

Execution of Autonomous and Decentralized Management

Autonomous and Decentralized Management: Practical Perspectives Presented by Co-President Wee

Case Study 2: Leveraging Brand Power for Market Leadership (NIPSEA China Business Strategy)

Four Reasons Why Our Performance Does Not Necessarily Correlate with Chinese Macroeconomic Indicators

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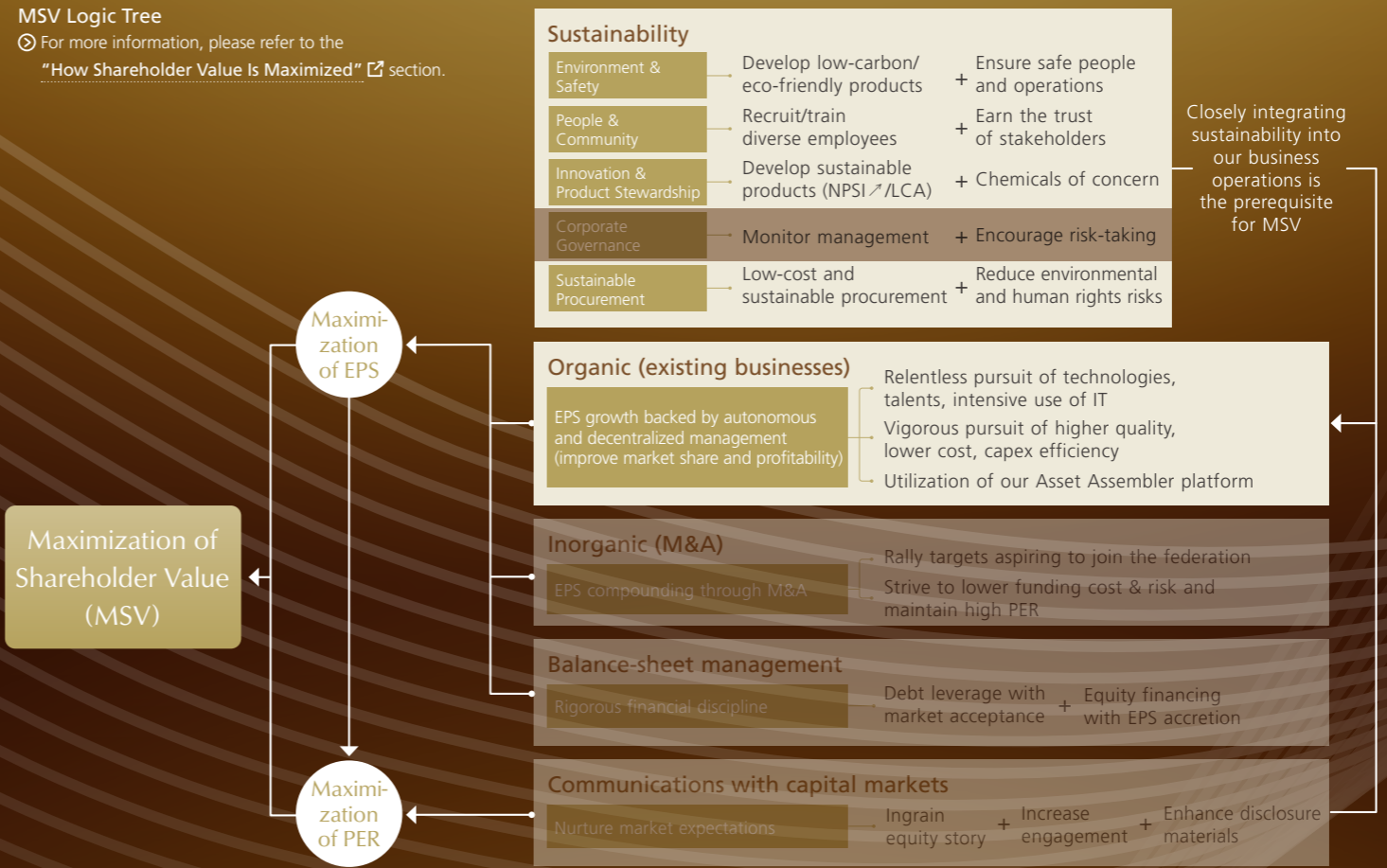
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MSV Logic Tree

For more information, please refer to the "How Shareholder Value Is Maximized" section.



