

Contributing to MSV with a sustainability strategy that has stronger links to business activities

Sustainability strategy linked to materiality [▶ For more information about "Materiality" see page 41.](#)

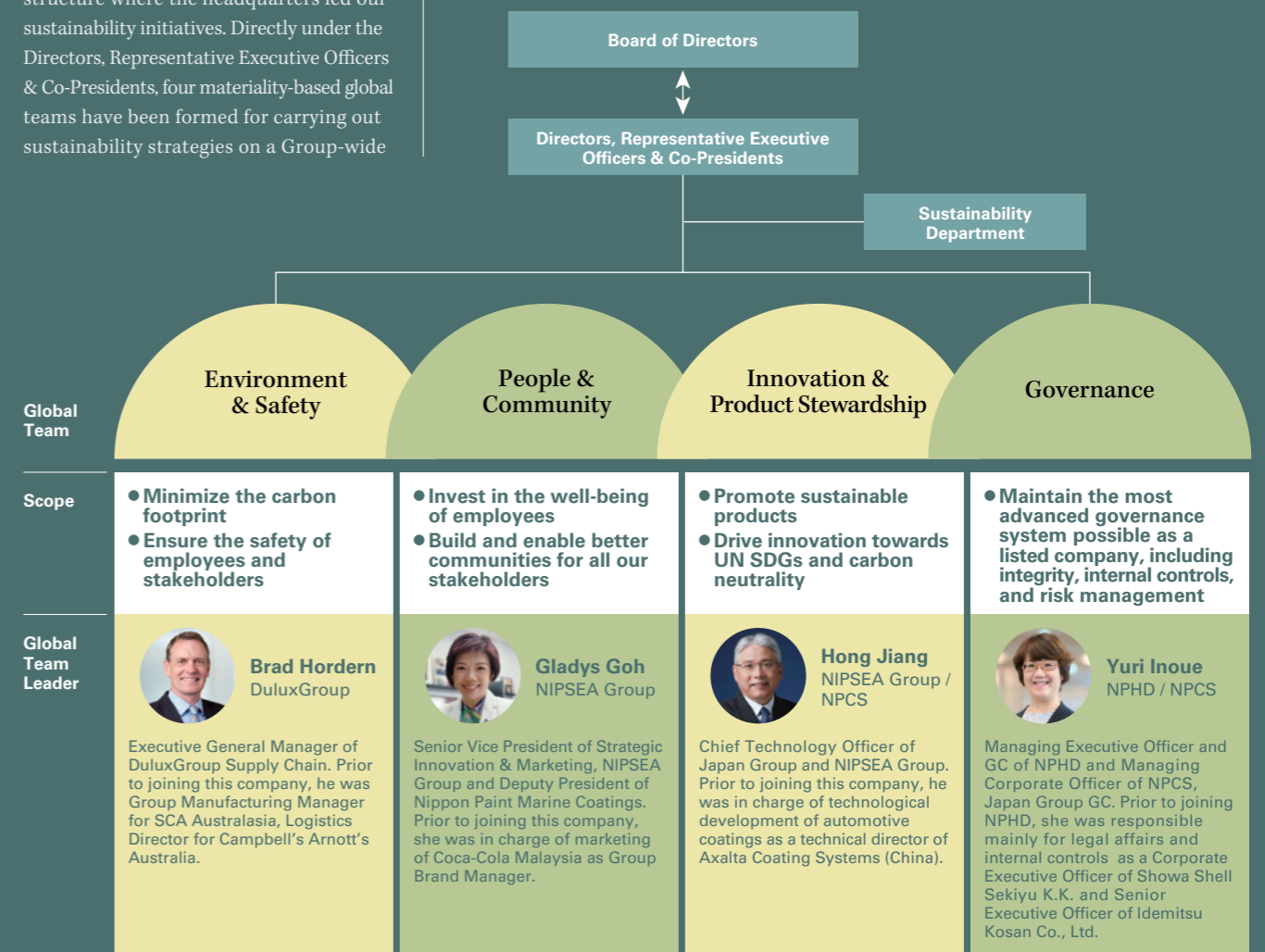
	Materiality (Related SDGs)	ESG agenda	ESG action examples	Contribution to MSV
Environment & Safety	Climate change 	<ul style="list-style-type: none"> Reduction of greenhouse gas (GHG) emissions Identification of risks and opportunities 	<ul style="list-style-type: none"> CO₂ reduction (Scope 1&2) Calculation of Scope 3 emissions Disclosure based on TCFD Utilization of renewable energy 	<ul style="list-style-type: none"> Expansion of revenue/earnings from products with a low carbon footprint Sustained growth through investment in human capital Reinforce branding through investment in communities Risk reduction through safety education and use of technology Revenue growth through acceleration of innovation (Example) Provision of education programs by job level Conducting the international AYDA Awards competition for architectural and interior design students Launch of the anti-viral and anti-bacterial brand PROTECTON Launch of FASTAR next-generation antifouling paint for ship hulls
	Resources and environment 	<ul style="list-style-type: none"> Waste/water resource consumption/pollution management 	<ul style="list-style-type: none"> Establishment of global policy statements for waste materials and water Establishment of KPIs for each partner company based on policy 	
	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"> Establishment of a global policy statement for safety for our people and operations Establishment of KPIs for each partner company based on the global policy 	
People & Community	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"> Gender diversification for directors/managers Visualization of human capital Implementation of human rights risk assessment 	
	Growth with communities 	<ul style="list-style-type: none"> Strategic implementation of social contribution activities 	<ul style="list-style-type: none"> Establishment of the NIPPON PAINT Group Global Outreach Program to enhance social contribution activities Establishment of 3E (Education/Empowerment/Engagement) action policy through business activities as a priority area 	
Innovation & Product Stewardship	Innovation for a sustainable future 	<ul style="list-style-type: none"> Promotion of cross-industrial collaboration Development of products that benefit society Stricter management of chemical substances 	<ul style="list-style-type: none"> Establishment of the definition of sustainable products and data collection Stricter management of chemical substances and development of alternative products for harmful substances Development of products that benefit society and are environmental friendly Promotion of open innovation 	

