

Applying our strengths to items of materiality to solve social issues and create business opportunities

Accompanying the expansion of our overseas operations, we reviewed our materiality in August 2020 based on our policy of integrating SDGs and ESG initiatives into our corporate management.

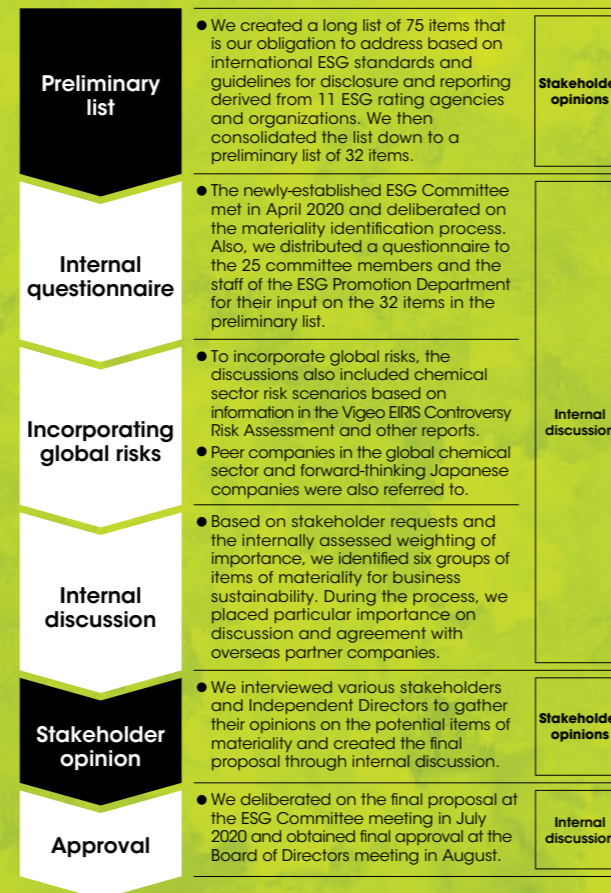
We identified items of materiality by creating a list of material issues which society requires us to address and by referencing international guidelines such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) as well as items required by ESG research organizations. We then performed quantitative evaluations of each issue and verified their significance in terms of the degree of importance to stakeholders and the degree of importance to our businesses. We engaged external experts to gain objective viewpoints on the issues and held discussions with our partner companies around the world to identify material issues associated with our business model and the business environment. The issues were then designated as our items of materiality.

Cross-functional teams under the ESG Committee were assigned to each materiality to discuss and develop materiality initiatives (See "ESG management system" on page 78). We have started gathering information on important topics and sharing the latest issues and ideas with our Group's partner companies worldwide.

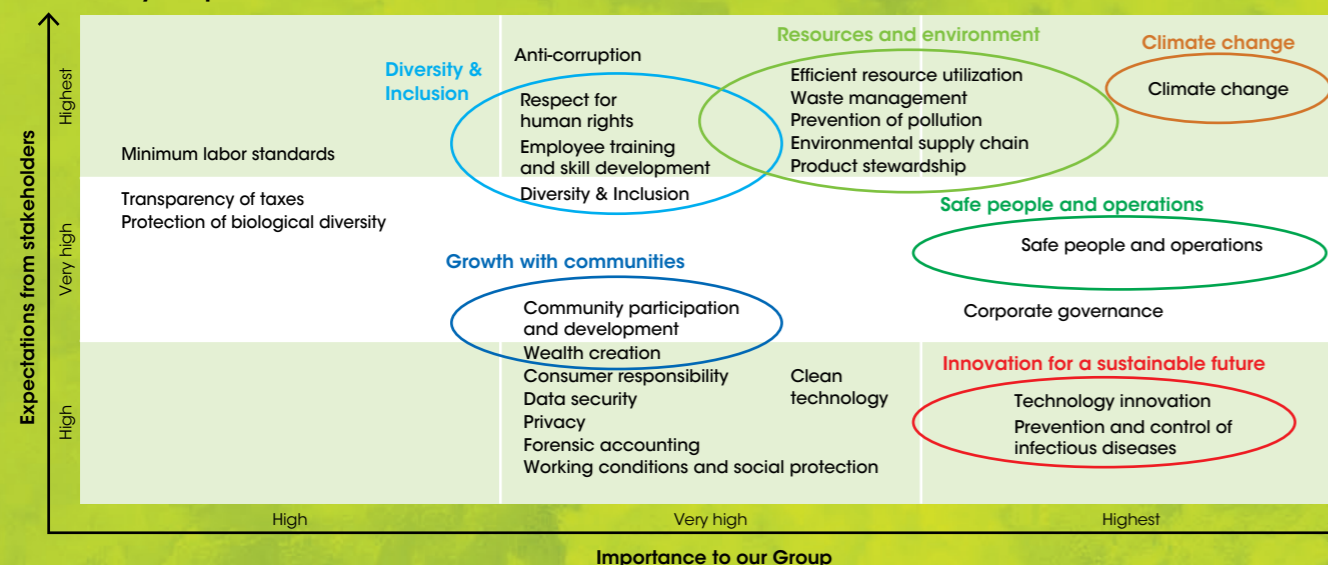
We are applying our Group's technological strengths and actively collaborating with external partners to address social issues. We are also contributing to achieving the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015.

* Please visit our website for information about our CSR Goals through FY2020 and the progress and achievements in FY2020 at: <https://www.nipponpaint-holdings.com/en/sustainability/about/materiality/>

Materiality Identification Process



Materiality map



Materiality Relevant SDGs Explanation of Materiality

| | | |
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| Climate change | | Climate change is beginning to have a serious impact on our lives every year. To mitigate the impact of climate change, we will work to reduce greenhouse gas (GHG) emissions and minimize business risks caused by climate change. |
| Resources and environment | | Effective use of resources such as water, energy, and raw materials, and prevention of environmental pollution are important matters for sustainable business. We will advance these efforts throughout life cycle of products. |
| Diversity & Inclusion | | Respect for the people around us and active acceptance of diverse values are important for our sustainable growth. We place great importance on the diversity of employees and other people involved in the business and respect human rights. |
| Safe people and operations | | As a chemical manufacturer, we still believe that accidents and health damage caused by handling chemical substances are major risks. We will ensure the safety of employees and everyone involved in our business, and will make investments and education to minimize risks. |
| 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. |
| 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. |

