsible processes. Nippon Paint has in place the Supplier Code of Conduct 2022 to clarify our global expectations for suppliers in the areas of compliance, environment, social and governance. We will conduct a survey for existing and new suppliers to understand their commitment to the ESG principles set forth in our Supplier Code of Conduct.

Suppliers are our important partners in our ESG journey, and we encourage them to adopt progressive practices that align with our approach to ESG. A sustainability audit for on-site audit is to be developed. This will help to identify areas for improvement in our supply chain.

Governance

As one of the Sustainability Teams, the Sustainable Procurement Team discusses policies and initiatives concerning procurement of each partner company and reports updates to the Co-Presidents. The Co-Presidents will submit reports to the Board of Directors whenever necessary. In this manner, Materiality-related activities of the Sustainable Procurement Team are overseen by the Board of Directors.

Strategy

Our approach to GHG emissions in procurement

The significant contribution of raw materials to our greenhouse gas emissions (Scope 3) is an important issue that we believe needs to be addressed, not just by procurement, but in collaboration with our technical team. We will consider using biomass materials and fuels in response to customer requirements.

Our approach to raw material procurement

Our Group's businesses depend on the supply of a broad range of products and services, such as raw materials, equipment, other materials, and information services. Maintaining and building strategy relationships with key suppliers is essential for the sustainable growth of our businesses.

Enhancing awareness and understanding of sustainable procurement

Our Group has a Group Procurement Policy that is aligned with our basic approach to business transactions. Our goal is to have all group employees and suppliers understand and comply with this policy.

Japan Group has established Procurement Guidelines, which define the Procurement Policy in more detail and clearly set rules and procedures to be followed by our Group and suppliers for responsible procurement. The guidelines are consistent with major international frameworks and standards for social activities, including frameworks for the respect for human rights.

Engaging suppliers on sustainability

Suppliers are important partners, and we encourage them to align with our approach to ESG. Our global Supplier Code of Conduct 2022 was developed to define our expectations for suppliers on sustainability. The Supplier Code of Conduct covers four main areas: compliance, environment, social and governance. Since then, we have been surveying our suppliers on their level of sustainability globally.

A Supplier Sustainability Questionnaire in 5 languages (English, Chinese, Serbian, Slovenian and Turkish) based on our Supplier Code of Conduct was used for the survey. The survey provides visibility to our supply chain with regards

Key items of the Supplier Code of Conduct

Compliance	Environment	Social	Governance
• Legal Compliance • Subcontractor Compliance • Environment, Health and Safety Compliance	• Minimize Impact • Waste Management	• Child Labor • Forced Labor • Discrimination • Working Conditions • Conflict Minerals • Product Safety and Compliance • Safety Training • Freedom of Association	• Anti-Corruption • Gifts and Entertainment • Conflict of Interest • Confidentiality • Record Keeping • Fair Competition • International Trade • Subcontractor ESG Compliance

Sustainable Procurement

to sustainability and identifies areas for improvement. For suppliers who are assessed not to comply with our Supplier Code of Conduct, we will conduct supplier engagement activities for risk improvement.

An ESG component will be developed and incorporated to the supplier audit program to further intensify our sustainability focus. The supplier audit program may include an on-site audit where deemed necessary.

Risk management

The Group conducts supplier risk assessment at each partner company using the questionnaire sheet based on the Code of Conduct. For suppliers who are deemed not to have complied with the criteria, we conduct supplier engagement activities for risk improvement.

NIPSEA Group and Japan Group adopted the Supplier Sustainability Questionnaire to standardize survey methods globally. If nonconformance is found at a supplier site, we discuss and work with the supplier in question on corrective actions to be implemented within a specified period of time.

DuluxGroup manages modern slavery risks throughout its supply chain through its Supplier Procurement Program. The program is designed to accord with standard global supply chain systems and guidance, including International Labour Organization (ILO) conventions, the Ethical Trading Initiative (ETI) base code, ISO 14001 and the SEDEX code, with the aim of identifying and addressing modern slavery risks and maintaining a responsible and transparent supply chain. In addition, DuluxGroup is currently reviewing options for third-party audit providers, to gain further assurance for suppliers deemed to be high risk.

Dunn-Edwards partners with suppliers that share the same values, working together to ensure the supply chain is free from forced labor, child labor, human trafficking and slavery. This effort includes initiatives aimed to clearly articulate our shared expectations and audit for compliance through our Supplier Code of Conduct initiative.

Metrics and targets

Roadmap

	2023	2024	2025
Strengthen internal mindset and enhance understanding of sustainable procurement	• Explored sustainable projects • Established indicators	• Support Group Environment, Health, and Safety (EHS) to compile Scope 3 for the NIPSEA group progressively • Improve understanding of Scope 3/ ESG among the group’s procurement through training • Develop supplier ESG audit program with NIPSEA China	• Conduct supplier ESG assessment • Refine Scope 3 disclosure (raw materials related)
Sustainable procurement actions with suppliers	• Conducted supplier questionnaire (target 40% by value)	• Conducted supplier questionnaire (target 75% by value) • Engage suppliers to provide primary data to improve Scope 3 data quality	• Conducted supplier questionnaire (target 90% by value)

Performance

The Supplier Sustainability Questionnaire survey started from October 2022, and to date more than 1,181 suppliers have responded in agreement to our Supplier Code of Conduct. These suppliers are deemed approved, representing about 84% of our group's total procurement value.

Our target is to reach more than 90% of procurement value by 2025 and we will continue to work with our suppliers to enhance their engagement.

Results of Supplier Sustainability Questionnaire (2023)[*1]

	NIPSEA Group	DuluxGroup	Japan Group	Dunn-Edwards	Total[*2]
Total number of approved suppliers	812	273	272	106	**1,181**
Ratio to the total procurement value	82%	89%	88%	74%	**84%**

*1 Exclude Cromology, JUB, NPAE, Alina

*2 The total figure for each partner company is a unique value without double counting

Management Structure That Supports Risk-Taking and Oversight

Our advanced governance is one of our unique strengths. As a Company with Three Committees, NPHD has a Board of Directors where Independent Directors are the majority. The Board upholds the achievement of MSV as a common objective and the basis of judgment shared with the majority shareholder. At the same time, it is thoroughly committed to the protection of minority shareholder interests.

This section explains the features and key points of our governance framework.

Corporate Governance

How Shareholder Value Is Maximized

»See pages 3-4.

Corporate Governance

Our pursuit

Monitor management
+
Encourage risk-taking

NPHD has adopted a governance structure consisting of a Company with Three Committees to bolster management transparency, objectivity, and fairness. This structure aims to effectively separate and strengthen the functions of business execution and management oversight. We seek to create wealth by consistently striving to reinforce corporate governance and pursue MSV that remains after fulfilling our obligations to customers, suppliers, employees, society, and other stakeholders, as well as our sustainability obligations.

As a company committed to achieving MSV, our basic approach is autonomous and decentralized management, respecting the autonomy of partner companies underpinned by the relationship of mutual trust they forge with Co-Presidents. We strive to strengthen governance suited for an Asset Assembler relentlessly pursuing growth by empowering each partner company to excel in their performance. The Board of Directors, which plays the oversight role, encourages risk-taking by the management in a timely and appropriate manner without slowing down the speed of decision making on management proposals.

Furthermore, we have established an internal control framework based on the Nippon Paint Group Global Code of Conduct which serves as our paramount guiding principle. This code outlines essential standards of compliance, ethics, and sustainability that must be shared and observed by all individuals in the Group.

» For more information, please refer to the "Corporate Governance Policy ("Independence Criteria for Outside Director" on a separate page)" section and the "Corporate Governance Report" posted on the Sustainability page of our website.

Five features of our corporate governance structure

1 Thorough protection of the interests of minority shareholders while sharing the common objective of MSV with the majority shareholder

2 Enhanced Board effectiveness under the leadership of Independent Directors

3 Succession planning with a focus on substance rather than formalism

4 Compensation structure that effectively contributes to achieving MSV

5 Audit structures that respond to the increasing globalization of operations

Our relationship with the majority shareholder and protection of minority interests

With a business partnership spanning over 60 years, NPHD and Wuthelam Group, our majority shareholder, unite under the common mission of MSV, and protecting the interests of minority shareholders. The full integration of the Asian JVs and the acquisition of the Indonesia business in January 2021 simplified our capital relationship, aligning the interests of the majority shareholder and minority shareholders. This created a management structure dedicated to pursuing MSV while ensuring the protection of minority interests.

To protect the interests of minority shareholders, we maintain a diligent approach and involve Independent Directors in all such transactions with the majority shareholder to ensure proper oversight and scrutiny. To achieve this, all such transactions require approval at the Board of Directors meeting, where the Lead Independent Director serves as Board Chair and Independent Directors hold the majority of seats. We adhere to a strict policy regarding significant related-party transactions, (including those between the Company and the majority shareholder, competing transactions involving Directors and/ or Executive Officers, self-dealing, and conflict of interest transactions).

Any such transactions surpassing a predetermined threshold are promptly reported to the Board of Directors. Moreover, these transactions are disclosed in the Notice of the Annual General Meeting of Shareholders and the Annual Securities Report (available only in Japanese) to ensure transparency and accountability.

Furthermore, when we conduct related-party transactions, we exercise comprehensive judgment regarding the reasonableness of the transaction, taking into consideration its terms and conditions, profit and cost levels and other relevant factors. The objective is to ensure that the transaction will not harm the interests of NPHD or of its minority shareholders. As a part of this process, we require the approval of relevant individuals with appropriate decision-making authority.

Related content

Message from the Board Chair

»See page 76.

Governance Discussions

»See page 87.

Discussions by the Board of Directors
(India Business Buyback from Wuthelam Group)

»See page 77.

Website (1) Viewpoints of Independent Directors

Website (2) Partnership with the Wuthelam Group, Our Majority Shareholder

Corporate Governance

Message from the Board Chair

Elevating Board effectiveness through diversity and independence

Our Board comprises a total of nine Directors: two Directors who also spearhead business execution as Co-Presidents, one non-executive Director representing the majority shareholder Wuthelam Group, and six Independent Directors.

Maximization of Shareholder Value (MSV)—the sole mission of Nippon Paint Group—is synonymous with the maximization of minority shareholder value. All members of the Board share this notion, and we constantly ask ourselves whether we are fulfilling our duties in representing the shareholders.

In particular, we are entrusted by our minority and other shareholders to constantly monitor whether the Group is thoroughly capturing the investment opportunities that lead to MSV, and whether the potential risks of the measures proposed by the management team are being assessed with sufficient accuracy. To fulfill these responsibilities, we must make the most of the diverse strengths of each Director, as indicated in the skills matrix, and apply them to our Board discussions to evaluate matters from multiple perspectives.

The activities of our Board are not limited to the scheduled Board meetings. In fact, our Board is "always on." This aspect vastly minimizes the information gap between execution and oversight, while successfully achieving further separation between the two.

The Independent Directors seek to maintain a shared understanding of the latest information by closely communicating with Co-Presidents Wakatsuki and Wee and the top management of partner companies. In addition, regularly updated information such as routine reports on business operations, including IR, is shared promptly among them. Information associated with the Board meeting agenda is also shared in advance according to the meeting schedule.

Further, we have designated the Independent Directors' meetings, free of agenda preparation or minutes-taking, as a forum for open and frank discussions and information exchange toward the maximization of minority shareholder interests. These meetings have been immensely helpful in allowing each Independent Director to make more accurate judgments.

In such ways, the "always-on" Board enables the timely exchange of information and opinions ahead of our Board meetings. We work to achieve more flexible and agile decision-making by positioning the actual Board meetings, where all Directors assemble, as a place to focus on discussing the Group's growth strategy.

We, the Directors, seek to fully draw upon each other's expertise when we exchange opinions closely or engage in discussions on specific business matters that require decision-making. Through these interactions, we continue to evaluate each other's contribution to the Board and confirm each other's independence.

As we move forward, we remain committed to achieving more in-depth communication, further refining MSV that Nippon Paint Group pursues, and thereby fulfilling the duties of the Board.

Q&A with Independent Director

On the "Q&A with Independent Director" page of our website, our Lead Independent Director Masayoshi Nakamura responds to governance-related questions raised by investors during our engagement activities.

Key topics	Content
Compensation for Representative Executive Officers & Co-Presidents	How exactly do you determine the total compensation for Co-Presidents, and why are they not provided with stock-based compensation?
Sustainability	Given the increasing significance of sustainability in growth strategies, what advantages have become apparent to you following the shift of your sustainability structure from a headquarters-driven model to an autonomous framework?
Asset Assembler Model	You have explained that the holding company has sound check and balance and monitoring functions for partner companies based on the Asset Assembler model. What do you think is necessary for the soundness of checks and balances? Are there any risks that have been overlooked in your existing risk management framework?
Our Governance Issues and Challenges	What do you as the Board Chair regard as the biggest governance issue and challenge at the Nippon Paint Group?

