

Diversity & Inclusion



Respect for the people around us and active acceptance of diverse values are important for our sustainable growth. The Nippon Paint Group places great importance on the diversity of employees and other people involved in the business and respects human rights.

Promotion of diversity

Our Group is committed to fully leveraging the capabilities and potential of women as an important element in promoting diversity, and is promoting activities unique to our partner companies around the world.

In Japan, for example, we have been sending female employees selected through internal entry system to external training programs for cross-industrial exchanges since FY2016. We are working to develop executives by fostering a leadership through collaboration with members in other industries, and by encouraging autonomous career development by providing opportunities to meet a variety of role models. We are also actively promoting the appointment of management and executive personnel with high expertise from outside the company. In FY2020, one female Director of the Board, one Executive Officer & General Counsel, and two female Corporate Officers were appointed to Nippon Paint Holdings.

In addition, we have established flexible working systems, such as working from home (WFH), hourly paid leave, and shorter working hours, tailored to employees' life events including childcare and nursing care for creating a more comfortable workplace environment. Messages from leadership and explanatory meetings are provided to encourage employees to take advantage of these systems. In FY2020, 86.7% of women and 15.8% of men took childcare leave, with the average number of days taken for childcare leave as 301 for women and 44 for men (among employees of Nippon Paint Holdings).

Overseas, the NIPSEA Group is continuously working in Asian countries to improve gender representation in its management team and the Board of Directors. In the past five years, DuluxGroup has doubled the number of women in the senior leadership team of all business divisions implementing programs for increasing the ratio of women in each position level, focusing on improving the gender balance in particular among senior managers. Dunn-Edwards is improving gender representation in its management team and the Board of Directors, and is working on increasing diversity in race.

Percentage of women (global)		
	Employees	Management post
① NIPSEA	25.6%	29.3%
② Dunn-Edwards	25.9%	28.6%
③ DuluxGroup	36.1%	28.4%
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Global total	24.0%	23.8%

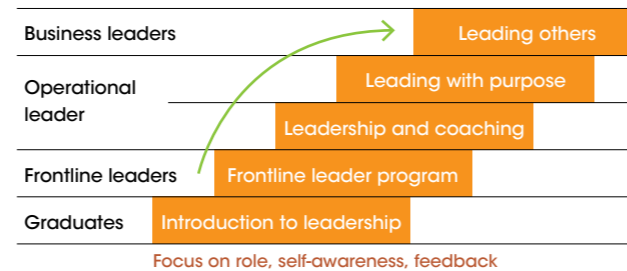
Number of employees			
	2018	2019	2020
Non-consolidated	210	243	342
(average number of temporary employees not included in the above figures)	25	30	45
Japan	3,223	3,373	3,510
Asia	14,287	14,303	15,354
Americas	2,492	2,640	2,581
Oceania	—	3,735	3,826
Other	400	1,919	2,047
Consolidated total	20,402	25,970	27,318

Human resource development for sustainable growth

The most important management resource that supports our Group's sustainable growth is human resources with unlimited potential. For the development of employees, we are expanding educational programs for various types of employees on a global basis every year.

For example, DuluxGroup is aiming to develop world class leaders by providing a comprehensive suite of transition-based leadership programs to support its people to progress in their careers, from first time leaders through to senior leaders. DuluxGroup also empowers its employees to be the catalyst of their own learning through its professional skills curriculum. They have an ever expanding range of topic areas from Strategic and Business Acumen; Management and Marketing Skills; Developing yourself and your career; Health and Wellbeing; IT skills to Knowing our Business for our employees to access, as they recognize we are all lifelong learners.

Leadership programs for all job levels (DuluxGroup)



NIPSEA Group adopts a Group-level learning framework that necessitates the holistic development of its employees with the relevant skills and competencies required at different job levels. They provide an array of training and educational programs in different functional areas, ranging from technical to leadership upskilling. Training programs are tailored at the country level depending on the findings of a yearly training needs analysis. In FY2020, they administered a total of 341,448 training hours for their employees.