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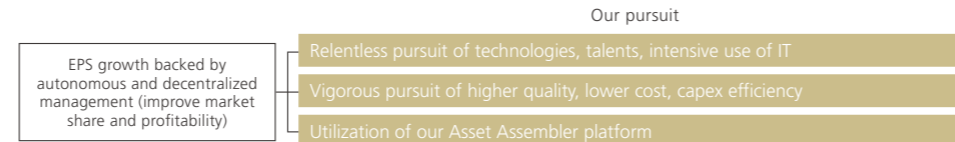


Forging the Path to Sustainable EPS Compounding for a Resilient Future

Wee Siew Kim
Director, Representative Executive Officer & Co-President

MSV Logic Tree

For more information, please refer to the ["How Shareholder Value Is Maximized"](#) section.



Executive Summary

- 1 The transformation of the Japan Group aims to shift the mindset to collective, country-level optimization in Japan, thereby maximizing organizational synergies.
- 2 With our strong leadership and a workplace that enriches employee motivation, the "magic of transformation" is well within reach for the Japan Group.
- 3 We are driving transformation with a clear focus on enhancing global competitiveness to capture emerging opportunities in different parts of the world.
- 4 Our reentry into the India market demonstrates our commitment and confidence in capturing the substantial growth opportunities that India offers for the future.

Transforming the Japan Group in a mature market to seize future opportunities

The Japan Group has been driving structural reforms through unique and, at times, uncomfortable initiatives, setting it apart from peers in recent years. The Group is now poised for a bold transformation of its operational model. The partner company-centric model has served us well, with a strong focus on customers and industry segments. With the introduction of the CXO structure in January 2025, it is time to build upon this customer-centricity with a new focus on nurturing collaboration across organizational boundaries in Japan. The appointment of four CXOs — Chief Commercial Officer (CCO), Chief Supply Chain Officer (CSCO), Chief Technology Officer (CTO) and Chief Administrative Officer (CAO) — marked a symbolic and strategic shift. Under the "ONE NIPPE" banner, the five partner companies within the Japan Group now strive to operate as a unified entity, while preserving the strength of their customer-focused instincts. This transformation aims to shift the mindset from individual partner company primacy to collective, country-level optimization in Japan, thereby maximizing organizational synergies and contributing to sustainable EPS compounding.

The Japan Group is fortunate to be guided by an outstanding leadership team with deep experience. Mr. Kida and Mr. Shiotani, both former heads of partner companies, have assumed CXO roles to lead enterprise-wide optimization efforts. Ms. Inoue is already well situated to be CAO as she had been taking a Japan-level lens from her vantage point at Nippon Paint Corporate Solutions (NPCS). Dr. Hong as CTO continues determined execution of technology plans laid out three years ago. Meanwhile, Mr. Enomoto and Mr. Kagami, recognized for their impressive achievements in transforming the marine business, have been newly appointed as heads of partner companies, paving the way for cultivating the next generation of leadership. The Japan Group is committed to revitalizing its talent base and energizing the organization by creating an environment that accelerates the development of high-potential young employees and empowers them to quickly step into new roles. This approach is designed to foster group-wide synergy and strengthen organizational vitality.

At the Japan Group Management Meeting (J-GMM) held in Tokyo in September 2024, the Japan Group unveiled an ambitious theme: embracing management and people practices that go beyond — and often diverge from — the conventional behaviors of Japanese corporations. Adoption of this bold theme was made possible by the remarkable transformation of the marine business in recent years. Long considered unprofitable, the newbuild segment of Nippon Paint Marine Coatings (NPMC) achieved a profit breakthrough, overturning a 20-year belief that success was unattainable. This turnaround has proven to our Japanese workforce that shifts in employee mindset and behavior are necessary drivers of organizational growth. In the face of global competition, the marine business strengthened its responsiveness to international

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customer needs while streamlining its cost structure. As a result, it achieved the ambitious targets of its three-year medium-term plan in just the first year, prompting a welcome upward revision of its medium-term goals. This outstanding achievement underscores that, with strong leadership and a workplace that enriches employee motivation, the “magic of transformation” is well within reach for the Japan Group.