»» For more information, please refer to the "Q&A with Independent Director" section on our website.

Masayoshi Nakamura

Lead Independent Director and Board Chair

Corporate Governance

Discussions by the Board of Directors

Theme India Businesses Buyback from Wuthelam Group

In August 2023, our Board of Directors approved a resolution to repurchase two India businesses that had been part of the three businesses transferred to Wuthelam Group in August 2021. The third business, a European automotive entity, was not considered for repurchase. Prior to reaching this resolution, we sought an evaluation from an independent third-party entity, mirroring the process undertaken during the initial transaction two years ago. To ensure thorough consideration and protect the interests of minority shareholders, we established a Special Committee dedicated to this matter.

This section presents the key comments made by our Directors concerning this significant transaction.

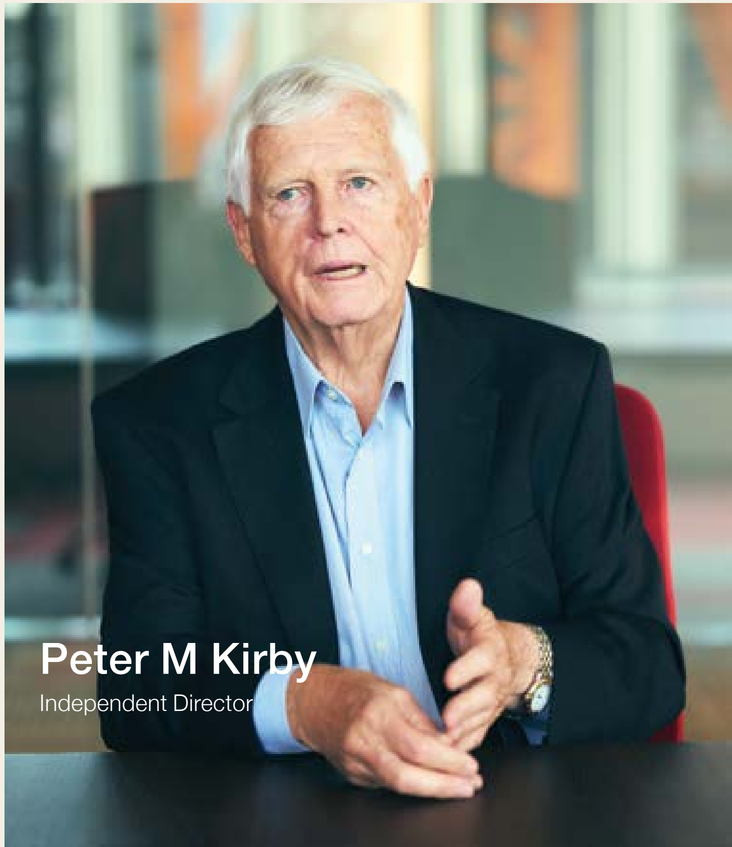
* Please note that Director Goh, being an interested party, abstained from participating in all relevant meetings.

For more information on the discussions by the Board of Directors regarding the share transfer of the European automotive business and the two India businesses to Wuthelam Group in August 2021, please refer to the "Share transfer of the European Automotive Coatings Business and India Businesses" section on our website.

Q In evaluating the validity of the repurchase transaction, we aim to revisit and ascertain whether our initial decision to transfer the businesses to Wuthelam Group was indeed the optimal choice for protecting the interests of minority shareholders and Maximization of Shareholder Value (MSV).

A The catalyst for reevaluating our India businesses was a comprehensive review of our business portfolio following the full integration of the Asian joint ventures in 2021. Our relatively late entry into the rapidly growing Indian market resulted in us lagging behind major competitors in terms of growth and profitability. At the same time, the market saw an influx of new entrants from various sectors. We faced a critical decision: whether to continue investing to compete with these new and existing competitors. It became clear that any reduction in investment would result in losing our competitive edge. However, winning the competition would necessitate substantial investments in advertising and channel development, with no guarantee of success.

Under these circumstances, we considered multiple scenarios, including independently restructuring the India businesses or selling them to a third party. Independent restructuring would entail a significant short-term financial burden. Given the complexities of the Indian market, we had reservations about whether such an allocation of capital, from a risk-return standpoint, would contribute to MSV. Conversely, selling the businesses to a third party would likely eliminate the opportunity to repurchase them in the future, potentially closing off a growth pathway for our Group in the region. With Wuthelam Group providing us with an alternative that assumes various risks and preserves future options, we determined that this was the optimal decision from the perspective of MSV and protecting the interests of minority shareholders compared to other restructuring proposals. Reflecting on the past two years, the performance of our India businesses has exceeded expectations in terms of profitability improvement and market share expansion, reinforcing our belief that the decision made at that time was indeed the right one.



Peter M Kirby

Independent Director

Corporate Governance

Q Why is now the optimal time for this buyback transaction?

A With our Group continuing to provide management services to the India businesses, they have successfully implemented significant structural enhancements and aggressive promotional activities. After a period of losses, we began to see a pathway toward sustainable earnings growth. Specifically, in the two southern states where we are focusing our efforts in decorative paints, we have achieved both a significant increase in market share and profitability. Our high brand recognition is a key advantage, making autonomous and sustainable growth possible. Therefore, we determined that it is the right decision to buy them back now, before their earnings increase further and the repurchase price becomes higher.

On the other hand, the European automotive business is still undergoing revitalization and is therefore not included in the scope of the buyback at this time.

Q Two years have passed since the businesses were transferred to Wuthelam Group. Although there have been notable improvements in business performance in the short term, can we confidently assert that the India businesses will consistently deliver robust and sustainable performance in the long term?"

A The successful restructuring of the India businesses over the past two years has led to sustainable profit growth. As we look ahead at our future business plans, we believe that no additional capital injection will be necessary; the businesses can generate the required funds for production capacity expansion and advertising to sustain their growth. Additionally, they have an excellent local management team. By making adequate investments in promotion and other necessary areas, initially focusing on the two southern states, we believe we can outpace our competitors. To ensure confidence in our strategy, we currently have no plans to expand into the third and fourth states, but we are always considering future possibilities.

Q Do you anticipate that local competitors will respond to our market share expansion with large-scale campaigns?

A Major competitors have already launched aggressive campaigns, and the entrance of newcomers from non-paint sectors has intensified market competition. However, we are executing various strategies based on comprehensive competitor analysis to seize market share from these major players.

Q When is the buyback of the European automotive business expected to occur?

A The European automotive business has not yet completed its performance improvement, even after two years. Factors such as the conflict in Ukraine, a sluggish European economy, and operational issues (given our role as the business operator entrusted by Wuthelam Group) have contributed to this delay. We have been managing the European automotive business with almost monthly performance reviews. We will consider a repurchase when the business reaches the break-even point and we are confident that sustainable profitability is achievable.


Toshio Morohoshi
Independent Director

Q Will related-party transactions with the parent company likely continue in the future?

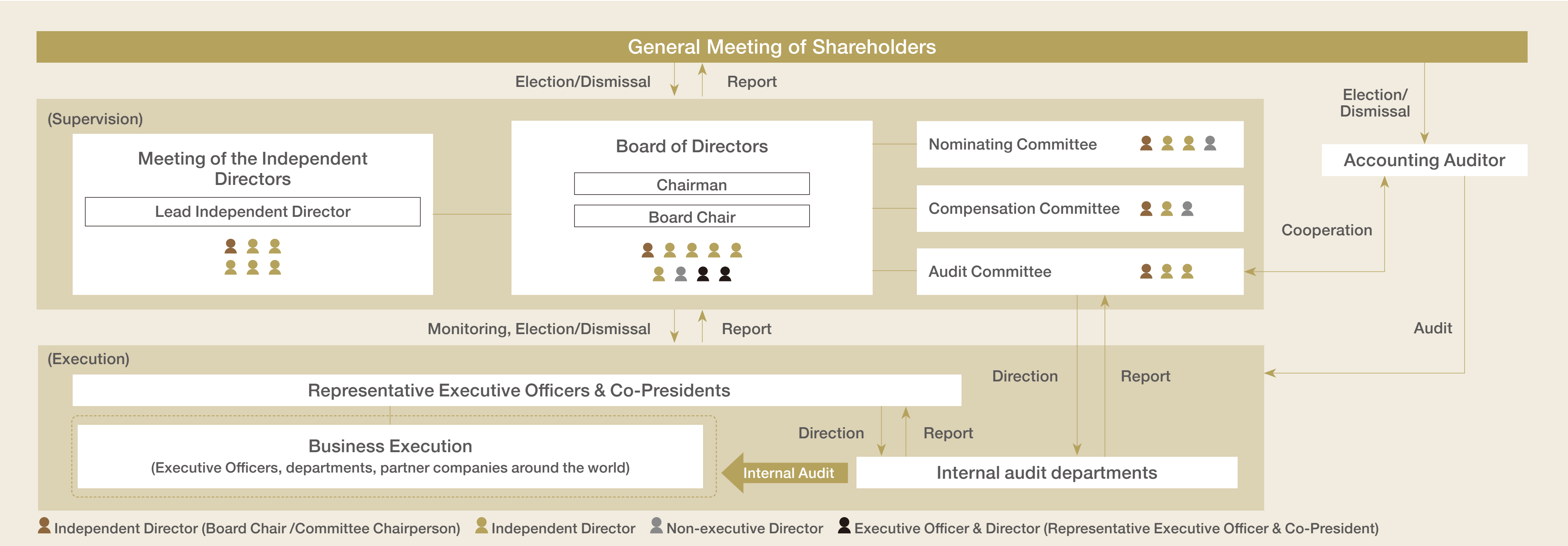
A In our current business portfolio, each partner company is capable of achieving autonomous and sustained growth. Therefore, we believe the likelihood of resorting to such options, aside from these three underperforming businesses, is quite low.

Corporate Governance

Approach to governance reform (roadmap)

	2023	2024	–2026
Board of Directors governance	• Further streamlined the Board of Directors operations (careful selection of agenda items, thorough use of IT tools and others) • Further increased contributions by Independent Directors (use of the Meeting of Independent Directors) • Enhanced succession plan (monitoring the status of measures to strengthen the Group’s human capital)	• Enrichment of discussion on growth strategy • Improvement of the operational efficiency of Board meetings • Thorough engagement in succession planning • Further fine tuning of the "Audit on Audit" framework	• Further sophistication of growth strategy discussions • Enhance and implement succession plans
Execution governance	• Improved effectiveness of Risk Management through CSA List • Firmly establishing and increasing the effectiveness of the whistleblowing hotline at each partner company group (Nippon Paint Group companies grouped by region or business, “PCG”) • Overviewed stakeholder needs and activities of the Sustainability Teams, proposed and established an Anti-Bribery and Corruption/Anti-Money Laundering Statement to the Board of Directors	• Proactive improvement tailored to the situation of each PCG through voluntary self-inspections by CSA List • Operating and enhancing the effectiveness of internal reporting channels tailored to the situation of each PCG • Strengthening collaboration within the Sustainability Team to respond to changes in social demands such as "human capital" and others	• Verify effectiveness and refine the risk management system and internal reporting channels • Upgrading the governance framework (including compliance and risk management) to respond to changes in social demand

Corporate governance structure



Corporate Governance

Analysis and assessment of the effectiveness of the Board of Directors

Issues that required stronger initiatives in FY2023

1) Upgrading operation of the Board of Directors

Streamline the operation of the Board of Directors meetings to increase the percentage of time spent on agenda items involving strategies, thereby upgrading the quality of the Board's discussions

2) Contributions of Independent Directors

Each Independent Director to keep abreast of emerging issues and pose constructive and specific questions to the management team, thereby catalyzing substantial discussions

3) Engagement in succession planning

Systematically discuss succession plans for the management team and Independent Directors and consider the optimal Board composition

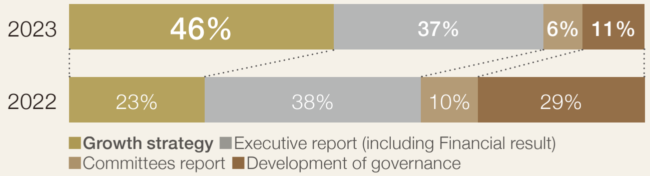
Main initiatives in FY2023

- **Carefully select agenda items and allocate them in a well-planned manner throughout the year**

→Increase the proportion of discussions on medium- and long-term strategy and other prioritized items to improve the quality of the Board discussions

*The growth strategy discussion for 2023 doubled from 2022.