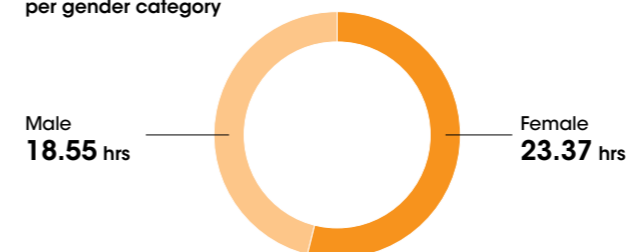
Average training hours per year, per employee category (NIPSEA)

Management	24.05 hrs
Executives & Supervisors	30.78 hrs
Rank & File	15.50 hrs

Employee training hours in FY2020



Average training hours per year, per gender category



In Japan, with the aim of developing autonomous human resources who can flexibly respond to changes in the global social situation and business environment and continuously contribute to business performance, we provide daily education through business operations and off-the-job education and training, as well as focus on developing management personnel who can exercise leadership and their successors.

For the development of human resources who can succeed on a global level, we have overseas language study programs (English and Chinese), MBA programs, and the doctorate study program. We plan to further increase the pace of activities that nurture global leaders while reinforcing the development of core skills required by global business people.

We are also providing position-based training (education for prospective employees, onboarding training for new employees, follow-up training, fourth-year training, eighth-year training, etc.) for all employees according to their respective roles. In FY2021, we launched business college programs to provide onboarding education for mid-career hires and enhance business literacy of management-level employees.

In FY2021, we also introduced the carrier drive program as part of our efforts to create an autonomous career development environment in which employees can work autonomously and independently on their own career development.

Improvement of employee engagement

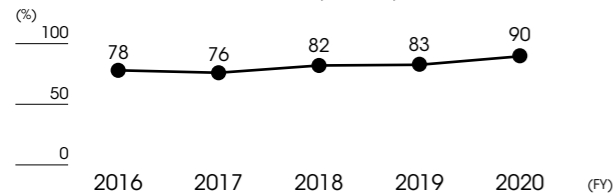
The Nippon Paint Group believes that each and every employee performing his or her duties comfortably and with a sense of satisfaction is the driving force for continuous creation of new value and for increasing corporate competitiveness. Accordingly, we are working to improve employee engagement.

In Japan, we implemented thorough infection control measures to ensure safety and health of employees amid the COVID-19 pandemic, including the establishment of infection prevention guidelines, distribution of masks to employees, provision of disinfectant solutions, active use of work-from-home, and PCR testing of employees who requested the test.

In addition, we renewed the existing role grade system and introduced a job grade system (job-based personnel system) for management-level employees who play a central role in business promotion with the aim of improving employee motivation. We clarified the expected roles and performance requirements for each job, and started compensation benchmarking based on objective indicators.

Furthermore, in order to improve employee engagement and correct problematic issues, we have set up a whistleblowing system "NPHD Group Hotline" for a wide variety of matters ranging from violations of laws and regulations to infringement of human rights such as discrimination. In FY2020, we became a registered operator of the whistleblowing compliance management system certification regime (registration of self-declaration of conformity) under the jurisdiction of the Consumer Affairs Agency. In FY2020, we also established the harassment desk as a contact point for employees to consult on issues of concern, even on minor

Employee satisfaction level (Japan)⁴



⁴ Survey by Nippon Paint Labor Union

issues encountered in daily work. In FY2020, Group companies in Japan received 19 whistleblowing reports in total and took corrective actions based on investigation results, and dealt with a total of 10 consultations received by the harassment desk.

As a result of these efforts, the employee satisfaction level in Japan has been improving year by year.

Creating a rewarding workplace

In Japan, we are striving to create a clean, comfortable and attractive workplace environment to build a rewarding workplace. Since FY2020, we have been promoting the "Food Reform Project," a reform of cafeterias in Group companies in Japan. The objective is to build a corporate culture that fosters the creation of new value by fostering refreshment and stimulating communication among employees by renovating the places where all the Group employees in Japan have lunch and breaks to enhance their mental and physical well-being. Under various restrictions imposed by COVID-19, we are steadily refurbishing our plants and other workplaces based on a concept that takes into account the needs of our employees.

