



Driving Maximization of Shareholder Value (MSV) through the development of PROTECTON anti-viral and anti-bacterial paint brand

The Nippon Paint Group has taken steps to help solve social issues, and is addressing serious social needs to respond to COVID-19 such as launching the PROTECTON anti-viral and anti-bacterial paint brand in September 2020.

Using the development of PROTECTON brand as a case example, this page introduces examples in practicing our Group's value creation model (see page 33) aimed to achieve MSV as our ultimate objective based on the Powerful Partnerships with our partner companies around the world.

Pursuing innovation to solve social issues

PROTECTON anti-viral and anti-bacterial paint brand was specifically developed to address the **global social issue①** of infectious diseases. Our commitment to addressing social issues is expressed in the Nippon Paint Group's **ESG Statement②**: "Finding solutions to global sustainability challenges is our responsibility to future generations and is a driving force for our continued growth and success." (See "Roles of Paint and Coatings in Society" on page 03). This brand is also an example of our actions for "Innovation for a Sustainable Future," which is one of our points of **materiality③** (See "Materiality / Risks and Opportunities" on page 41).

We anticipate that innovation initiatives aimed at solving social issues will lead to the expansion of growth opportunities for our Group as products and services addressing environmental and social issues will make large contributions to both society and our corporate earnings with the expansion of the market for products that help climate change mitigation and adaptation. At the same time, a lack of sufficient innovation ability presents risks of delaying our responses to new markets, which can adversely impact our future business performance (**Risks and Opportunities④**).

Our Group appropriately understands both the opportunities and risks as we continue focusing on developing products that address social issues, like the PROTECTON anti-viral and anti-bacterial products, to further expand our scope of business opportunities through ESG initiatives (see "Sustainability Strategy" on page 77).

PROTECTON products created through the power of "Science + Imagination"

Our Group' initiatives to generate innovation are conducted with an emphasis on the **Purpose⑤** defining the shared identity of our Group. The Purpose expresses our commitment to "Enriching our living world through the power of Science + Imagination." PROTECTON products embody that Purpose. Their outstanding anti-viral and anti-bacterial technologies were developed by combining our Group's existing paint technologies with the latest photocatalyst technology. The PROTECTON technologies were created by applying "Science."

At the same time, finding the best applications for the superior technologies (Science) requires the ability to use "Imagination" to envision and accurately understand

situations in which society, customers, and end users will use the products. PROTECTON products were designed for the social issues arising from COVID, and were developed for specific situations of creating safe indoor living environments. Based on that vision, we used technology with a visible light responsive photocatalyst that provides strong protection against virus transmission. We are now working to expand the PROTECTON lineup with products for various situations, such as for use in homes, offices, medical institutions, schools, cars, trains, entertainment facilities, and ships.

The PROTECTON technology is an example of the Nippon Paint Group actively leveraging its technological strengths to solve social issues with the aim of making a sustainable and flourishing world and contributing to the creation of wealth.

Tangible and intangible management resources for the power of "Science + Imagination"

Our Group's diverse tangible and intangible **management resources⑥** accumulated through strategic investments are the primary forces behind our power of "Science + Imagination" (See page 27). We

develop new technologies used in PROTECTON by making full use of management resources acquired and accumulated over our 140-year history. We also accelerate collaboration and co-creation initiatives with external partners (social and relationship capital) with outstanding expertise and technologies, such as the University of Tokyo (see "Innovation for a Sustainable Future" on page 118) as well as by reinforcing our human resources and organizations (human capital) by developing R&D engineers around the world, while leveraging our sound financial base (financial capital) to procure any necessary financing. In addition, following our Purpose, we are sharing within the Group the expertise and know-how gained while developing the PROTECTON products as we continue to contribute to solving social issues around the world by closely collaborating with **Group partner companies⑦** worldwide that are tightly linked together through our Purpose and demonstrating our Group's **four unique strengths⑧** (See page 40).

Driving MSV by fulfilling duties to stakeholders

Since launching of the PROTECTON brand in September 2020, we have been steadily expanding the product lineup **through business⑨** and as of July 2021 had introduced five new anti-viral and anti-bacterial products for professional use and DIY/home use. We will continue to expand the lineup of anti-viral and anti-bacterial products for professional and home use that go beyond paint and coatings, and will aggressively market the products to pursue top-line growth. Increasing revenue will increase customer trust in the Company while also **fulfilling our duties to stakeholders⑩** by enabling us to provide appropriate payment amounts to our raw material suppliers and employees as well as to contribute to the environment and society. Our ultimate objective of **MSV⑪** is to maximize the shareholder value

that remains after fulfilling our duties to our customers, employees, society, and other stakeholders (See page 21).

Our Group is committed to practicing value creation initiatives through the expansion of ESG-driven business opportunities such as the development of PROTECTON products. We will pursue the achievement of MSV after fulfilling our duties to stakeholders based on Powerful Partnerships (See page 22) with our partner companies around the world.

- * The products are not guaranteed to be effective against all or any specific viruses and bacteria. The products also do not exhibit effectiveness for preventing or treating diseases.
- * The products do not inhibit indoor airborne viruses.
- * The conditions under which their effectiveness is exhibited vary by product. Actual conditions of use also affect their effectiveness.

For more information about the PROTECTON brand, please see the PROTECTON brand site on our website and NIPPE HOME ONLINE shopping site for paint for DIY use.

PROTECTON brand site:
<https://www.protecton.jp/en/>



NIPPE HOME ONLINE (Japanese only):
<https://www.nippehome-online.jp/>