Percentage of time spent at BOD meetings by agenda item



- **Regularly convene the Meeting of the Independent Directors**
- **Maintain close communication even outside the Board Meeting**

→Facilitated effective information sharing and exchange of ideas among Independent Directors with diverse knowledge and insights, contributing to high-quality discussions and decision-making at the Board of Directors meetings, thereby aiding in the pursuit of MSV

- **Grasp the status of the Group's human capital through reports and evaluations provided by Co-Presidents, expanding opportunities for communication with key management personnel**

→Based on these, continued monitoring the performance and evaluation of Co-Presidents and other key management personnel

- **Discussed the contribution of individual Independent Directors and the suitable composition of the Board through the effectiveness assessment of the Board of Directors and other instances**

→Maintained the optimal composition of the Board of Directors

Guidelines for conducting FY2023 evaluation

Evaluation target

All Directors in FY2023: 9

Managing Executive Officer, General Council (GC): 1

Method

Under the guidance of the Board Chair and the Nominating Committee Chairperson, the effectiveness assessment of the Board of Directors was performed through repeated Board discussions based on the survey results. Obtaining third-party assessment as necessary will remain an option.

Survey questionnaires

Composition of the Board of Directors, preparation and operation, quality of deliberation, contribution of Directors, monitoring of execution, composition and operation of each committee and other matters

Evaluation process

Step 1: Distribute questionnaires to Directors and an Executive Officer

Step 2: Summarize and analyze the survey results

Step 3: Perform the effectiveness assessment at the Board of Directors meeting

Overview of FY2023 evaluation results

The Board of Directors has concluded that the Board was generally effective in FY2023.

Summary of assessment

- Both Directors and the execution side have strengthened their mutual understanding of critical agenda items, further embedding our management policy of pursuing MSV as our sole mission.
- While Independent Directors make up the majority of the Board, ensuring diversity among members and fostering effective communication has further invigorated discussions at the Board of Directors meeting.
- All Directors engage in active discussions by leveraging their diverse knowledge from the perspective of supporting the management team.

Issues that require stronger initiatives in FY2024

1. Enrichment of discussion on growth strategy

Increase opportunities for and enrich the discussions on medium- to long-term management strategies, to further contribute to MSV

2. Improvement of the operational efficiency of Board meetings

Dedicate further efforts to improve Board operation, to facilitate more sophisticated discussions

3. Thorough engagement in succession planning

Review and draw up plans to identify and develop talent for the future management team

4. Further fine tuning of the "Audit on Audit" framework

Modify the audit framework of the pure holding company to better suit our Asset Assembler model

»» For the analysis and assessment of the effectiveness of the Board of Directors from 2022 and earlier, please refer to the "Effectiveness evaluation (for previous years)" section on our website.

Corporate Governance

Nominating Committee Report

Hisashi Hara
Independent Director
Nominating Committee Chairperson

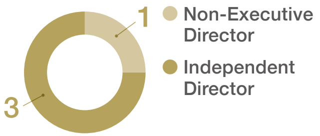
Nominating the ideal leader for a turbulent business environment

The Nominating Committee is dedicated to establishing and maintaining the most effective execution and oversight structures essential for achieving MSV. A primary responsibility is identifying and nominating the Representative Executive Officer & President, who is the key figure in executing our growth strategy. In 2020, we nominated a new President, highly qualified to strengthen our governance structure as we transitioned to a Company with Three Committees. This move was also aimed at driving global business growth through the complete integration of our Asian joint ventures and the acquisition of our Indonesia business. In 2021, shortly after the President announced his intention to resign, we swiftly adopted a Co-President structure within approximately a month. This decision was made to better position our Group for further progress through strategic mergers and acquisitions, while also leveraging our existing business foundation to drive organic growth.

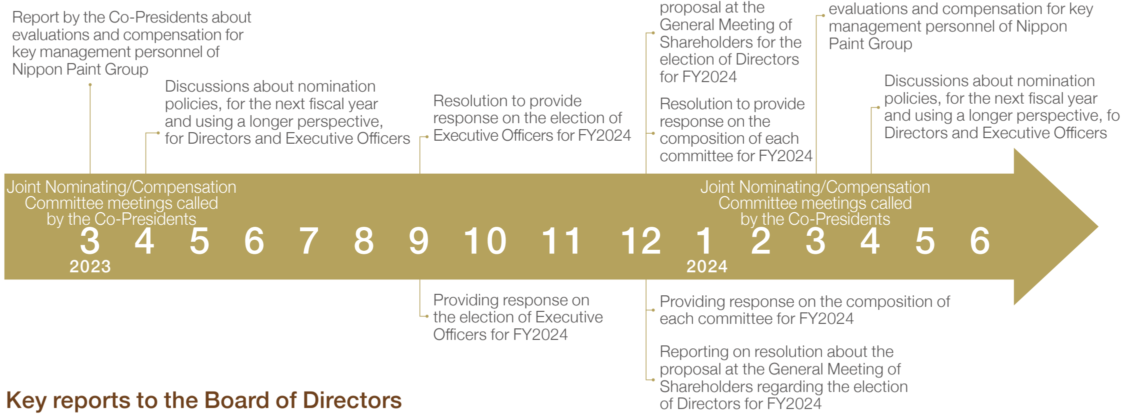
In a turbulent business environment, we continuously evaluate future strategies and the ideal leader profile that will contribute to MSV. This approach ensures that we can promptly and flexibly nominate the most suitable candidates for various situations, including unforeseen risk events. For next-generation leaders, we prioritize discovering exceptional talent through our growing internal and external networks, rather than relying solely on uniform selection criteria or pre-established development paths. In partnership with the Compensation Committee, we closely assess whether our current Co-Presidents, other key management personnel, and next-generation leaders can be trusted as senior executives for driving our strategies. This evaluation involves thorough communication and a deep understanding of their overall managerial capabilities and personalities.

Following this approach, we consistently evaluate and nominate Directors responsible for overseeing the execution of duties and promoting bold decision-making by our leaders through appropriate guidance. Looking ahead, the Nominating Committee will continue to uphold its responsibility toward achieving MSV by nominating the most suitable candidates, based on a thorough assessment of our Group's strategies and the broader business environment.

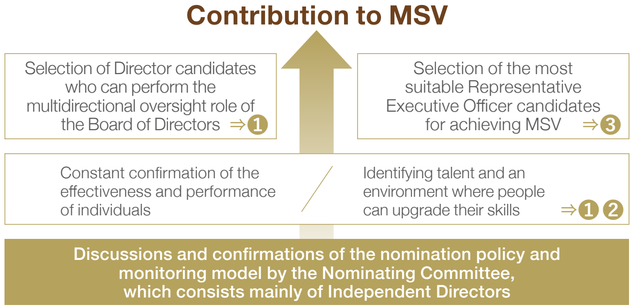
Overview and main activities

Chairperson	Hisashi Hara (Independent Director)	**Number of meetings**	FY2023 (late March 2023 to mid-March 2024) 5 FY2024 (late March 2024 to end of June 2024) 2
Committee members		**Main activities**	The Nominating Committee passed a resolution regarding the election and dismissal of Directors for FY2024 to be submitted to the General Meeting of Shareholders, and deliberated and provided responses on the selection of Executive Officers for FY2024.
Roles of the Committee	Decisions on proposals regarding the election and dismissal of Directors to be submitted to the General Meeting of Shareholders, discussions about succession plans for Directors based on advice from the Board of Directors, appointment and dismissal of the Representative Executive Officer and President and other Executive Officers, and submission of opinions about the succession plan and other proposals.		

Main activities



Corporate Governance



Contribution to MSV

Selection of Director candidates who can perform the multidirectional oversight role of the Board of Directors ⇒①

Selection of the most suitable Representative Executive Officer candidates for achieving MSV ⇒③

Constant confirmation of the effectiveness and performance of individuals

Identifying talent and an environment where people can upgrade their skills ⇒①②

Discussions and confirmations of the nomination policy and monitoring model by the Nominating Committee, which consists mainly of Independent Directors

① Our approach concerning the composition and skills of the Board of Directors

The members of the Board of Directors and Nominating, Compensation and Audit committees cover a suitable range of backgrounds for consistently performing the effective oversight of NPHD in a business climate that is constantly changing. The Nominating Committee emphasizes seven categories of experience and skills (see table below) that Directors require. NPHD pursues MSV under Asset Assembler model. Consequently, the Nominating Committee places emphasis on selecting Director candidates who have corporate management experience along with experience involving global business operations and M&A.

The Nominating Committee continuously monitors the comprehensive performance of the Board of Directors as a team based on contributions of individual Directors and mutual trust among the Directors. Committee members also refer to results of the annual assessment of the Board effectiveness and other information. This process is used for constant examinations concerning the best candidates and Board composition for achieving MSV. In FY2020, NPHD transitioned to the Company with Three Committees structure. Since then, Independent Directors have been a majority of the Board, and we have maintained a highly diverse Board of Directors capable of submitting a broad range of advice and holding thorough discussions. As a result, NPHD has a highly effective Board of Directors capable of performing its oversight role from many perspectives for the achievement of MSV.

Composition of the Board of Directors

FY	Number of Directors	Independent Directors	Foreign nationals/ Live outside Japan	Corporate management experience	Global business experience	M&A experience
FY2020	9	67%	22%	100%	89%	100%
FY2021	9	67%	22%	100%	89%	100%
FY2022	11	73%	45%	100%	100%	100%
FY2023	9	67%	56%	100%	100%	100%
FY2024	9	67%	56%	100%	100%	100%

② Identifying future management talent and an environment where people can upgrade their skills

We do not use a single approach for the recruitment and development of future management talent amid the globalization of operations and drastic changes in the business environment. Instead, we maintain an environment for finding and training talented people that respects the autonomy of every PCG based on mutual trust between the Co-Presidents and heads of the PCGs.

The Nominating Committee uses reports from the Co-Presidents to monitor on a regular basis the status and evaluations of the Group's human capital. Committee members also work closely with the Compensation Committee and meeting of Independent Directors, communicate with key management personnel, and strengthen the network of connections with external experts in various fields. The continuous use of these activities enables the Nominating Committee to play a role in strengthening the Group's human capital and making appropriate decisions about appointment and dismissal.

Required experience and skills for the Board of Directors

1	**Experience in corporate management**	The ability to perform oversight and give advice concerning a broad range of matters involving management, extending from determining business strategies to their implementation
2	**Experience in global business operations**	The ability to perform oversight and give advice concerning the businesses of Nippon Paint Group, which operates worldwide, taking into consideration the diversity of business climates and the different economic conditions and cultures of regions and countries.
3	**Experience in M&A**	The ability to perform oversight and give advice concerning the suitability of M&A deals that Nippon Paint is pursuing and progress during the post-merger integration process
4	**Finance**	The ability to perform oversight and give advice concerning capital allocations and other financial activities of NPHD
5	**Legal Affairs**	The ability to perform oversight and give advice concerning regulations involving operations, GRC (governance, risk management, compliance), and internal controls
6	**IT/Digital**	The ability to perform oversight and give advice concerning the use of IT and the digital transformation for the improvement of operations and creation of new business models
7	**Manufacturing/ Technology/R&D**	The ability to perform oversight and give advice concerning creation of new technologies through R&D by making use of knowledge of technology related to manufacturing operations and the businesses of Nippon Paint Group

③ Our approach concerning the nomination of candidates for Representative Executive Officer

As stated in the Corporate Governance Policy, the standard for selections of Representative Executive Officers is a wealth of corporate management experience and achievement to play a key role in accomplishment of sustained growth of the Group and medium- to long-term MSV. Furthermore, these individuals must have the outstanding skills required to be a Representative Executive Officer. This standard applies to all individuals regardless of nationality, gender, and position at Group company in Japan or another country.

Based on these guidelines, the Nominating Committee focuses on making timely selections of the most suitable leaders for implementing strategies for MSV in a rapidly changing business and social environment. To accomplish this goal, we need to do more than simply use the same succession plan and other guidelines for the planned recruitment and development of executives. This is why we work closely with the Compensation Committee and meeting of Independent Directors for constant discussions and examinations. The results of this process are the basis for our input to the Board of Directors concerning appointment and dismissal of Representative Executive Officers.

Items constantly discussed and examined concerning selections of Representative Executive Officer candidates

- Suitable individuals and frameworks for the implementation of medium- to long-term growth strategies for MSV
- Comprehensive evaluations of the performance of current Representative Executive Officers
- Constant monitoring of Group management talent
- Exchanges of information about talent outside the Group by using internal and external networks of personal connections

Corporate Governance

Compensation Committee Report

Lim Hwee Hua

Independent Director

Compensation Committee Chairperson

Compensation designed to maximize Co-Presidents' motivation to propel their pursuit of MSV

The Compensation Committee is committed to attracting and retaining outstanding talent through appropriate compensation schemes and succession planning. Ultimately, we seek to maximize shareholder value.

Specifically, designing the most appropriate compensation schemes for the Co-Presidents, who are crucial to executing our company's growth strategy, is extremely important. We view maximizing the Co-Presidents' motivation to attain MSV as fundamentally linked to value sharing with shareholders. To achieve this, it is essential to provide compensation that encourages the Co-Presidents to drive our Asset Assembler model forward and take appropriate risks without missing opportunities. Based on extensive deliberation, we have decided to simplify the Co-Presidents' compensation as much as possible and make it entirely in cash.