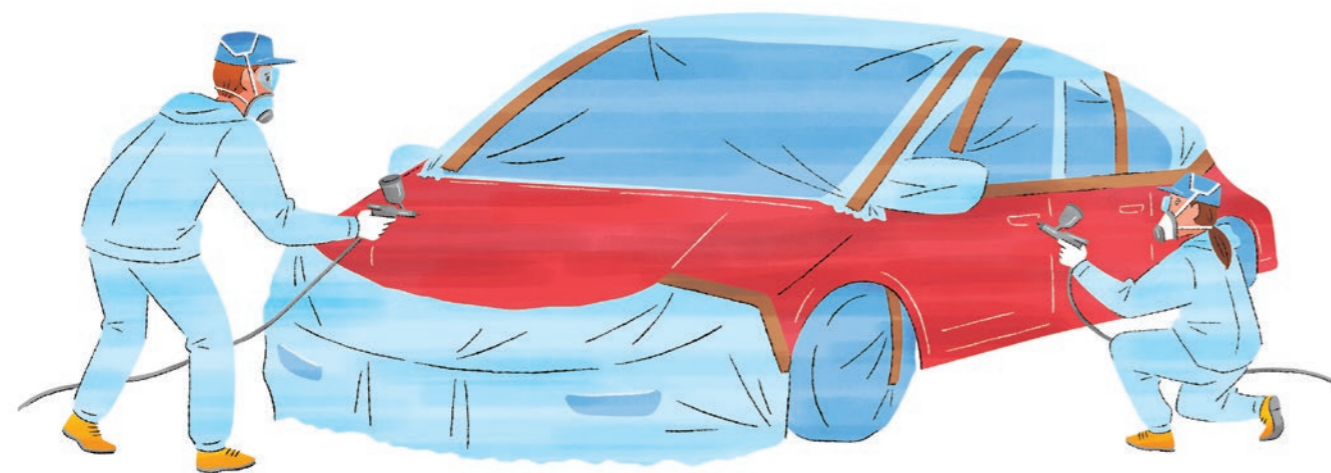


Food Reform Project (in Hiroshima, Chiba and Tochigi)

Basic approach to respecting human rights

Our Group expresses its recognition about issues involving respect for human rights in its materiality. We respect the human rights of employees and other people involved in our business, and are working to address human rights issues.

In accordance with laws and regulations of countries around the world, we aim to eliminate discrimination based on race, religion, gender, age, sexual orientation, disabilities, nationality, etc., and to become a company where people can fully demonstrate their individuality and capabilities.



Safe People and Operations

As a chemical manufacturer, we believe that accidents and health effects caused by handling chemical substances continue to be major risks. To ensure the safety of employees and everyone involved in our business, we make investments and provide various training programs to minimize risks.

Global health and safety initiatives Support for overseas group companies in safety activities

Our Group has continuously been providing its overseas partner companies comprehensive support for the safety and environmental initiatives. In FY2020, although we were not able to visit each site due to COVID-19, we worked to strengthen safety activities in each country and improve leaders' competencies through the NIPSEA Safety & Sustainability Council and online meetings with each site.

In the same year, to effectively prevent serious accidents, we revised our safety assessment to identify and eliminate the risks that might result in a plant shutdown, such as fires and explosions, and deployed it to overseas partner companies. Although overseas accidents have been increasing since FY2017, this is mainly due to the expansion of the scope of data collection.

Health and safety initiatives in Japan

Our Group is committed to the prevention of accidents under the concept that safety takes priority over everything. In FY2020, we engaged all employees (including on-site contractors) in the health and safety activities taking actions based on decisions at the RC Committees, Group safety and environment meetings and Group product safety meetings.

In FY2020, accidents in our Group increased by seven from FY2019, but lost time injury accidents decreased by six. Regarding risk assessment, one of our key health and safety activities, we carried out a review focusing on injuries resulted from falls or dangerous postures, which had been increasing in recent years. Moreover, information about accidents that occurred in the Group were shared with our Group partner companies in Japan for reviewing and strengthening worksite safety rules and precautionary measures.

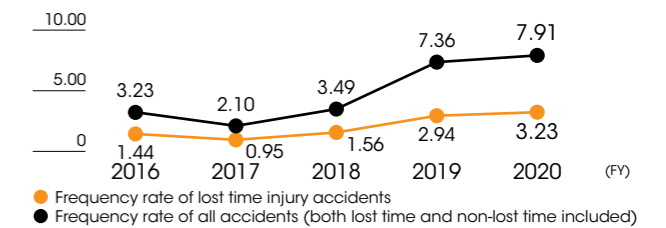
During FY2020, our Group conducted the following Group-wide training programs in Japan.