Autonomous sustainability structure

Based on Asset Assembler model, we updated the sustainability structure in 2022 by shifting to an autonomous structure with a stronger link with business operations, away from the structure where the headquarters led our sustainability initiatives. Directly under the Directors, Representative Executive Officers & Co-Presidents, four materiality-based global teams have been formed for carrying out sustainability strategies on a Group-wide

basis. By having team leaders directly report progress and proposals to the Co-Presidents, and the Co-Presidents, who further submit

reports to the Board of Directors whenever necessary, sustainability activities are overseen by the Board of Directors.



ESG Statement

At Nippon Paint Holdings Group we aim to conduct our business activities to support and enable sustainable development everywhere we operate. We aim to include the three elements – economic, social and environmental– in a balanced and integrated manner. Creating paints and coatings to add color, comfort, and safety to people everywhere has been our mission since the company was founded. Finding solutions to global sustainability challenges is our responsibility to future generations and is a driving force for our continued growth and success. To achieve this, we will:

- Pursue technologies across the value chain to create sustainability benefits through innovative products and services, and new business opportunities.
- Engage and work with our stakeholders to meet their expectations and together deliver on our shared sustainability commitments, responsibilities, and challenges.
- Establish effective governance frameworks to ensure the transparency, objectivity, and fairness of the management of our company and earn society's trust everywhere we operate.
- Respect, support, and enable our diverse employees and company associates to achieve their full potential and create innovative, sustainable value for all.
- Support the 2030 Agenda for Sustainable Development Goals (SDGs) through delivery of sustainability improvement plans that create new business opportunities and maximize shareholder value (MSV*).

* MSV is defined as maximizing shareholder value that remains after fulfilling our obligations to customers, suppliers, employees, and society.

Activities to determine KPIs

In addition to the risks and opportunities identified for each materiality, our Group formulates sustainability policies and strategies based on the characteristics of every region and market in which it operates as well as on the demands of stakeholders. KPIs are also selected as necessary in line with policies and strategies. Progress toward reaching the KPI targets is monitored.

With regard to climate change initiatives, KPIs are reviewed and established for each country and region to achieve the medium-to long-term net zero target. At the same time, best practices are shared with partner companies in Japan and overseas to formulate and implement action plans.

Environment & Safety KPI

	CO ₂ emission reduction (long-term target)	CO ₂ emission reduction (interim target)	Reduction of waste	Reduction of accidents at factories
Japan	Net zero 2050	37% reduction by 2030 (compared to the 2019 level)	Waste discharge less than base year level (base years vary from partner companies)	Zero serious incidents
Asia	Net zero 2060	5% reduction every year through 2030	5% hazardous waste reduction (per ton) every year	<ul style="list-style-type: none"> Zero fire/smoke incidents in 2021-2023 Zero occupational illness in 2022
Oceania	Net zero 2050	<ul style="list-style-type: none"> 50% reduction by 2030 (compared to the 2020 level) 50% renewable electricity by 2030 	50% landfill waste reduction (per ton) by 2030 (compared to the 2020 level)	<ul style="list-style-type: none"> Serious near misses < the FY2021 level Serious injuries < the FY2021 level
Americas (Dunn-Edwards)	Net zero 2050	Under consideration for setting targets	Under consideration for setting targets	To be identified once lead indicators identified