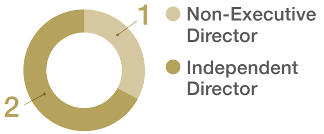
We have been working in collaboration with the Nominating Committee and maintained continuous communication with the Co-Presidents while evaluating their performance from multiple perspectives. We have confirmed that they view this as an appropriate assessment and demonstrate stronger leadership towards achieving MSV. Indeed, our Group has achieved strong growth compared to competing companies since their appointment[*]. Considering the bold decision-making and successful implementation of initiatives that contribute to the improvement of medium- to long-term EPS and PER, we have determined that the current Co-Presidents' compensation is conducive to the pursuit of MSV.

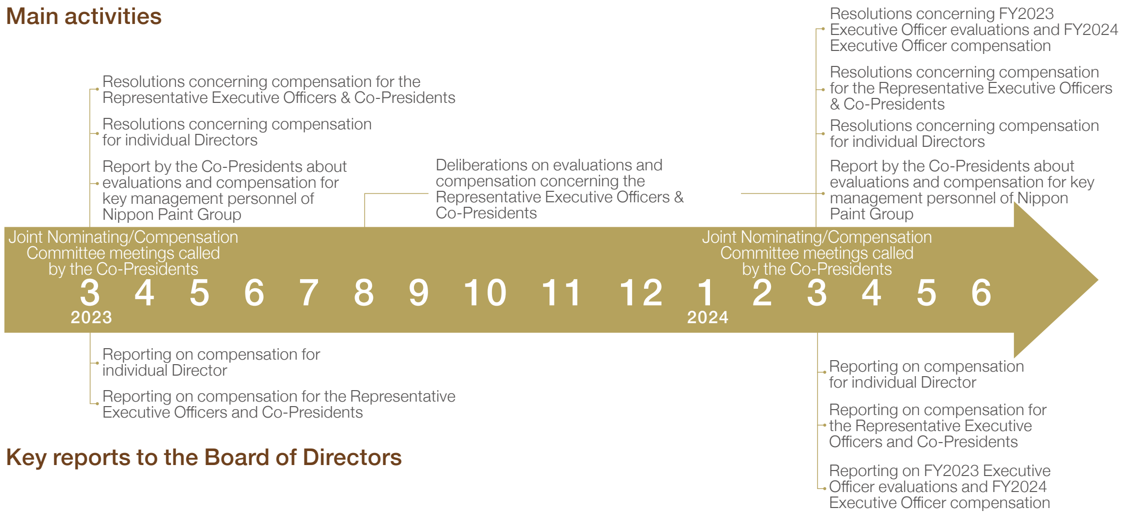
At the same time, we strive to ensure the appropriateness of compensation schemes for Non-Executive Directors. We focus on determining compensation that stimulates their maximum contributions to both the executive and oversight roles while constantly seeking ways to enable value sharing with our shareholders.

The Compensation Committee will continue to engage in sincere deliberations, taking into account the analysis based on compensation benchmarking and other metrics, and strive to make optimal compensation decisions that ultimately contribute to the achievement of MSV.

»» P84 Evaluation of the performance of Co-Presidents

Overview and main activities

Chairperson	Lim Hwee Hua (Independent Director)
Committee members	
Number of meetings	FY2023 (late March 2023 to mid-March 2024) 7 FY2024 (late March 2024 to end of June 2024) 2
Main activities	The Compensation Committee approved resolutions concerning compensation for individuals in accordance with the policy for determining the compensation of individual Directors and Executive Officers (Compensation Philosophy, Design Policies for the Compensation of the Representative Executive Officers & Co-Presidents).
Roles of the Committee	Establishment of policies for determining the compensation of individual Directors and Executive Officers and decisions about compensation for individuals and other matters



Corporate Governance

Contribution to MSV

Attract and retain outstanding talent

Maintain and increase motivation

Determination of compensation based on rigorous evaluations centered on activities and contributions for achieving MSV ⇒②

Constant analysis and research based on the benchmarking of compensation of executives in Japan and other countries ⇒②

Discussions based on the policy for determining compensation by the Compensation Committee, which consists mainly of Independent Directors
(information is disclosed properly to ensure the objectivity and fairness of decisions) ⇒①

① Policy for determining compensation for Executives

Independent Directors are the majority of the Compensation Committee, and the committee is chaired by an Independent Director. In addition, all committee members are non-executive Directors. This composition ensures independence from executives for business operations.

The Compensation Committee makes decisions about the level and composition of compensation for Directors and Executive Officers. This committee also monitors decisions about the compensation of key management personnel of partner companies by receiving reports from Co-Presidents.
To determine levels and composition of compensation, the committee collects and analyzes objective data such as social trends, compensation of executives at other companies, and compensation in the market for senior executives.
In accordance with the Compensation Philosophy and Design Policies for the Compensation of the Representative Executive Officers & Co-Presidents, committee members use this information to hold fair and transparent discussions and make decisions.

»» For more information, see the "Compensation of Directors and Executive Officers" section of our website.

② Evaluation and compensation of the Representative Executive Officers & Co-Presidents

Based on the premise of protecting the interests of minority shareholders, the Compensation Committee performs rigorous evaluations of compensation for the Representative Executive Officers & Co-Presidents with emphasis on their activities and contributions to achieve MSV. At the same time, the committee is working to create compensation that will serve as motivation for even more actions to achieve MSV. Specifically, the committee comprehensively evaluates the Co-Presidents' performance in the previous year, including a comparison with our competitors, to determine the total compensation for the next year. Then the committee determines the composition, including cash, stock and other forms of compensation.

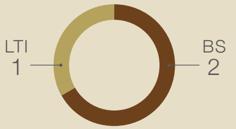
Key evaluation items for the comprehensive evaluation

- "Maximizing EPS and PER" for achieving MSV
- Improvement of profitability of businesses in Japan and other countries
- Progress with the M&A strategy
- Improvement of position in the capital market
- Strengthening risk management in the Nippon Paint Group
- Transformation of the corporate culture
- Transformation of the management structure
- Strengthening the governance structure and the internal control system

Data and key items for continuous consideration for compensation determination

- The compensation of presidents at competing companies and other large companies in Japan
- Compensation and composition of compensation in the individual's home country and continuity with prior compensation
- Compensation and composition that maintain motivation for achieving MSV and provide effective incentives

Composition of executive compensation

Compensation for Directors Directors who do not concurrently serve as an Executive Officer (Independent Directors) Image of basic composition  	Fixed compensation	· **Job-based compensation (BS)** Compensation is set at levels that can attract and retain management talent with the skills required to monitor the management of Nippon Paint Group, which has operations worldwide. Decisions about compensation take into account social circumstances, compensation of executives at other companies, and compensation in the market for senior executives. · **Allowances for committee memberships and other roles** Allowances are paid for specific roles such as a member or Chairperson of the Nominating, Compensation, Audit and Special Committees, the Lead Independent Director, and other positions.
	Variable compensation	· **Long-term incentives (LTI)** Directors monitor the Group's management and assume the role and associated risk of making important decisions regarding the allocation of corporate resources on behalf of shareholders. As a result, Directors receive restricted stock as an incentive for achieving MSV and as a means of further aligning the interests of Directors with those of shareholders. The Malus Clawback Clause is used for the medium- to long-term soundness of long-term incentives.
Compensation for the Representative Executive Officers & Co-Presidents Image of basic composition  	All compensation is variable	Compensation takes into account the level and composition of compensation in the individual's home country, continuity with prior compensation, benchmarking using other companies' compensation, and other considerations. Discussions with Co-Presidents, frequent communications with executives of partner companies, and other activities are used for a comprehensive evaluation of performance using financial and non-financial perspectives. Every year, the determination of the following year's compensation starts by resetting compensation to zero. The cash-stock ratio and other aspects of the composition of compensation for Co-Presidents are also reviewed every time.

Evaluation of the performance of Co-Presidents

Compound annual growth rate[*1]

	2022 to 2023		2020 to 2023	
	Revenue	EPS	Revenue	EPS
NPHD	**+10.2%**	**+49.2%**	**+22.7%**	**+22.6%**
Competitor median[*2]	+4.1%	+18.6%	+7.9%	+8.0%

PER[*3]

	Last twelve months	Next twelve months
NPHD	**22.8x**	**21.1x**
Competitor median[*2]	31.2x	17.8x

[*1] For compound annual growth rate calculated based on each company's indicated currencies

[*2] Median of the six largest paint companies based on global sales (excluding our company, ranked 4th)

[*3] Source: FactSet (as of December 29, 2023)

Corporate Governance

Audit Committee Report

Masataka Mitsuhashi
Independent Director
Audit Committee Chairperson

Addressing potential risks in our business model and enhancing the "Audit on Audit" system

The Audit Committee audits and monitors the execution of duties by the Executive Officers, while simultaneously supporting the Group in achieving MSV.

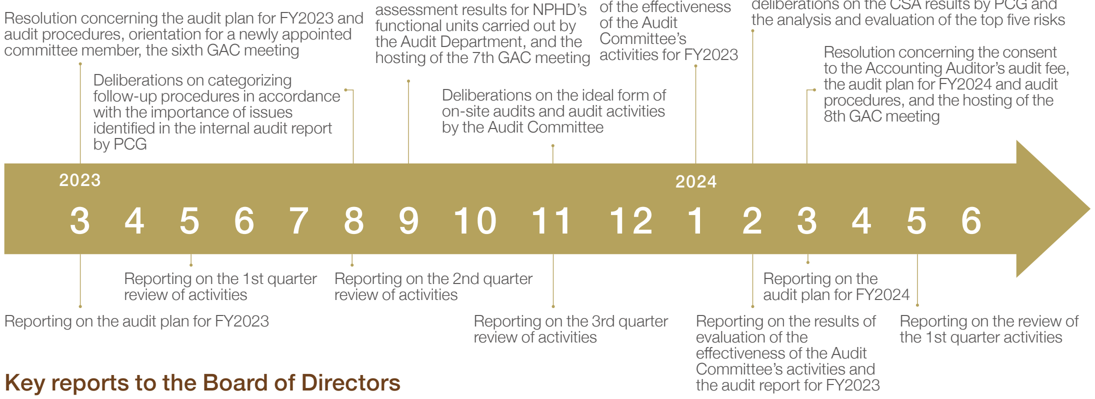
In our business model, where corporate acquisitions are vital as an Asset Assembler, it is crucial to consider the potential impairment risks associated with the goodwill of the companies we acquire. Therefore, proper monitoring of these risks is a key focus for the Audit Committee. For ongoing M&A, we discuss and confirm that the financial assumption of the target company presented at the Board Meeting is appropriate and that we do not foresee any environment issues nor litigation risks that can give rise to material losses. We also monitor the post-acquisition status and, for instance, regarding Cromology in Europe, acquired by DuluxGroup in 2022, the Audit Committee has diligently worked to detect any signs of impairment. This has been achieved through careful scrutiny of estimated future cash flow and the rationality of discount rates related to goodwill valuation by interviewing the Co-Presidents and the management of DuluxGroup as well as by exchanging information with the Accounting Auditor. Furthermore, in 2022, our Company allocated 13.4 billion yen as a provision for accounts receivable from Chinese real estate developers. The Audit Committee has meticulously verified through interviews with the Co-Presidents and local management that effective measures are being implemented. We have concluded that necessary actions, such as modifying previous business practices and minimizing the collection period, have been adopted to mitigate the risk of recurrence. The Audit Committee will continue to focus on these areas in 2024.

Alongside addressing individual cases and incidents, the Audit Committee is steadily upgrading organizational auditing through the "Audit on Audit" system. This approach is based on internal auditing within PCGs and self-evaluation via Control Self-Assessment (CSA). In 2023, we shared best practices concerning audit planning processes of our internal audits and broadened the scope of assessment items related to cybersecurity risks within our CSA. These initiatives are grounded in active discussions at the Group Audit Committee (GAC) meeting, a forum where those who are responsible for the PCG's internal audit convene. We will continue to evolve the "Audit on Audit" system through effectively utilizing the GAC.