- Online safety training for new employees: 97 participants
- Online Follow-up training for new employees (contents: risk prediction training, static electricity safety lecture, product safety lecture): 78 participants

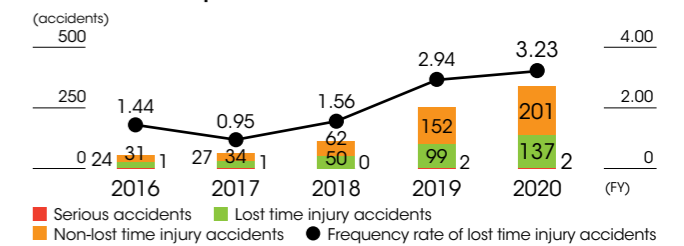
⁵ Scope of data collection
 FY2020: NIPSEA, NPAC, NPMC, Dunn-Edwards, DuluxGroup, and Betek Boya
 FY2019: NIPSEA, NPAC, NPMC, and Dunn-Edwards
 FY2018: NIPSEA, NPAC, and NPMC
 FY2017: NIPSEA and NPAC (In FY2016 + Asia)
 FY2016: NIPSEA and NPAC (Europe and the Americas only)



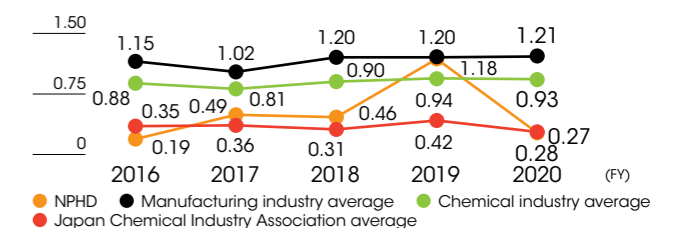
Frequency rate of lost time injury accidents overseas⁵



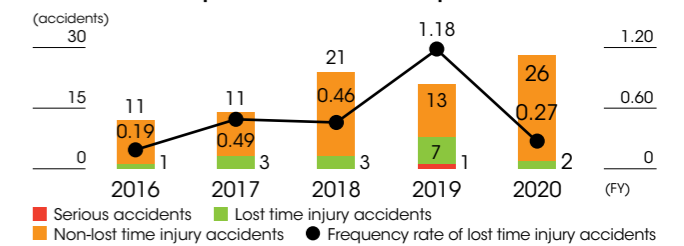
Number of workplace accidents overseas⁵



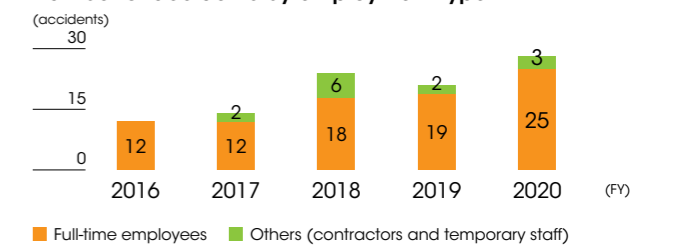
Frequency rate of lost time injury accidents in Japan³



Number of workplace accidents in Japan³



Number of accidents by employment type³



Growth with Communities



We will invest in communities through our value chain to achieve sustainable business growth based on market growth, brand reinforcement and good relationships with local communities.

Globally unified social contribution policy

To achieve sustainable development with coexistence and co-prosperity between the Nippon Paint Group and local communities, we formulated the basic policy on social contribution activities in FY2021. As part of this effort, we launched a global initiative for social contribution activities "NIPPON PAINT Group Global Outreach Program" with the three pillars of the activities: "Education" for the development of future stakeholders; "Empowerment" for the development of industry through support of activities and vocational training for the socially vulnerable; and "Engagement" for collaboration with local communities and stakeholders.

Promotion system

In FY2020, we established meeting bodies to promote materiality both globally and in Japan. We will further drive cooperation within the Group through close information sharing and consultation.

Efforts for cooperation are also being made at each partner company. For example, NIPSEA has a meeting body that connects partner companies in Asian countries and is promoting various global projects. In FY2020, they collected data on social contribution activities for the first time, and received the Asia Responsible Enterprise Awards 2020 under the social empowerment category in September of the same year for their young painter development project and vocational training activities for women in impoverished regions in India.