Forging a competitive edge in the global automotive market of tomorrow

Nippon Paint Group’s automotive coatings business is intensifying its efforts to meet global challenges and lead future-focused initiatives in an evolving market. Deviating from a singular emphasis on just the domestic front, we are driving transformation with a clear focus on enhancing global competitiveness to capture emerging opportunities in different parts of the world.

The automotive industry is undergoing a profound shift, as automakers accelerate the transition toward carbon-neutral and cost-effective solutions and move from traditional

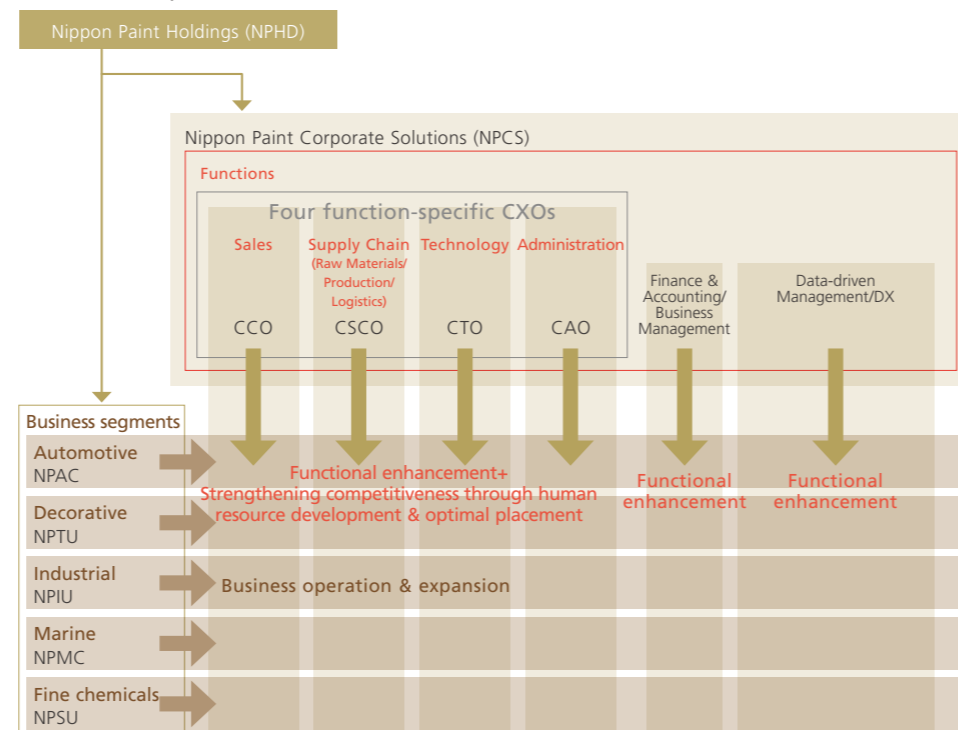
internal combustion-engine vehicles to electric and hydrogen-powered alternatives; and exploring the judicious mix of paint versus film. In response, our Group is advancing new solutions centered on the theme of weight reduction, a critical factor in next-generation vehicle design, as well as advanced film and coatings options.

Amid this evolving landscape, our Group is committed to cultivating talents capable of thriving in this emerging paradigm. We are transitioning from a regionally independent approach to a globally integrated framework, aligning regional operations to function as a unified organization that responds to customer needs worldwide. Historically, we have supported Japanese automakers in their global expansion across Asia, the Americas, and Europe. Of late, Chinese automakers have been rapidly expanding overseas on the back of their success in the electric vehicle (EV) segment. In response, NIPSEA China is leveraging its locally cultivated expertise and technical strengths to enhance Nippon Paint Group Auto’s global competitiveness by implementing a business model that couples Nippon Paint China’s strengths with the Chinese auto OEMs in-country with the local support and delivery prowess of the local NPXs (Nippon Paint Group’s in-country business entities). Deepening collaboration between NIPSEA China and NPXs have successfully delivered agile, locally optimized solutions backed by a cost-effective operational structure that has started to gain market share with the globalizing Chinese auto OEMs.