Overview and main activities

Chairperson	Masataka Mitsuhashi (Independent Director)	**Number of meetings**	FY2023 (late March 2023 to mid-March 2024) 8 FY2024 (late March 2024 to end of June 2024) 2
Committee members		**Main activities**	· Prepared audit reports based on the results of audits on the status of the execution of duties by the Executive Officers and Directors and other items · Resolved on proposals regarding the election, dismissal and refusal of reelection of Accounting Auditor to be submitted to the Ordinary General Meeting of Shareholders · Conducted audits concerning financial results and the Ordinary General Meeting of Shareholders · Shared best practices (e.g., audit cases, audit findings, risk management) and held theme-based discussions at GACs
Roles of the Committee	Conduct audits on the execution of duties by Executive Officers and Directors, prepare audit reports, and determine proposals regarding the election, dismissal and refusal of reelection of the Accounting Auditor to be submitted to the General Meeting of Shareholders		

Main activities



Resolution concerning the audit plan for FY2023 and audit procedures, orientation for a newly appointed committee member, the sixth GAC meeting

Deliberations on categorizing follow-up procedures in accordance with the importance of issues identified in the internal audit report by PCG

Deliberations on risk assessment results for NPHD's functional units carried out by the Audit Department, and the hosting of the 7th GAC meeting

Deliberations on the ideal form of on-site audits and audit activities by the Audit Committee

Deliberations on the results of evaluation of the effectiveness of the Audit Committee's activities for FY2023

Resolution concerning the audit report and the reappointment of the Accounting Auditor and deliberations on the CSA results by PCG and the analysis and evaluation of the top five risks

Resolution concerning the consent to the Accounting Auditor's audit fee, the audit plan for FY2024 and audit procedures, and the hosting of the 8th GAC meeting

Reporting on the audit plan for FY2023

Reporting on the 1st quarter review of activities

Reporting on the 2nd quarter review of activities

Reporting on the 3rd quarter review of activities

Reporting on the results of evaluation of the effectiveness of the Audit Committee's activities and the audit report for FY2023

Reporting on the audit plan for FY2024

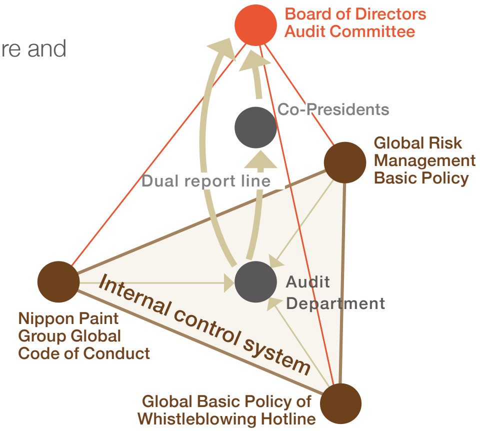
Reporting on the review of the 1st quarter activities

Key reports to the Board of Directors

Monitoring of the internal control system by the Audit Committee and Audit Department

The Group audit system based on "Audit on Audit" is premised on the assurance by PCG's internal audit department of the effectiveness of the autonomous internal control system operated by PCG. Our Basic Policy on Internal Control System is anchored by three core elements: Nippon Paint Group Global Code of Conduct, Global Risk Management Basic Policy, and Global Basic Policy of Whistleblowing Hotline. By ensuring that each PCG properly manages its internal control system in the realms of governance, risk management, and compliance, we have in place an effective internal control system across the entire Group.

The Audit Committee, which is responsible for overseeing the proper operation and functional effectiveness of these frameworks, obtains information from the Audit Department about the results of PCG internal audits and important PCG meetings. Additionally, the Audit Committee directly gathers information from members related to the internal audit departments across the major PCGs at the GAC meeting held twice a year. These processes enable the Audit Committee to evaluate the effectiveness of the governance structure and the internal control system throughout the organization. Furthermore, the Audit Committee receives reports on the operation status of the internal control system from the Co-Presidents at the Board of Directors meeting once a year. The Audit Department ensures its independence from execution by establishing a dual report line to the Audit Committee and the Co-Presidents. This structure allows the Audit Department to impartially monitor the operation status of the internal control system, and subsequently report its findings to the Audit Committee.

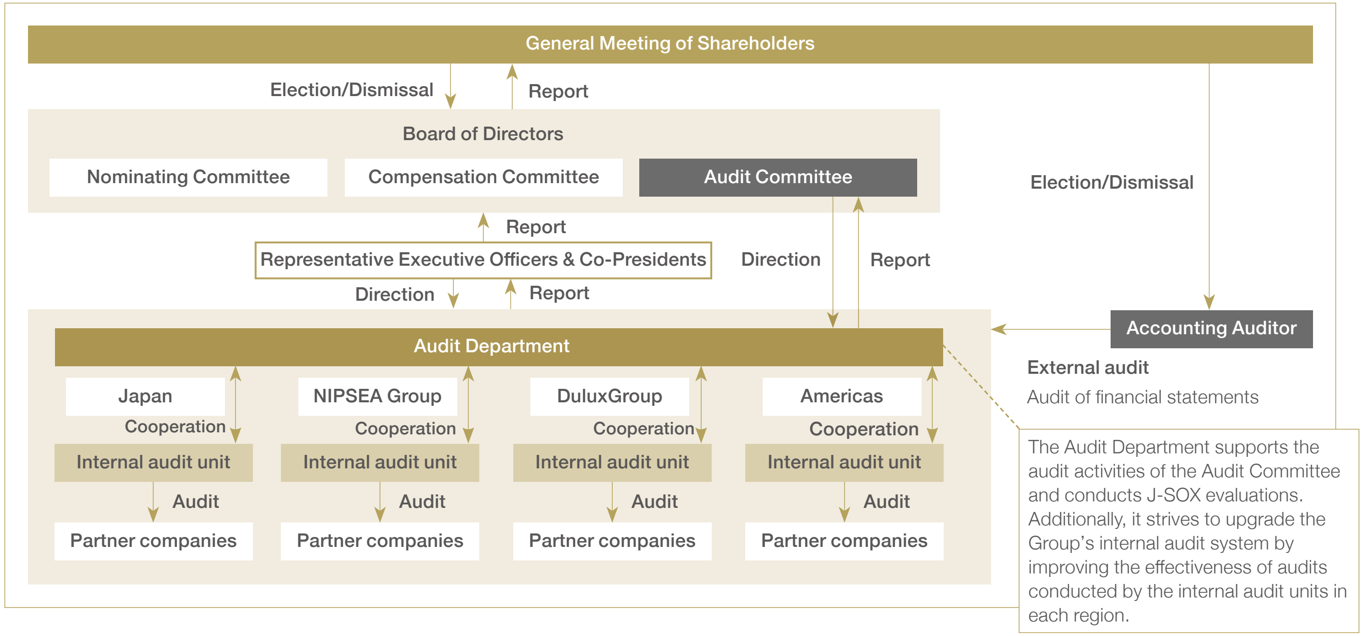


Enhancing the effectiveness of the group-level internal audit by the Audit Department

In fulfilling its role of supporting the activities of the Audit Committee, the Audit Department collects, analyzes and reports information regarding the audit activities conducted by the internal audit units of each PCG, results of the J-SOX evaluations, and the critical group-level monitoring themes as determined by the Audit Committee.

Meanwhile, with a view to advancing the "Audit on Audit" system, the Audit Department is striving to elevate the audit level and improve the risk recognition within the Group by sharing each PCG's audit methods and risk assessment results at the GAC meeting convened twice a year. In FY2023, the Audit Department implemented measures to respond to environment changes, such as adding questions about IT governance and cybersecurity risks to the risk assessment evaluation (CSA) conducted annually by the executive side. This effort is part of their commitment to enhancing the effectiveness of the group-level internal audits and risk management.

"Audit on Audit" Group audit system



The Audit Department supports the audit activities of the Audit Committee and conducts J-SOX evaluations. Additionally, it strives to upgrade the Group's internal audit system by improving the effectiveness of audits conducted by the internal audit units in each region.

Governance Discussions

Toward Corporate Governance in Pursuit of MSV

Goh Hup Jin
Chairman
(Managing Director,
Wuthelam Holdings Ltd.)

Masayoshi Nakamura
Lead Independent Director
and Board Chair

In the past three Integrated Reports, we have covered the evolution of our corporate governance in the format of a talk session between the Board Chair and the Chairperson of the Nominating Committee (2021), the Compensation Committee (2022), and the Audit Committee (2023).

Our Board comprises the Co-Presidents representing the management, the majority shareholder Wuthelam Group (58.7% ownership of the Company), and Independent Directors accounting for 67% of the Board composition. The Board has sought to build the current governance structure around its shared common value—Maximization of Shareholder Value (MSV), which is the sole mission of Nippon Paint Group and the compass for the Board's decision-making.

In the latest integrated report, Lead Independent Director Nakamura (Board Chair) discusses the evolution of our corporate governance with Chairman Goh, also representing the Wuthelam Group, and explores the essence of our governance.

Looking back at the governance reforms

Nakamura Mr. Goh, among the members of the Board, you have by far the longest association with Nippon Paint. When did your involvement with the Company begin?

Goh My initial association goes back to 1979. I briefly worked at an instant noodle company Nippon Paint* used to operate in California as part of its business diversification efforts. The Vietnam War ended in 1975, and political unease was prevalent everywhere. Shortly after, I became involved in Wuthelam Group's paint JVs with Nippon Paint (the NIPSEA business) and saw clear prospects in these operations. It must have been a few years later, around 1982, when I came to firmly believe that Wuthelam should just focus on its paint business. At the time, we ran a variety of businesses, including real estate; paint was only one of our many endeavors, and it was barely profitable. While continuing to advocate Wuthelam's consolidation into just the paint business, I led our entry into the paint market in China from 1992. Then, in the aftermath of the Asian financial crisis in 1997, I finally managed to consolidate Wuthelam's operations into just paint.

Nakamura So you have a 45-year relationship with Nippon Paint. I understand the success of the paint business in China prompted Nippon Paint to wish to gain a majority interest in NIPSEA, raising its stake in the paint JVs from 40% to 51%. In turn, the Wuthelam Group came to hold 39% of NPHD in 2014, and you joined the NPHD Board as Director.

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* Nippon Paint Co., Ltd. renamed Nippon Paint Holdings Co., Ltd. ("NPHD") upon adopting a holding company structure in 2014.

At the time, the concept of corporate governance as understood in, e.g., the US was still very new to the Japanese market, and ideas like “a publicly traded company belongs to the shareholders” or “a company must ensure shareholders of the transparency and fairness of its decision-making” were widely accepted.

Goh I personally think that, when it comes to a publicly traded company, the concept of the company “belonging to somebody” is meaningless. Shareholders are only one of the company’s many stakeholders, each with specific rights of its own. That being said, among shareholders’ rights also lies the right to unlimited value.

Nakamura That is indeed the fundamental premise of MSV. Going back to 2014, what was Nippon Paint’s Board like then?

Goh In those days, Nippon Paint’s Board was essentially its management team. In that sense, there was less awareness that the Board represented the shareholders’ interests. A few years down the road, Nippon Paint began attempting to expand overseas on its own through M&A. It considered many acquisitions, aspiring in all cases to establish a global presence in a certain business segment. Attention was barely paid to the deals’ impact on EPS and other financial aspects. For companies looking to globalize, generating shareholder value was not necessarily the purpose of acquisitions back then, and Nippon Paint was no exception. I personally believed that MSV was the sole mission of a publicly traded company, so our approaches toward governance should be different.

Nakamura I understand that was the background of Wuthelam Group’s shareholder proposal in 2018. Wuthelam's business investments at the time were 39% of NPHD, 49% of the NIPSEA business, and 100% of PT Nipsea (paint business in Indonesia). As an investor seeking to maximize the value of these assets, Wuthelam saw the need for corporate governance reform at Nippon Paint, in light of the future integration of the Asian businesses as well.

Goh Exactly. I took the conventional investor’s notion of “pursuing profits” and came up with MSV as an underlying principle for corporate governance at a publicly traded company. At the time, I made a shareholder proposal to elect five Independent Directors who were fully in support of MSV. These Independent Directors filled half of NPHD’s Board and I became the Chairman. In 2019, the Company made several acquisitions, focusing on EPS accretion for MSV.

In 2020, NPHD changed its governance structure to a company with three committees. At the beginning of 2021, it acquired Wuthelam's 49% stake in NIPSEA, along with the PT Nipsea business, thereby obtaining 100% ownership of the Asian businesses. Wuthelam Group’s stake in NPHD rose to 58.7% as a result, but the intrinsic conflict of interest that had existed between NPHD and Wuthelam was thus resolved.

Chairman’s role under the new governance structure

Nakamura Yes. I recall the Board members made sure that every Board resolution pertaining to that transaction was aligned with MSV. NPHD had long aspired to own 100% of the Asian businesses, but the transaction was not simple because it entailed a conflict of interest with Wuthelam being both the seller and NPHD’s shareholder. The Board established a special committee and made careful deliberations, which eventually led to the Board approval and execution of a deal that contributed to EPS accretion and MSV.

Also in 2021, NPHD introduced the current Co-President structure. Here again, the Board was able to act promptly toward MSV, based on the Nominating Committee deliberations. Changing the executive structure was a tough decision, but our governance worked well throughout the process. Since their appointment, the Co-Presidents have been advocating Asset Assembler model in pursuit of MSV, and have been working hard to raise the Company’s EPS and improve the P/E ratio.