Pillars (focus areas) and examples of social contribution activities

Pillar	Description	Example of activities
Education	Activities for children and students who are our potential customers or employees	Asia Young Designer Awards (NIPSEA: International competition for students who want to be professional architects or interior designers); Dulux Colour Awards and Dulux Study Tour (DuluxGroup: Awards and study tours for young designers); and social contribution activities by Nippon Paint Mallets (Nippon Paint Holdings)
Empowerment	Support of activities and vocational training for socially vulnerable people, and activities to find talented individuals	n'Shakti (NIPSEA: Vocational training program for women in impoverished regions in India); Ladies Who Paint (Dunn-Edwards: Support for female mural painters); Nippe Fan Farm (Nippon Paint Industrial Coatings: Management of agricultural farms by employing the disabled), etc.
Engagement	Activities including collaboration with local communities and stakeholders, cooperation with NGOs, and disaster relief	Response to the COVID-19 pandemic (Worldwide: Distribution of masks, disinfectants, face guards, etc. to local medical institutions); Response to forest fires in Australia (DuluxGroup, Nippon Paint Holdings); and the industry-academia co-creation agreement with the University of Tokyo (Nippon Paint Holdings)

Measures against and responses to global epidemics

In FY2020, our Group responded to COVID-19 with the following three basic policies: "To protect employees and their families from coronavirus infections," "To secure funds to protect the Group's businesses around the world," and "To have a business continuity plan (BCP) firmly in place."

We implemented activities taking advantage of our Group's business and know-how, including the donation of supplies worth 12 million yen to medical institutions (Japan), the monetary support to painters (Bangladesh, India, etc.), the donation of anti-viral paints (China, Thailand, etc.), and the donation of masks to customers (various countries).



Photo: Noguchi Memorial Institute for Medical Research, University of Ghana Medical School

Effects and impacts of social contribution activities

Our Group is not simply implementing social contribution activities, but also pursuing strategic initiatives paying attention to the impact of these activities on our core business and local communities.

Investment in social contribution activities and its results and impacts

	FY2020	Data collected	Results
	Country/region		19
Global	Number of projects		> 198
	Resources input	Money spent on the activities	> 14.6 million USD
		Time spent on the activities	> 170,000 hours
		Employees and volunteers who participated in the activities	> 9,800 participants
	Results and impacts	Paint used in the activities	> 1.74 million liters
People impacted		> 5.33 million people	
	Media coverage		> 3.73 million USD

For our initiatives worldwide, please visit the "Sustainability" page on our website: <https://www.nipponpaint-holdings.com/en/sustainability/social/>



