

People & Community

We will pursue MSV on the strength of our human capital



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NIPSEA Group

As a Japan-origin global corporate group operating in 30 countries and regions worldwide, including in China and other parts of Asia, Nippon Paint Group is committed to contributing to Maximization of Shareholder Value (MSV) by leveraging the diversity and strengths of its human capital, as well as fulfilling its obligations to its stakeholders, which is the premise of MSV.

The People & Community Team conducts activities around two items of Materiality: Diversity & Inclusion as well as Growth with Communities. Our activities are conducted in each country and region with focus on the three pillars of (1) Increasing the ratio of women in managerial positions, (2) Celebrating diversity, and (3) Building and enabling local communities.

The outcomes of these activities are reflected in our benchmarks such as the ratio of female managers in Group companies, as well as in employee satisfaction level which the Group regards as one of the key benchmarks. Employee satisfaction level affects the cost of hiring and retaining human resources and the productivity as it relates to maintaining and increasing employee motivations. Considering these, the Group partner companies are taking autonomous actions according to their own situations.

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.

Human capital for sustained growth

For Nippon Paint Group to grow in a sustainable manner, it is essential that we secure skilled human resources and offer a corporate culture and working environment in which it is comfortable and rewarding to work, thus allowing people to leverage their individuality and capabilities to the fullest. The Group promoted the enhancement of human resources by investing in human capital through the intensification of training programs developed autonomously by each partner company according to the challenges

faced. Expanding training programs can expect to lead to improving competitive advantage in hiring new college graduates and mid-career people and reducing the turnover ratio. Accordingly, it is a key initiative for enhancing the human resource portfolio.

DuluxGroup offers a comprehensive learning program for everyone from those who are newly appointed to senior leaders to develop the skills they need to operate as global leaders and to foster ongoing learning, building capability along their career journey. They encourage employees to “Own their Growth” and to take the initiative to access the learning that they need to improve their skills and specialist knowledge. DuluxGroup

continually revises and improves the curriculum to ensure it remains relevant, effective and aligned to DuluxGroup’s growth ambitions. The Group currently offers programs such as “Leading in Complexity,” “Commercial Acumen” in partnership with Harvard, and a full Sales Capability and Marketing curriculum.

The NIPSEA Group adopts a group-level learning framework that ensures the holistic development of our employees through upskilling their capabilities and competencies required at differing job levels. Training and educational programs are uniquely tailored at the country level depending on the needs identified from our annual training needs analysis. NIPSEA Group’s provision of diverse training and educational programs ranges from technical to leadership upskilling to better equip our employees with the necessary skills in today’s ever-evolving business landscape. In FY2021, we clocked a total of 387,243 hours for our employees, with an average of 15.0 hours per employee.

In Japan Group, we offer training (training for prospective hires, new employee induction training, follow-up training, training for newly appointed managers, and annual training, etc.) to all employees as appropriate to their current career stages and the roles it is hoped they will play. In FY2021, total training hours for selection training and group training by job level at Group companies in Japan reached 32,000 hours. The increase in training hours was the result of expanding and enhancing the target of training programs and training schedules by improving the on-boarding training we offer to new mid-career hires and opening a business college with the goal of strengthening the business literacy of our executives.

Ensuring and enhancing diversity

Assembly of human capital with diversity is one of the primary basis of Asset Assembler model. Nippon Paint Group Global Code of Conduct established in January 2022 states that the Group embraces diversity. In addition, the Group partner companies worldwide implement human resource management with the goal of ensuring and enhancing diversity.

The NIPSEA Group is continuously working in Asian countries to improve gender representation in its management team and the Board of Directors. Hiring

local talent in countries and regions where we operate businesses not only leads to strengthening the competitiveness for acquiring market share but also contributes to the creation of employment opportunities in local communities. The percentage of people hired from local communities to senior manager positions has reached 57.1%.

DuluxGroup has doubled the number of women in the senior leadership team of all business divisions in the last five years, 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 has increased female representation among its leadership ranks from 20% to 30% over the past five years and successfully mirrors the ethnic demographics of each of the diverse communities they operate in.