Goh Yes, they have. On my part, as the representative of majority shareholder Wuthelam Group and a Director of NPHD, I have forged MSV as the Company’s sole mission and am working to keep this concept fresh and alive in our people’s minds. I also evaluate strategies and directions from a bird’s-eye view. I offer ideas on multiple fronts, for instance, in the formulation of strategies for existing businesses as well as acquisitions, development of financing models and tactics, discovery and management of senior talents, and identification and analysis of potential risks. However, I leave the actual implementation to the management team while I just monitor and advise. Separately, since I have been involved in the paint business for many years and have long-standing relations with numerous global players, I am often approached directly with potential acquisition opportunities for NPHD.

Nakamura You know the history of Nippon Paint well and have an in-depth understanding of its businesses. You also have the longest and deepest association with the global paint business and are well-networked in the global chemical manufacturing fields. So, based on your experience and expertise, you offer your insights to the management and the Board, but you never impose or command. That is your approach.

Governance Discussions

> The maximization of minority shareholders' interests is crucial to the pursuit of MSV.

Goh Correct. Although I am the Chairman of NPHD, I am only one of the several Directors and have no authority to make decisions on my own. However, I do monitor the situation. For any future acquisitions that could contribute to MSV, I hope to stay abreast of all stages from target selection through financing and deal execution. Post-acquisition, I will also firmly monitor aspects like compensation so that the management of the acquired companies can remain motivated. Especially in situations where NPHD is contemplating an acquisition to enter new markets and domains, I will be even more intimately involved. In my capacity as a member of the Nominating and Compensation Committees, I will also continue to help with the succession planning and motivation of the current executive team.

Toward further pursuit of MSV

Nakamura In effect, Co-Presidents Wakatsuki and Wee share the roles of CEO, COO, and CFO between the two of them. Since becoming Co-Presidents in the spring of 2021, they have advocated Asset Assembler model, which is a two-pronged approach aimed at EPS accretion. The first of the two is EPS growth from the existing businesses through autonomous and decentralized management predicated on mutual trust and accountability. The second is EPS compounding through acquisitions of inexpensive but high-quality assets using low-cost funding. The Co-Presidents have been open to considering any region, business domain, or size of the acquisition target, as long as the transaction ensured NPHD's inorganic growth.

By the way, since 2018, the Company has conducted many acquisitions, which were all funded through bank borrowings. However, if we are to contemplate large acquisitions moving forward, a more flexible fund-raising scheme—perhaps a combination of capital market financing and bank loans—may be called for. Can you share your thoughts on this from the standpoint of the majority shareholder Wuthelam Group?

Goh I have touched upon this topic several times at our Board's brainstorming sessions. Let me emphasize the shared notion of our Board members once again: the most important underlying principle of NPHD's corporate governance is MSV. If an acquisition opportunity that requires flexible fund-raising (combining debt and equity financing) surfaces down the road, as the Company's majority shareholder, Wuthelam will strongly support it as long as the transaction contributes to MSV, which is NPHD's sole mission. I have no qualms about the dilution of Wuthelam's stake due to stock issuance, provided it is overall the way towards shareholder value maximization. In fact, I would welcome it. Needless to say, it is of paramount importance to gain the support of all our shareholders if NPHD were to raise capital through stock issuance. The maximization of minority shareholders' interests is crucial to the pursuit of MSV.

Nakamura On another topic, in 2021, Wuthelam Group acquired NPHD's automotive business in Europe and two India businesses (NPI and BNPI). These businesses had performed poorly, and our Board at the time exchanged tough opinions on their positioning within the organization. Would you give us some background on this transaction?

Goh The automotive business in Europe was originally called Bollig & Kemper (B&K). Nippon Paint contributed capital to B&K in 2013 and later made it a wholly owned subsidiary. The partnership between Nippon Paint and B&K began in 2008, with the establishment of a sales company handling automotive coatings in Shanghai, China. The two companies worked together to expand sales to the local subsidiaries of European automakers. From 2013, after Nippon Paint's minority investment, B&K revamped its R&D, production, and sales systems to boost its access to the operations of European automakers in both China and Europe in a bid to further expand the sales channels. Unfortunately, it was unable to establish a significant presence in the fiercely competitive European market. In China, though, it gained a foothold in Chinese and European automakers, which meant that the company

Governance Discussions

was strategically indispensable for the global operation of NPHD's automotive business. In the case of the automotive JV (BNPA) with Berger Paints in India, since its inception, the JV had little drive to generate profits on its own; NPHD needed to fundamentally rebuild its relationship with the JV partner and customers. Meanwhile, to propel material growth of NPI, which primarily operates in the decorative paints and automotive refinish businesses in India, bold sales promotion measures to capture greater market share were imperative.

Nakamura Following the transition to a Co-President structure in 2021, the Co-Presidents reevaluated all the businesses of NPHD from a fresh perspective, and concluded that, for NPHD to pursue MSV, daring measures had to be administered to the three businesses under question. At the same time, the Co-Presidents explained that these measures posed financial risks that were beyond what general shareholders of a publicly traded company should bear.

Goh As the representative of Wuthelam Group, I judged that the measures proposed by the Co-Presidents made sense in the context of MSV, and decided to have Wuthelam take on the risk. I knew the background, understood the high risk and difficulty involved, but was also fully aware of the strategic importance. Once we moved on to the execution phase, I did not participate in NPHD's Board deliberations and resolutions because there was a conflict of interest between NPHD and Wuthelam, the majority shareholder.

Nakamura Yes. You did not take part in the Board discussions concerning these transactions. The pricing and other details were first reviewed by a special committee that included third-party experts, and were then passed on to the Board for deliberations and resolutions. By the second half of 2023, the high-risk measures bore fruit. NPHD saw that the initial targets for the automotive JV and the decorative business in India were cleared, and the financial risks were reduced to a level safe enough for general shareholders to bear. For these reasons, the Board approved the buyback of interests in the two Indian businesses.

The implementation of the overall strategy—namely the mitigation of financial risks through support of the majority shareholder—was only possible because NPHD shared a common value (MSV) with Wuthelam that has in-depth knowledge of the Company's businesses. We should also note that, in the deal execution phase, the Independent Directors stringently monitored both the management and the majority shareholder, along with the relevance of the deal content, so that the interests of minority shareholders were not compromised.

> We actively exchange opinions based on our experiences and expertise, and seek to continuously fine-tune the concept of MSV.

Goh The automotive business in Europe is also making some headway under the new leadership, but it is still early to determine whether bringing the business back under the umbrella of NPHD would actually contribute to MSV. As I mentioned earlier, the protection of minority shareholders' interests is a matter of top priority for us, especially if we are to consider future financing from the capital markets. In that sense, I truly respect the discipline the Independent Directors have demonstrated; their independence, diverse experience, and insights are of great value to both NPHD and Wuthelam.

Takeaway from the talk session

Nakamura "Governance is not all that complex" is my takeaway from listening to you today. The optimal governance for NPHD will be established and maintained naturally, if we stay true to our sole mission of MSV. In practice, whenever we engage in Board deliberations and resolutions, the NPHD Directors question whether the proposals are truly aligned with MSV. In other words, we actively exchange opinions based on our experiences and expertise, and seek to continuously fine-tune the concept of MSV.

It was also very reassuring to hear Wuthelam Group's strong commitment to NPHD as an investor. Thank you for your time.

Risk Management

As Asset Assembler based on mutual trust with all PCGs, the Company has a risk management system in place that has, as its core components, the internal control systems operated autonomously by every PCG.

Our approach to internal control

Sound risk management is the premise for the pursuit of MSV. We closely monitor changes in society and the needs of stakeholders to reexamine and update the internal control system in an appropriate and timely manner.

The internal control system, which was revamped in 2022, is in its second year of implementation and has been gradually integrated in each PCG.

The paint and adjacencies businesses of every PCG have strong regional characteristics, which make these businesses ideally suited for the autonomous management of business operations along with local production for local consumption. We essentially give each head of PCG the authority to conduct business operations and responsibility for operating the internal control system. The heads of PCGs identify and respond to risks specific to their businesses, and our Co-Presidents oversee the Group's operations through evaluation and appointment/dismissal of the head of PCGs through various reports from these executives.

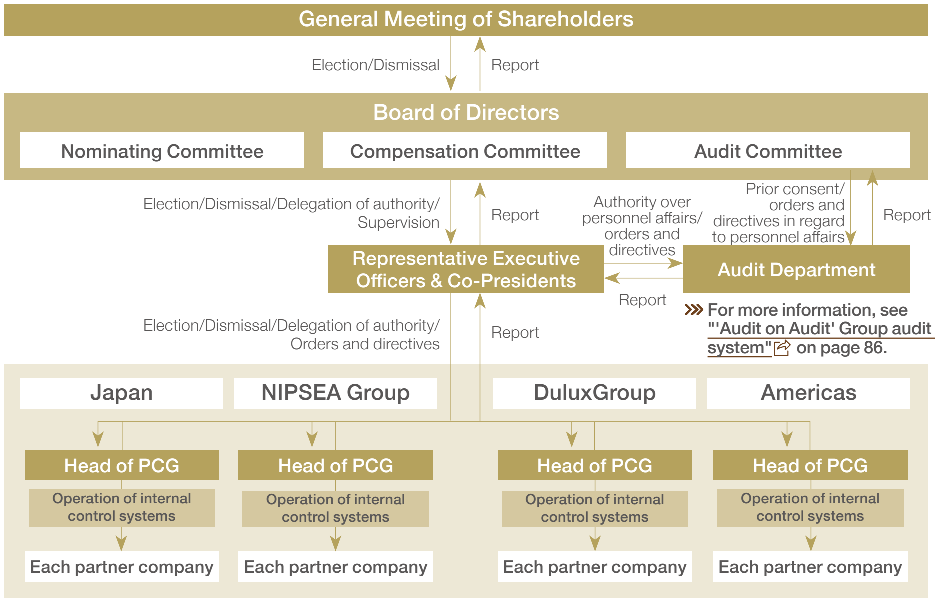
Enhancement of the Global Code of Conduct

All Nippon Paint Group companies share and comply with the Nippon Paint Group Global Code of Conduct, which sets out standards/requirements of compliance/ethics rules and sustainability. The code has been refined* by each PCG for the purpose of applying these guidelines in a manner that matches the business climates of different regions. As a result, with the leadership of Co-Presidents, the code has been embraced by group companies in each country and region.

Additionally, to clarify our role in preventing corruption and preventing money laundering in our business activities, we included the following statements in our Global Code of Conduct in November 2023 and disseminated them both internally and externally.

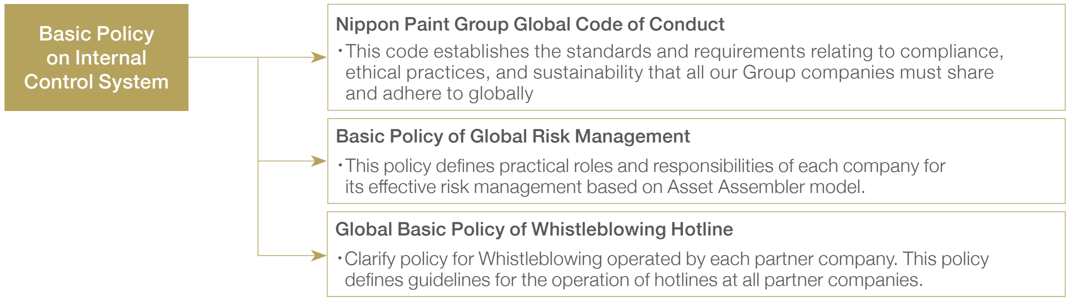
»» DuluxGroup Code of Conduct

Internal control system



»» For more information, see "'Audit on Audit' Group audit system" on page 86.

The three key components of the Basic Policy on Internal Control System



Nippon Paint Group Global Code of Conduct
- This code establishes the standards and requirements relating to compliance, ethical practices, and sustainability that all our Group companies must share and adhere to globally

Basic Policy of Global Risk Management
- This policy defines practical roles and responsibilities of each company for its effective risk management based on Asset Assembler model.

Global Basic Policy of Whistleblowing Hotline
- Clarify policy for Whistleblowing operated by each partner company. This policy defines guidelines for the operation of hotlines at all partner companies.

Summary of the "Group management system" in the Basic Policy on Internal Control System

Oversight of PCGs
Prior approval rule for important matters and timely reporting system of incidents with material impacts

Direct participation of the Co-Presidents in main partner company meetings
Participation of Co-Presidents and other executive officers in important meetings of important partner companies

Election/Dismissal of the heads of PCGs
Evaluations and decisions that include financial and non-financial considerations such as responsibilities for internal controls

Group audits based on the "Audit on Audit" system
Oversight utilizing the close ties between the NPHD Audit Department and the internal audit unit of each PCG

Risk Management

Anti-Corruption

At Nippon Paint Group, we are committed, under the Global Code of Conduct, to applying fair standards from ethical and legal perspectives in our business practices.