Global key account managers are now supporting customers who have operations spanning the globe with dedicated and customized services and solutions; while the business and functional heads of the automotive entities in different parts of the world are reinforcing the processes that forge sharper competitiveness as an entire automotive business segment.

Through these customer-centric efforts, backed up by newly developed environmentally friendly solutions, as well as furnishing options in the new area of film, our Group continues to stay ahead of evolving automotive industry trends and proactively meet the diverse needs of global markets. We are committed to building long-term, sustainable competitiveness to seize future opportunities.

Four function-specific CXO/PC President structure



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Establishing a future-focused growth platform in India post-reentry

Our businesses in India faced considerable growth and profitability challenges in 2021. Over three years, structural reforms and bold marketing initiatives eventually charted a path toward sustainable profit growth. As a result, we reintegrated the India-based businesses into the Nippon Paint Group in 2024. Taking the increasing competition in the Indian market in our stride, our market reentry reflected our commitment and confidence in capturing the substantial growth opportunities that India offers for the future.

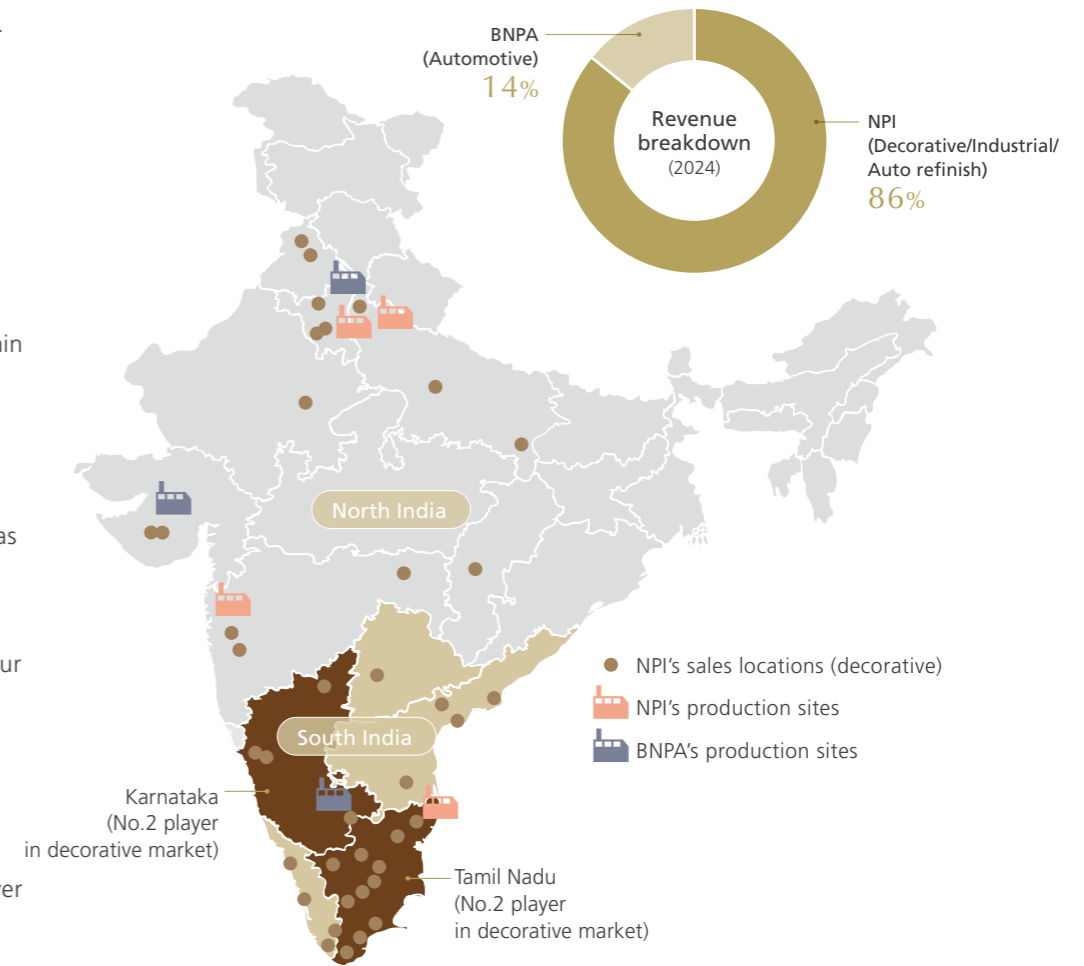
In India's rapidly evolving market landscape, the decorative paints segment is experiencing the most dynamic transformation. Historically dominated by five key players, the market in recent years has become increasingly competitive with the entry of new players from diverse industries. In this environment, it is essential that we remain vigilant, closely tracking competitor movements, monitoring the innovations of new market entrants, and formulating well-considered strategies to stay ahead. By concentrating on the southern states of Tamil Nadu and Karnataka, we have successfully built strong brand recognition, established resilient distribution networks, and secured a stable share of the market. Looking ahead, we intend to couple the indigenous competence of our Indian team with the diverse offerings from our overseas coatings entities to differentiate ourselves in a crowded market place.

