Nippon Paint Group Management Resources

Human capital
- Diversity and Inclusivity
  - Safe and diverse workplace
- Climate change
  - Risk assessment and management
  - Innovation for a sustainable future

Manufactured capital
- Technologies
  - Industry-academia co-creation
  - Significant collaboration with external parties that are strategically important for our competitive advantage, such as to enable stable product supply.

Social and relationship capital
- External partners
  - The strong customer base based on long-term brand loyalty of trust and heightened satisfaction with our products and services is important for stabilising earnings and product reputation and continues to improve product performance and services.

Customer base
- Customer and consumer place importance on reliability of product and services. The power that our Company and brand names carry is a resource indispensable to operating a wide range of businesses worldwide.

Intelectual capital
- Brands
  - Nippon Paint brand is proof of high-quality products and services.
  - DuluxGroup boasts outstanding application technologies and oversees the AYDA (Young Designer Awards) in April 2021.

Financial capital
- Expanding sustainable growth requires abundant funds to continue investing in M&A. In March 2020, Nippon Paint established the bio-production facilities, and hence ensured increasing its ability to generate clean cash flow and a sound financial base.

Natural capital
- New materials, new energy, water, and other resources are essential to a paint manufacturer's commitment to business sustainability.

Six categories of capital

Nippon Paint Group management resources

Importance of management resources in value creation
- Operating human resource and organizational capabilities that can immediately recognize and respond to customer needs and promptly provide effective solutions are essential in this paint market which is characterized by local production for local variety for uses for paint products.

Competitive advantages (strengths) of management resources
- Overseas human resources and an R&D network inform about local market characteristics (China, Europe, etc.) and the trend.
- Safe people and operations, high-level of employee satisfaction, and proactive Diversity & Inclusion.
- Resources and environment, such as incorporating factory automation (China, Australia, etc.) and reducing energy consumption.
- Strong relationship of trust with industry-academia co-creation (Nippon Engineering, SOMPO, etc.).

Major external evaluations
- Selected as a constituent of the MSCI Asia Ex-Japan Empowering Women Index (World) for the consecutive years (2021).
- Nippon Paint received the GreenBiz60 Technology Award (April 2021) for the monitoring point AkronGARD™.
- Selected as the first Gold status manufacturer for sustainable paint products in Europe (April 2021).
- Selected for Best Brand Awareness for Wall Paint in China (February 2021).

Particularly relevant materiality
- For more details on Materiality, see page 21.

Increasing management sophistication and effectively using resources based on Powerful Partnerships
- Sharing the best practices and expertise of Group partner companies is important and essential for the Group to achieve ESG initiatives of NPEA and successfully utilize appropriate human resource allocation and improve the organisational structure and management efficiency.
- Developing the Nippon Paint brand overseas, which is proud of technological strengths and high quality, is important for maintaining its global brand awareness with the Group and expanding from locally based companies to developing Australian Sealy’s brand overseas.

Examples of the active use of management resources and generation of synergies
- Dining Maximization of Shareholder Value (MSV) through the development of PROTECTION antiviral and antibacterial paint brand (more details, see page 50).