These include, but are not limited to:
We strictly prohibit bribes, kickbacks, gifts and entertainment, payments of any kind or other corrupt practices, which include offering, promising, giving, accepting or soliciting, whether directly or indirectly, improper benefits of any value, whether financial or non-financial, with the intention of obtaining or retaining improper business advantages from government officials or any other individuals and organizations.
We shall keep any business gift and entertainment or corporate hospitality modest and reasonable in nature, entirely for the purpose of maintaining good business relations and not intended to influence business decisions made by any parties.
We shall keep accurate, complete and up-to-date records of business and financial activities in reasonable detail in accordance with generally accepted accounting principles as well as applicable laws, rules and regulations.

Anti Money-Laundering

We conduct business only with parties involved in legitimate business activities and gaining funds from legitimate sources. We define money laundering as a process designed to conceal or disguise the true origins of illegally derived proceeds so that the proceeds appear to have been derived from legitimate sources. We prohibit any involvement in money laundering in our business activities.

»» For more information, please refer to the "Nippon Paint Group Global Code of Conduct" posted on our website.

Risk management system

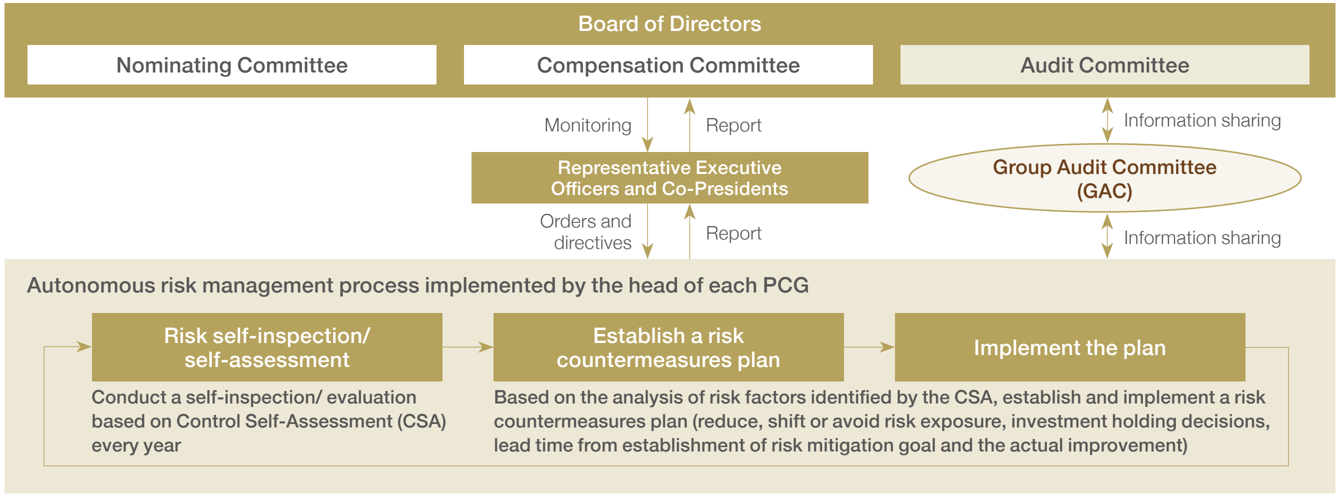
Our Global Risk Management Basic Policy states that Co-Presidents have overall responsibility for risk management in our Group. The policy also defines the roles of each head of PCG as a frontline. In this manner, autonomous risk management at each PCG is implemented appropriately by Co-Presidents and the head of each PCG based on their respective roles.

Each head of PCG conducts the control self-assessments (CSA), consisting of self-inspections and self-assessments based on a risk-based approach. They are responsible for using CSA to identify risk factors requiring actions, create risk management plans, and make improvements.

Results of CSA are reported to Co-Presidents, who, based on this information, grasp risk factors at our Group in individual regions and businesses. Then Co-Presidents perform effective monitoring by attending important management meetings of the PCGs and other activities and give the PCGs directions for responses against the identified risks. Indeed, Co-Presidents review the progress of concrete risk management measures based on the results of the CSA, and share the progress of these measures with the head of each PCG. This ensures that monitoring is carried out effectively and in a timely manner. Through these activities, if Co-Presidents identify risk factors that apply to our entire Group and require unified measures by all PCGs, Co-Presidents hold the Risk Management Committee to discuss and make decisions about countermeasures.

Co-Presidents report the results of the risk analysis to the Audit Committee and the Board of Directors. In addition, the results are discussed at the Group Audit Committee (GAC), which brings together the personnel responsible for risk management and internal audit at each PCG. These meetings function also as a forum for sharing information about best practices for countermeasures. Separately from these activities, a framework is in place for sharing information with Co-Presidents, in a timely or prompt manner, about the occurrence of crises, such as a disaster of some type, environmental pollution, product liability issue, quality problem fraud or other event, which could affect the entire Group, giving rise to incidents or detection of risk with an impact beyond a pre-determined level. This system enables Co-Presidents, when necessary, to give orders covering the entire Group.

The group risk management process



Actions for priority risk factors within our Group

Every year, the Company compiles the results of the CSA performed by the heads of PCGs and identifies/analyzes risk factors that have been rated as priority risk items for that year based on their considerations of the status in our Group, social environment and other factors. A summary of FY2023 risk is shown below.

- The risk related to international taxation, which we began addressing based on the results of risk assessment in FY2022, has seen a decrease in risk sensitivity.
- With the rapid progress of digitization in recent years, "IT risk," which is one of the components of the "Risk related to business continuity plan," a priority risk item in FY2022, has come into focus. As a result, the risk associated with IT usage and IT systems has emerged as a priority risk item.
- The risk sensitivity for supply chain risk, risk related to human capital and compliance risk remained largely unchanged or slightly decreased compared to FY2022. However, due to the significant impact of the external environment and the need for long-term mitigation measures, these risks continued to be assessed as priority risk items for FY2023.

Consequently, the priority risk items for FY2023 are the four items listed in the table below. Each PCG is implementing necessary measures for these priority risk items. As outlined in the "Risk management system," we continue to monitor these risks and take necessary actions.

Risk heat map

Priority risk items for FY2023	Change in risk sensitivity (vs FY2022)	Description of risk and key countermeasures
Risk related to IT use and IT systems	Higher	**Management of information assets, data leakage, systems prepared for disasters and other potential disruptions, formulation of information security policies and rules, etc.** (Actions) Each PCG is working to establish effective security measures tailored to their real-world situations, and is carrying out training and educational programs for employees to ensure immediate and agile response to various threats
Supply chain risk	Unchanged	**Disruptions of raw material supply, exchange rate fluctuations, inventory/logistics management and credit management, etc.** (Actions) Each PCG is taking appropriate actions, such as changing raw materials and raising product prices, as well as enhancing operational capabilities by optimizing its supply chain management processes (streamlining logistics, etc.)
Risk related to human capital	Lower	**Succession for management teams of the Group** (Actions) Each PCG is planning and taking actions on succession plans based on their business plans. Co-Presidents oversee succession plans for key management personnel and share these plans to the Nominating and Compensation Committees
Compliance risk	Slightly lower	**Management of classified information and other risk factors that are intensifying in society** (Actions) Each PCG autonomously monitors these risk factors through self-inspections and self-assessments and the Whistleblowing Hotline, and takes appropriate actions including employee training programs

Whistleblowing Hotline

The Nippon Paint Group Global Code of Conduct and the Global Basic Policy of Whistleblowing Hotline stipulate confidentiality and prohibit unfair treatment of whistleblowers. Each PCG has autonomously established a whistleblowing hotline based on this policy. They have effectively communicated this system to their employees and are operating it appropriately.

The head of each PCG submits a whistleblowing hotline operations status report once every year to the Audit Committee and Board of Directors.

In addition to these activities, Co-Presidents, in a prompt or timely manner, receive information about whistleblowing reports concerning serious violations of laws and regulations, scandals, violations of laws and regulations by the management team of each PCG, other misconduct, or specific information about the possibility of this type of event. This reporting system enables Co-Presidents to quickly give orders for responding to these events as required.

In FY2023, internal investigations were conducted on a total of 53 whistleblowing cases across the Group companies in response to whistleblowing reports. The appropriate departments within each PCG handled these cases according to their nature, conducting investigations, analyses, and implementing necessary actions. By doing so, we are working towards preventing violations and other improper conduct through measures such as establishing/enhancing appropriate systems and providing employee training. Through the GAC, we share updates on reporting, responses, and awareness initiatives from each PCG, aiming to enhance the effectiveness of our Whistleblowing Hotline.

Whistleblowing reports received in FY2023	Number of reports
Working environment (industrial accidents, harassment, discrimination, etc.)	31
Loss of assets/Leakage of information (conflict of interest, embezzlement, illegal use of data, etc.)	7
Accounting fraud	0
Violations of laws and regulations (anti-trust law violations, insider trading, bribery, business laws violations, etc.)	4
Others	11
Total	53

» For past records, please refer to our "Whistleblowing reports" on our website.

Directors and Executive Officers (As of June 30, 2024)

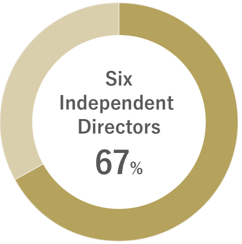
Skill matrix

Name Number of NPHD shares held	Title	Committee membership			Number of years in office	Attendance at the Board of Directors/ committee meetings in FY2023 (attendance/number of meetings)				Experience/Expertise						
		Nominating Committee	Compensation Committee	Audit Committee		Board of Directors	Nominating Committee	Compensation Committee	Audit Committee	Corporate management	Global business	M&A	Finance	Legal affairs	IT/Digital	Manufacturing/ Technology/ R&D
Yuichiro Wakatsuki 180,110	Director, Representative Executive Officer & Co-President				2	9/9	–	–	–	○	◎	◎	◎	○		
Wee Siew Kim 100,000	Director, Representative Executive Officer & Co-President				2	9/9	–	–	–	◎	◎	◎	○			○
Goh Hup Jin –	Chairman	○	○		9	9/9	6/6	7/7[*1]	–	◎	◎	○	○	○	○	◎
Hisashi Hara 117,237	Independent Director	○ (Chairperson)			6	9/9	6/6	–	–	◎	◎	◎		◎		
Peter M Kirby 50,400	Independent Director			○	2	9/9	–	–	5/5[*3]	◎	◎	◎	○	○	○	○
Lim Hwee Hua 50,400	Independent Director		○ (Chairperson)		2	9/9	–	5/5[*2]	–	○	◎	◎	◎		○	
Masataka Mitsuhashi 76,689	Independent Director			○ (Chairperson)	4	9/9	–	–	8/8	○	◎	◎	◎			
Toshio Morohoshi 96,689	Independent Director	○		○	6	9/9	6/6	–	8/8	◎	◎	○			◎	○
Masayoshi Nakamura 109,918	Lead Independent Director Board Chair	○	○		6	9/9	6/6	7/7[*1]	–	○	◎	◎	◎			

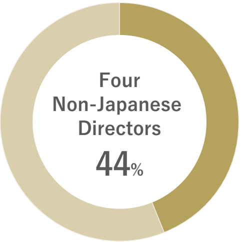
[*1] Excluding attendance at committee meetings focused on agenda items in which Directors Goh and Nakamura had a special interest. [*2] After assuming the role of Compensation Committee member on March 28, 2023
[*3] After assuming the role of Audit Committee member on March 28, 2023

Features of the Board's composition

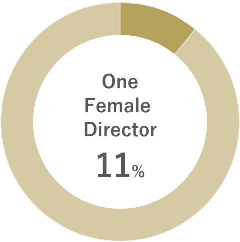
Ratio of Independent Directors



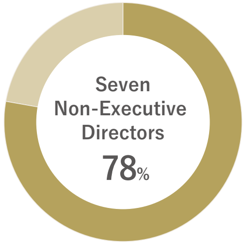
Ratio of Non-Japanese Directors



Ratio of Female Directors



Ratio of Non-Executive Directors



Directors and Executive Officers

Directors

🟩 Nominating Committee 🟥 Compensation Committee 🟦 Audit Committee

Yuichiro Wakatsuki

Director

Representative Executive Officer & Co-President

Date of birth:
August 28, 1966

After building his investment banking career at The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.) and other reputable institutions, Yuichiro Wakatsuki joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.) in 2000. He led the company's M&A advisory services, including M&A strategy and fund procurement of clients, first as the Head of Japan Mergers and Acquisitions and later as the Director and Vice Chairman of Japan Investment Banking. In 2019, he joined Nippon Paint Holdings and served as Senior Managing Corporate Officer and CFO, and has been leading execution as Representative Executive Officer & Co-President since 2021.