Innovation for a Sustainable Future



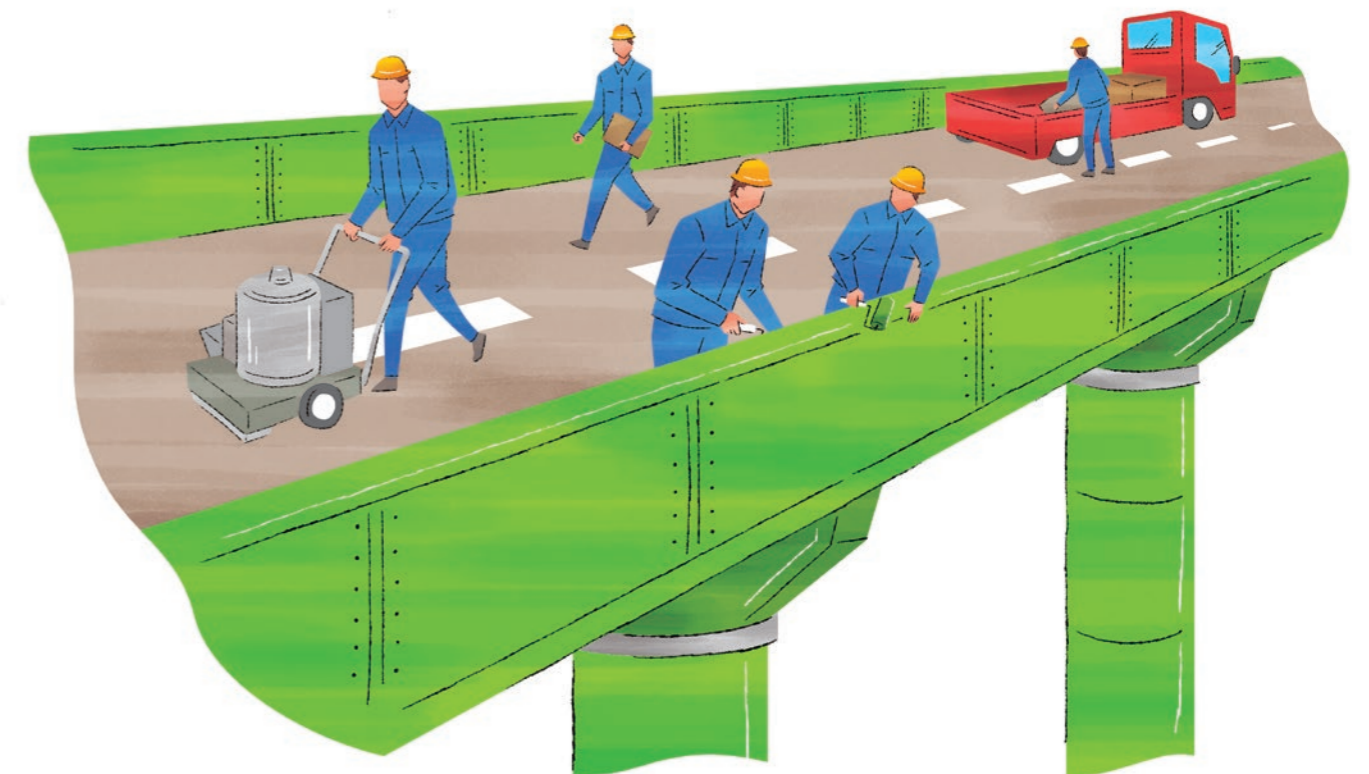
In today's society, problems that are difficult to resolve with conventional approaches are emerging increasingly. We will strengthen our innovation creation capability with active utilization of partnerships.

Innovation strategies and sustainable products

From automobiles to landmarks, the Nippon Paint Group uses its paint and coating technologies to provide colors and joy in every aspect of people's lives. In particular, as indicated by our Group's Purpose "Enriching our living world through the power of Science + Imagination," we have been committed to the development of sustainable products for many years with the aim of resolving social issues through technology. In FY2020, we strategically built a technology development structure, including the collaborative activities with the University of Tokyo and a wide range of other partners to discover new values for social contribution and the enhancement of our organizational structure to develop anti-viral products. We also promoted contribution to climate change mitigation through products such as heat shield paints and fuel-saving hull coatings. In FY2021 and beyond, we will strive to maximize the Group synergies by establishing indices for global initiatives and shifting to full-scale innovation progress management.

Sustainable products

Our Group calls products with features that help resolve social issues "sustainable products." The products are classified into two categories: products that reduce environmental impact throughout product lifecycle by reducing VOCs emitted into the atmosphere or using environmentally friendly raw materials; and beneficial products, which actively contribute to the resolution of new social issues with their features, such as helping customers reduce CO₂ emissions during painting. In FY2020, in response to COVID-19, we actively promoted the development of paints with functions to help prevent infections. We will seriously work to contribute to the resolution of various issues such as prevention of climate change and pollution.

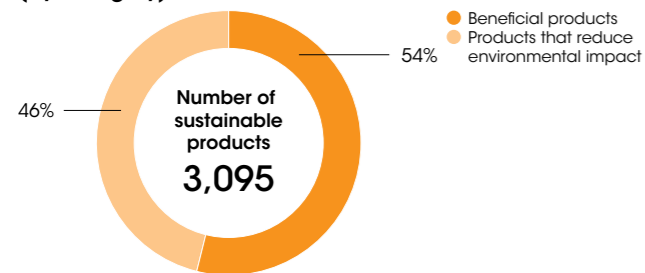


Achievements in sustainable products

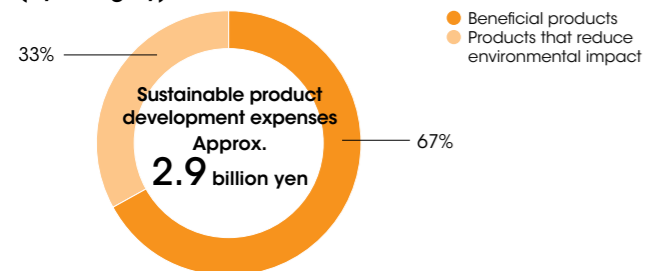
In FY2020, we sold approximately 3,000 sustainable product items in Japan. Of this total, sales of beneficial products with features designed to contribute to solving social issues reached approximately 24.5 billion yen. Research and development expenditures amounting to approximately 2.9 billion yen were allocated to some 120 development themes for sustainable technologies and products in Japan in FY2021.