In Japan Group, we are conducting activities for promoting female employees to managerial positions by taking reference from success cases of the Group partner companies overseas. Specifically, we have been sending female employees selected through internal entry system to external training programs for cross-industrial exchanges. 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

Percentage of women

	Employees	Management post
NIPSEA Group	24.9%	25.1%
Dunn-Edwards	29.6%	30.1%
DuluxGroup	34.7%	32.9%
Japan Group	22.0%	6.1%

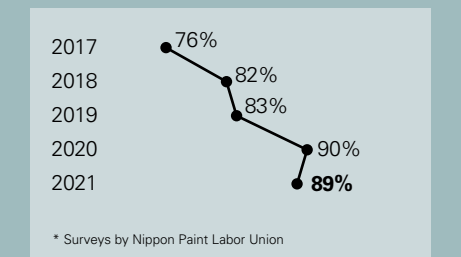
high expertise from outside the company. As of 30 June 2022, two female Director of the Board, one female Executive Officer, and one female Corporate Officers were appointed to Nippon Paint Holdings.

Improvement of employee engagement

Improving employee engagement can lead to excellent human resources to continuously perform at their fullest potential. We regularly monitor and review the employee satisfaction levels of partner companies which newly joined the Group based on Asset Assembler model (cf. success cases at DuluxGroup).

Dunn-Edwards uses employee feedback to drive initiatives targeted at attracting, developing and retaining a workforce that will provide a competitive advantage. Historically, data shows that the first 2 years of employment, as well as advancement during that time, are the most critical to create a connection with the company. Based on this information, salary, retirement plan (401(k)), and leadership from front line managers are the most important factors. As a result, we have structured compensation, healthcare benefits, tuition assistance, vacation, and retirement plan policies to ensure attractive and competitive offerings in these areas, and we continue to adapt and develop training for career advancement at all levels.

Employee satisfaction level (Japan Group)



Number of employees

	2019	2020	2021
Japan	3,373	3,510	3,294
Asia	14,303	15,354	18,253
Oceania	3,735	3,826	3,927
Americas	2,640	2,581	2,576
Other	1,919	2,047	1,793
Consolidated total*	—	—	404
Total	25,970	27,318	30,247

* The number of employees of NPHD, which was previously included in the Japan segment, has been included in the Consolidated total (common) since FY2021.

The Group companies in Japan are encouraging men to take childcare leave to support men actively participating in childcare. In addition, these companies have established flexible working systems in step with the life events of their employees, including work-from-home systems and systems allowing paid leave to be taken in hourly increments, shortened working hours, and childcare and nursing care. We have introduced a working from home system in order to respect and assist the work motivation of employees by developing a working environment that allows employees to bring out their full potential without being constrained by working hours and geographic location of employees. As measures to prevent COVID-19 infections, we apply the working from home system to employees without limiting the employees who are allowed to work from home and the frequency of usage. The questionnaire survey of employees of the Group companies in Japan conducted in February 2022 had positive responses, such as working from home system improves work efficiency by making it easier to schedule a meeting with overseas attendants; and the use of web conferencing system facilitates smooth information sharing and decision making.

Case studies

Employee engagement scores at DuluxGroup

DuluxGroup's engagement score reached 80% in 2021, which was 8 percentage points higher than the score in the previous survey, which was conducted prior to joining Nippon Paint Group, and is well above industry and high performing norms.

The high engagement score reflects the passion that DuluxGroup people have for their brands, with 97% of employees recommending DuluxGroup products to their family and friends. DuluxGroup employees understand their part in the bigger picture and understand how their job contributes to the business strategic priorities. Their continued high scores are driven by leaders at a local level, who are empowered to work with their teams to drive high performance. DuluxGroup enables this by investing heavily in leadership development.

Basic policy for respecting human rights

The Nippon Paint Group has clearly stated in the Nippon Paint Group Global Code of Conduct that we respect the human rights of employees and stakeholders.

Due diligence in human rights

For the past two years, DuluxGroup has published its Modern Slavery Statement in compliance with Australian legislation. DuluxGroup is committed to identifying, assessing and addressing modern slavery risks within its operations and throughout its supply chain. Modern slavery is a serious violation of a person's basic human rights. DuluxGroup opposes modern slavery in all its forms, and respects and supports the human rights and freedoms of workers within our operations and throughout our supply chain.