Wee Siew Kim

Director

Representative Executive Officer & Co-President

Date of birth:
August 19, 1960

Prior to his current position, Wee Siew Kim was Deputy CEO of Singapore Technologies Engineering Ltd., which is an aerospace and defense engineering company. He was a Member of Parliament in Singapore for around 10 years from 2001. Since his appointment as the Group Chief Executive Officer of NIPSEA Group in 2009, he has driven growth of the group to become the core business of Nippon Paint Group. Since 2021, he has been leading execution of Nippon Paint Group as Representative Executive Officer & Co-President of NPHD.

Goh Hup Jin

Chairman

🟩 🟥

Date of birth:
April 6, 1953

Goh Hup Jin is the Managing Director of Wuthelam Holdings, the parent company of NPHD. Under his initiative, NIPSEA Group expanded operations into China in 1992 ahead of other major paint and coatings manufacturers, and has grown into the Group's core business. His excellent management skills have earned the "NIPPON PAINT" brand a high level of recognition mainly in the decorative paints area in other parts of Asia as well and deep market penetration across markets where the Group operates.

Hisashi Hara

Independent Director

🟩 (Chairperson)

Date of birth:
July 3, 1947

With a career of over 40 years as an attorney, Hisashi Hara has been involved in numerous cross-border M&A deals and has assisted in various corporate legal matters. In 2011, he received the Chambers Asia-Pacific Lifetime Achievement Award from Chambers Partners, which is just one of many commendations in recognition of his good reputation as an attorney involved in cross-border M&A deals.

Peter M Kirby

Independent Director

🟦

Date of birth:
August 2, 1947

Peter M Kirby has experience of managing global paint and coatings companies, including Chairman and CEO of ICI Paints Worldwide. He subsequently assisted the management team of DuluxGroup (then an ASX-listed company and currently NPHD's subsidiary) as Board Chairman and other positions. He also served as Independent Director at corporations and investment banks in the U.S. and Australia.

Lim Hwee Hua

Independent Director

🟥 (Chairperson)

Date of birth:
February 26, 1959

Following her election to the Parliament of Singapore, Lim Hwee Hua held several important positions and cabinet posts in the Singapore Government. Prior to joining the Singapore Cabinet, she served as Managing Director at an investment company owned by the Singapore Government, where she executed restructuring and strategic relations with foreign countries. She had been involved in private equity activity such as Kohlberg Kravis Roberts.

Directors and Executive Officers

Masataka Mitsuhashi

Independent Director
🟦 (Chairperson)

Date of birth:
September 30, 1957

Masataka Mitsuhashi has many years of extensive experience as a certified public accountant at PwC Japan Group, where he was engaged in accounting audit and M&A-related activities. He also has specialized and global knowledge and experience in long-term value creation for companies from an ESG perspective as Representative Director of a consulting firm.

Toshio Morohoshi

Independent Director

🟩 🟦

Date of birth:
August 24, 1953

Toshio Morohoshi was formerly involved in the management of Fujitsu Limited, Japan's leading global electronics company, and managed multiple global IT companies and Japanese listed companies as Representative Director and President. He has expertise in transformation of business models, processes, and corporate cultures as well as international business based on his more than 20 years of corporate management around the world and extensive global top management experience.

Masayoshi Nakamura

Lead Independent Director

Board Chair

🟩 🟥

Date of birth:
November 10, 1954

Masayoshi Nakamura has more than 30 years of experience as a specialized professional in M&A advisory and capital market financing at major US investment banks Lehman Brothers and Morgan Stanley, as well as at Mitsubishi UFJ Securities (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.). He has experience and a track record in successfully executing numerous large-scale cross-border M&A deals.

Executive Officers

Yuichiro Wakatsuki

Director, Representative Executive Officer & Co-President

Wee Siew Kim

Director, Representative Executive Officer & Co-President

Yuri Inoue

Managing Executive Officer, GC

»» For brief profiles of Directors and Executive Officers, see "Management Team" on our corporate website.

»» "Reason for Selection as Independent Directors" is also available on our corporate website.

»» For our governance-related achievements from previous years, please refer to the "ESG Data (Governance)" section on our website.

Index Inclusion and External Evaluations (as of July 31, 2024)

General

Selected for the third consecutive year as a constituent of the MSCI Japan ESG Select Leaders Index (June 2024)

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

Selected for the third consecutive year as a constituent of the FTSE4Good Index Series and the FTSE Blossom Japan Index (June 2024)

Selected for the third consecutive year as a constituent of the FTSE Blossom Japan Sector Relative Index (June 2024)

FTSE4Good | FTSE Blossom Japan Index | FTSE Blossom Japan Sector Relative Index

Selected for the 13th consecutive year as a constituent of the SOMPO Sustainability Index (June 2024)

Awarded the Grand Prize G at the Nikkei Integrated Report Award 2023 (February 2024)

Selected for the second consecutive year for the Best Practice Award of the Integrated Report Award organized by Nikko Research Center, Inc. (June 2023)

2024 Sompo Sustainability Index

NIKKEI Integrated Report Award 日経統合報告書アワード

Human resources/organizations

Selected for the fifth consecutive year as a constituent of the MSCI Japan Empowering Women (WIN) Select Index (June 2024)

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Selected for the second consecutive year as a constituent of the Morningstar Japan ex-REIT Gender Diversity Tilt Index (December 2023)

MORNINGSTAR GenDi J
Japan ex-REIT Gender Diversity Tilt Index
TOP CONSTITUENT 2024

Technologies

Nippon Paint Marine Coatings' FASTAR antfouling hull coating won Environmental Technology Award at Japan Chemical Industry Association's 56th annual awards (May 2024)

Nippon Paint won the Grand Prize in the renovation category of the 26th Good Painting Color Environment Color Competition (January 2024)

Nippon Paint Marine Coatings won the Marine Technology Award at the Seatrade Maritime Awards 2023 (November 2023) and the GREEN4SEA Technology Award, an environmental accreditation program (April 2021)

2021 Technology Award GREEN4SEA

Nippon Paint Automotive Coatings received the Jury's Award at the SURCAR (the international conference on automotive body finishing) (July 2023)

Nippon Paint Industrial Coatings won the Environmental Technology Award 2020 for technology to develop high-durability heat shield coating for road surfaces (May 2021)

External partners

Nippon Paint Automotive Coatings received the Special Excellence Award (Quality Management) from Toyota Housing Corporation for the 13th consecutive year (April 2024)

Customer base

Selected for the 13th consecutive year as the No.1 paint brand by the top 500 Chinese real estate developers (March 2024)

Selected as influential brand among the nation/consumers in 2022 (December 2022)

Brands/know-how

Nippon Paint was selected for the third consecutive year among Brand Finance's Top 10 Most Valuable Paint Brands in the World (June 2024)

Selected as No.1 wall paint brand for the eighth consecutive year and as No.1 wood paint brand for the 12th consecutive year in the China Brand Index (C-BPI) (May 2024)

Awarded the 1st place in the wall paint category and the wood paint category of China Net Promote Score (C-NPS) (January 2024)

Several DuluxGroup brands recognized as Australia's Most Trusted Brands (2024)

Achieved 1st place with a Top of Mind score of 51% in the brand awareness survey in China (2023)

» **P54 China Business Strategy**

Achieved 1st place with a Top of Mind score of 26% in the brand awareness survey in Indonesia (2023)

» **P51 Indonesia Business Strategy**

Financial base

Selected for the ninth consecutive year as a constituent of the JPX-Nikkei Index 400 (August 2023)

JPX-NIKKEI 400

Selected as a constituent stock of JPX Prime 150 Index (May 2023)

Nature/environment

Selected for the seventh consecutive year as a constituent of the S&P/JPX Carbon Efficient Index (June 2024)

S&P/JPX Carbon Efficient Index

Our roof paint Thermo Eye Si certified under the EcoLeaf environmental labeling program (January 2024)

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* THE INCLUSION OF NIPPON PAINT HOLDINGS CO.,LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NIPPON PAINT HOLDINGS CO.,LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Corporate Information (as of December 31, 2023)

Corporate profile

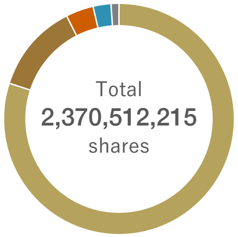
Trade name	Nippon Paint Holdings Co., Ltd.
Head Office	Tokyo Head Office (relocated on July 22, 2024) 5th Floor, Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo, Japan Osaka Head Office 2-1-2 Oyodo Kita, Kita-ku, Osaka-shi, Osaka, Japan
Founded	March 14, 1881
Capital	671,432 million yen
Number of employees	34,393 (consolidated)
Fiscal year	January 1 to December 31

Stock information (as of December 31, 2023)

Total number of authorized shares	5,000,000,000
Total number of issued shares	2,370,512,215
Number of shareholders	16,833

Distribution by type of shareholders (shareholding ratio)

■ Foreign investors	80.17%
■ Financial institutions	12.53%
■ Individual and other investors	3.72%
■ Other Japanese corporations	2.57%
■ Financial instruments business operators	1.01%



*The treasury stock of 21,879,817 shares is included in "Individuals and other investors."

»» For more information, please refer to the "Stock Information" section on our website.

Major shareholders

Name	Number of shares	Shareholding ratio (%)
Nipsea International Limited	1,293,030,000	55.05
The Master Trust Bank of Japan, Ltd. (Trust Account)	157,863,100	6.72
Fraser (HK) Limited	85,000,000	3.61
UBS AGLB SEG AC UNTRADABLE SHARES	84,521,800	3.59
Nippon Life Insurance Company	51,381,365	2.18
Custody Bank of Japan, Ltd. (Trust Account)	43,569,200	1.85
GOVERNMENT OF NORWAY	28,477,295	1.21
HSBC OVERSEAS NOMINEE (UK) LIMITED A/C PSJP	27,124,300	1.15
HSBC - FUND SERVICES CLIENTS A/C 500	23,566,900	1.00
BNYM TREATY DTT 15	21,007,468	0.89

*1 The shareholding ratio is calculated exclusive of treasury stock (21,879,817 shares).

*2 Nipsea International Limited is a wholly owned subsidiary of Wuthelam Holdings Ltd., of which Mr. Goh Hup Jin, the Director of the Board of Nippon Paint Holdings (NPHD), serves as Managing Director.

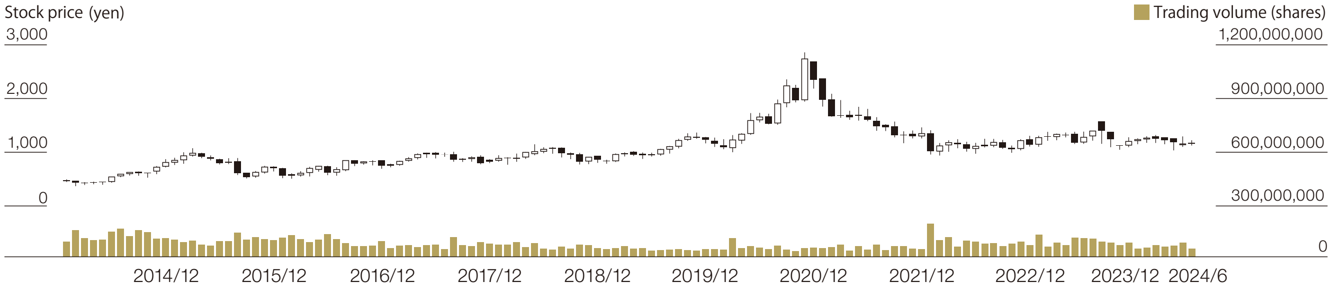
*3 Fraser (HK) Limited is a subsidiary of a company, W (BVI) Holdings Limited, whose majority voting rights are held by Mr. Goh Hup Jin, the Director of the Board of NPHD, on its own account, and falls under related parties of NPHD.

Ratings information (as of July 10, 2024)

Institution	Rating	Rating Outlook
R&I Rating	A	Stable

»» For trends in ratings, please refer to the "Bonds and Ratings" section on our website.

Stock price information



Stock price and volume chart

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Stock price at December 31 (yen)	704	592	637	713	752	1,128	2,266	1,254	1,039	1,140
Year-to-date high (yen)	764	972	745	904	1,046	1,270	2,796	2,292	1,314	1,313
Year-to-date low (yen)	260	407	402	619	668	687	906	1,078	843	953
Annual trading volume (shares)	1,430,850,000	1,094,497,000	1,066,649,000	774,400,000	701,485,000	493,972,000	604,362,500	601,920,600	1,040,218,600	979,697,000

* NPHD implemented a 5-for-1 stock split on April 1, 2021. The stock price and trading volume are calculated assuming that the stock split was carried out in January 2014.

Basic & New
NIPPON PAINT HOLDINGS