

Expanding business opportunities through ESG initiatives for sustainable growth

Further commitment to SDGs and ESG

Materiality (Relevant SDGs)	ESG Agenda	ESG Action Examples	Business Opportunities						
Climate change	<ul style="list-style-type: none"> Reduction of greenhouse gas (GHG) emissions Identification of risks and opportunities 	<ul style="list-style-type: none"> CO₂ reduction (Scope 1 & 2) Started to calculate global Scope 3 emissions Started TCFD scenario analysis (identifying risks and opportunities, etc.) 	<ul style="list-style-type: none"> New opportunities emerging within the low-footprint product market Facilitate production line restructuring/automation to address aging and obsolescent parts in plants and improve profitability Identify customer needs and strengthen branding Revenue growth through acceleration of innovation (Example) <ul style="list-style-type: none"> Anti-viral and anti-bacterial paint brand PROTECTON Coatings for offshore wind turbine systems FASTAR next-generation antifouling paint on ship bottom 						
Resources and environment	<ul style="list-style-type: none"> Waste/energy consumption (efficient consumption)/water resource consumption/pollution management, product stewardship 	<ul style="list-style-type: none"> Promoting gender diversification on Board/management team Percentage of women (2020) <table border="1"> <tr> <td>The Board of Directors (NPHD)</td> <td>12.5%</td> </tr> <tr> <td>Employees (global)</td> <td>24.0%</td> </tr> <tr> <td>Management posts (global)</td> <td>23.8%</td> </tr> </table> 		The Board of Directors (NPHD)	12.5%	Employees (global)	24.0%	Management posts (global)	23.8%
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Diversity & Inclusion	<ul style="list-style-type: none"> Increase the percentage of women in management posts Improvement of employee engagement 	<ul style="list-style-type: none"> Establishment of the NIPPON PAINT Group Global Outreach Program Enhancement of Education/Empowerment/Engagement, and data collection 							
Safe people and operations	<ul style="list-style-type: none"> Disaster (fire accident) prevention and process safety Fatality and injury prevention 	<ul style="list-style-type: none"> Promotion of cross-industrial collaboration Development of products that benefit society 							
Growth with communities	<ul style="list-style-type: none"> Policy development for the company's social contribution Strategic implementation of social contribution activities 	<ul style="list-style-type: none"> Development of anti-viral and marine-environment-friendly products Expansion of the lineup of products with social benefits 							
Innovation for a sustainable future									

Commitment of a Corporate Officer in charge of ESG promotion

During the period of the New Medium-Term Plan that started in FY2021, we will further push forward with specific actions based on the ESG agenda linked to materiality.

For the response to "Climate change," we will steadily work to reduce CO₂ emissions while shifting to renewable energy and replacing equipment with energy-saving and electrified models. In high-growth countries where markets are expanding, we will focus on reducing emissions per intensity to achieve the net zero targets set by each country.

For "Innovation for a sustainable future," we will contribute to customer needs by providing coatings for offshore wind turbine systems and the next-generation ship bottom antifouling paint FASTAR, since low-footprint products are a very important category in the BtoB business. On the other hand, as the global expansion of COVID-19 from 2020 has led to a growing need for paints with anti-viral and anti-bacterial functions, we plan to continue releasing new products one after another under the PROTECTON brand.

In addition, coexistence with local communities is an important theme for our Group's business operations. For "Growth with communities," we are accelerating social contribution activities through business on a global scale. For example, we launched the global initiative for social contribution activities, the NIPPON PAINT Group Global Outreach Program, in FY2021. We believe that the promotion of this initiative consisting of three pillars — Education, Empowerment, and Engagement — will make significant contribution to the sustainability of our business.

As mentioned above, our Group will expand our business opportunities and contribute to social sustainability through management based on the perspectives of SDGs and ESG.

Yoshiaki Kuroda
Managing Executive Officer and CAO



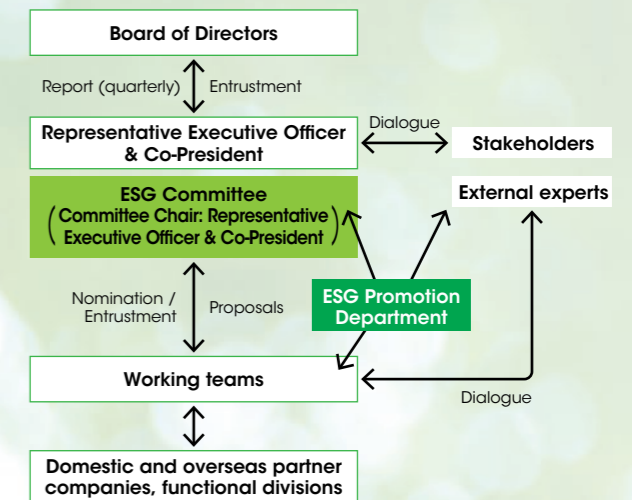
ESG management system

Placing SDGs and ESG at the core of management, we established the ESG Committee in 2020 to have Group-wide discussions on creating and improving sustainable corporate value, as well as accelerating ESG promotion activities.

Chaired by the Representative Executive Officer & Co-President, the ESG Committee formulates strategies, policies and action plans regarding the Group's "vision" based on the perspective of SDGs and ESG, alongside assessing and promoting ESG activities.

In order to progress with our efforts for materiality that was reviewed in August 2020, we have established working teams that directly report to the ESG Committee and consist of members from major partner companies around the world. The working teams are sharing the situations in various regions where our Group operates, learning from each other advanced cases within our Group, working on setting targets to be achieved on a global basis, and formulating measures suited to the circumstances in each operating region.

ESG management system chart



Efforts to formulate KPIs

Our Group has operations in 30 countries and geographical locations around the globe. Currently, we are working with partner companies to formulate specific KPIs for progressing with materiality and the ESG agenda. For initiatives toward "Reduction of greenhouse gas (GHG) emissions," for instance, we are seriously working to identify issues and measures based on the circumstances in each country and region, as the use of renewable energy and certificates differs among countries and regions.

FY2020	Through June: Internal discussion on a global basis
	Through July: Dialogue with stakeholders
	Through August: Deliberation at the ESG Committee and approval by the Board of Directors
FY2021	August: Review of materiality
	March: Formulation of the New Medium-Term Plan and setting of the ESG agenda
	Through September: Identification of issues and measures based on the actual situations in each country and region Through December: Deliberation at the ESG Committee and approval by the Board of Directors

Working teams' activities

The five working teams established under the ESG Committee, respectively composed of executives and persons engaged in actual work from Nippon Paint Holdings and overseas partner companies, are holding global discussions and implementing measures for each topic. The Global Promotion Team 1 shares the progress toward net zero at each location with the theme of "Climate change." The Global Promotion Team 3 is discussing KPIs and their aggregation for the social contribution activity framework "NIPPON PAINT Group Global Outreach Program" under the theme of "Growth with communities."