The Group companies in Japan utilize self-diagnosis (the UN Global Compact SAQ Survey) provided by UN Global Compact Network Japan to facilitate awareness of supply chain risks, in an effort to survey and understand the status of various ESG-related supplier activities. This survey assesses the level of an organization's initiatives with regard to corporate governance, human rights, labor, the environment, fair corporate activities, quality/safety, information security, supply chains, and coexistence with local communities.

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.



Our mission from the Company's very beginning has been to create innovative paint and coating solutions that bring colors and joy to people's everyday lives. The Group will contribute to supporting and promoting sustainable development of communities through its business activities. We have set three priority areas, which we call the "Three Es," under Nippon Paint Group's global CSR umbrella, "Coloring Lives," for conducting activities to promote the Growth with Communities: Education, to foster our stakeholders of the future; Empowerment, to develop our industry through activities to support and provide vocational training to socially vulnerable people and to discover talent among younger generations; Engagement, to work together with local

communities and stakeholders.

Potential opportunities from the Group investing in society are increased business opportunities in flourishing local communities generating economic growth, increased employee engagement and commitment to our Group companies, and strong connections with local communities, which contributes to MSV. On the other hand, we have identified potential risks from the Group neglecting its obligations to stakeholders, which include a loss of trust from local communities leading to decreased ability to attract and retain talented employees and favorable business partners, lower consumer and customer loyalty – and ultimately – loss of shareholder confidence and reduced opportunity to deliver on our promise of MSV.

Global promotion system

In FY2020, we launched a global conference to create closer links among Group companies for closer information sharing and mutual consultation. The conference is the centerpiece of the NIPPON PAINT Group Global Outreach Program designed to enhance social contribution efforts throughout the Group. Based on this program, we have implemented outreach programs in 20 countries across Asia and Europe as well as in Australia, New Zealand, the United States, and Japan. Progress is shared globally to upgrade our initiatives across the Group.

The resources used, results, and impact of our activities are briefly summarized in the following table. In FY2021, the Group used funds amounting to over US\$7.08 million for roughly 204 activities that positively affected the lives of some 290,000 people worldwide. In Japan Group, the Group used over ¥269 million for social contribution activities, including some ¥5.22 million in donations to NPOs and other organizations.

Pillars (focus areas) and examples of social contribution activities

Pillar	Description	Example of activities
Education	Activities for children and students who are our potential future customers or employees	Industry-University Collaboration Activities with the University of Tokyo (Japan Group); AYDA Awards conducted annually (NIPSEA Group: International competition and awards platform for architectural and interior design students who are our future customers); Smiling Mind (DuluxGroup: program using color to create mindful spaces at elementary schools); Off the wall Graffiti (Dunn-Edwards: art education program for urban artists through after school programs, events and in-school curriculum)
Empowerment	Support activities and vocational training for socially vulnerable people, and activities to find talented individuals	Nippe Fun Farm (Japan Group: support for employment of persons with physical disabilities); Rural Revitalization for Chengde County (NIPSEA Group: repainting village external walls); Pet Refuge NZ (DuluxGroup: Helping to build refuge shelters for pets of people who are escaping domestic violence situations.); Tradeswoman (Dunn-Edwards: program aims to increase the number of women in construction and related trades)
Engagement	Collaborations with local communities and stakeholders, cooperation with NGOs, and disaster relief	Color Way of Life - ART+(NIPSEA Group: Raising students' awareness of art and color as well as their culture through painting); Department of Conservation Trail Huts (DuluxGroup: protecting historical buildings and local community assets); Martin Auto Museum (Dunn-Edwards: donation for painting a new machine school for teenagers)

Investment in social contribution activities and its results and impacts

	FY2021	Data collected	Results	
Global	Country/region		20	
	Number of projects		> 204	
	Resources input	Money spent on the activities		> 7.08 million USD
		Time spent on the activities		> 61,000 hours
		Employees and volunteers who participated in the activities		> 2,100 participants
		Paint used in the activities		> 0.64 million liters
	Results and impacts	People impacted		> 0.29 million people



DuluxGroup office in Melbourne