Going forward, we plan to disclose data on a global basis.

Total number of sustainable products sold in FY2020 (by category)



FY2021 sustainable product development expenses (by category)



Sustainable product (1) Antifouling hull paint AQUATERRAS

Nippon Paint Marine Coatings' antifouling hull paint AQUATERRAS won in April 2021 the TECHNOLOGY AWARD of the environmental award GREEN4SEA VIRTUAL AWARDS hosted by the European maritime NPO SAFETY4SEA for the first time as a Japanese company.

AQUATERRAS is the world's first biocide free self-polishing antifouling paint with a marine-environment-friendly formulation, free of heavy metals, active ingredients and silicone. In addition, this product can reduce the total resistance on hull by up to 10%, thereby contributing to reduction of CO₂ emission. AQUATERRAS received a global award for its innovative technology that achieves both environmentally responsible and efficient vessel operation.

In January 2021, moreover, we launched FASTAR, the next-generation hydrolysis antifouling hull paint that incorporates for the first time a hydrophilic and hydrophobic nanodomain technology, focusing on coating surface control technology, under the concept "Precise, Predictable, Performance."

These low-friction antifouling hull paint products have been continuously developed and provided since 2007, when LF-Sea, the world's first product of this kind, was developed. In 2013, we launched A-LF-Sea, an advanced ultra-fuel-saving antifouling paint for ship bottoms. This type of products has reduced CO₂ emission from global shipping. Our unique low-friction technology, the water trapping technology, won the Minister of the Environment Award in 2019 for its contribution to CO₂ reduction. As of the end of June 2021, low-friction antifouling paint on ship bottoms has been adopted for approximately 3,800 vessels in total.



Sustainable products (2) Anti-viral paint brand PROTECTON



In accordance with our mission of protecting people's health and creating a safe and pleasant future, the PROTECTON

brand debuted in September 2020. PROTECTON is a paint technology brand with anti-viral and anti-bacterial functions developed by combining our paint, coatings, and surface treatment technologies. The name implies the function to "PROTECT" people's lives from threats of viruses and bacteria + to turn the function "ON" to the surfaces of all things.

We are developing the PROTECTON brand for deployment across our partner companies in Japan. We have already launched five anti-viral paint products for industrial, DIY, and household use, including PROTECTON Barriex™ Spray released by Nippon Paint Industrial Coatings in July 2021. PROTECTON will produce various types of products in addition to paint products as a product brand with anti-viral and anti-bacterial functions.

PROTECTON brand proven effective in suppressing novel coronavirus (including its variant): Joint development of new anti-viral nano photocatalyst

Five PROTECTON products have been proven to be effective in suppressing the novel coronavirus (SARS-CoV-2) and its Alpha variant on coated surfaces. This is based on a joint research project between our Group and the Graduate School of Engineering of the University of Tokyo and the Institute of Medical Science. This is the first time in Japan that anti-viral and anti-bacterial products have been proven to be effective in suppressing the Novel coronavirus

(SARS-CoV-2) and its Alpha variant. We have also developed a new anti-viral nano photocatalyst that suppresses Novel coronavirus and its variant (Alpha variant), and are considering its social implementation by introducing it into new PROTECTON products.

Our Group and the University of Tokyo have jointly conducted research activities on coatings technologies with anti-viral functions and functions to prevent the spread of infections for a sustainable post-COVID-19 society. This is one of the joint research themes under the industry-academia co-creation agreement we concluded on May 18, 2020. Through the collaborative research with them, we will continue to conduct tests to verify the effectiveness of our innovative coatings technologies including anti-viral technology using visible light-responsive photocatalyst in suppressing the SARS-CoV-2 virus under actual conditions of use.

* The products used for the test are not intended for medical use as a medical product or medical device. The test results do not indicate the effectiveness of these products in preventing infections.

* These products do not suppress indoor airborne viruses.