India's automotive market is rapidly growing and is poised to become the world's third-largest automotive market. We aim to ride this momentum by strengthening partnerships with key customers to drive sustainable business growth. Together with our JV partner, we believe the ability to meet the expectations of both Indian and foreign car OEMs and auto parts manufacturers position us to benefit from the growth of market demand.

At the same time, the automotive refinish segment continues to show steady growth, and we are focused on bringing to market a wide portfolio of products and services backed by robust support systems that foster mutual success with our customers. This ability is further strengthened by the entities that we have acquired over the past three years.

In the industrial segment, our coil coatings business generates half of its revenue from exports, leveraging India as a high-quality, cost-efficient export base to serve overseas markets such as Central Asia and East Africa. This balanced reliance on domestic and export market demands provided resilience even as the in-country competition heats up.

Overview of the India businesses (NPI and BNPA)



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Case Study

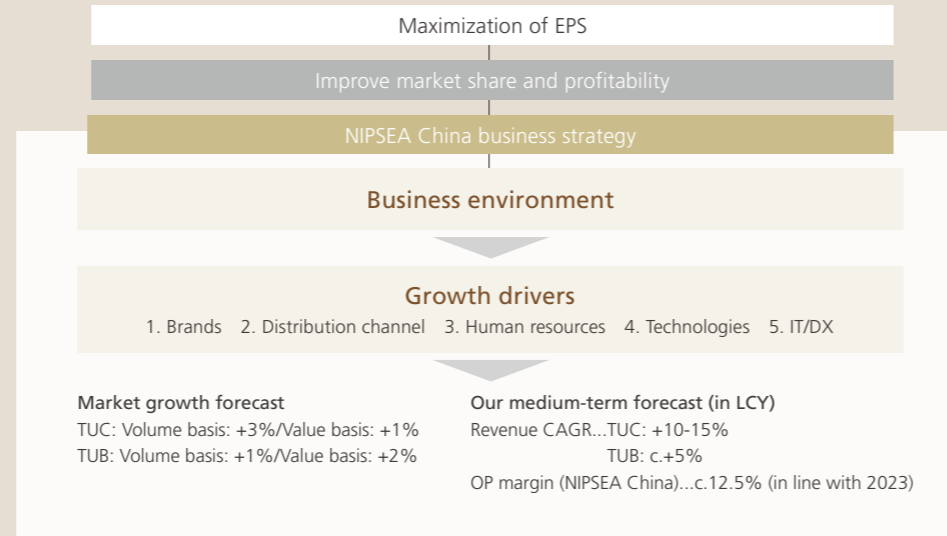
NIPSEA China Business Strategy Leveraging Brand Power for Market Leadership



How are we strengthening our leadership in China's highly uncertain market?
–Case Study 2 showcases our brand-driven competitive strategy.

MSV Logic Tree

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Overwhelming brand power in the Chinese construction market

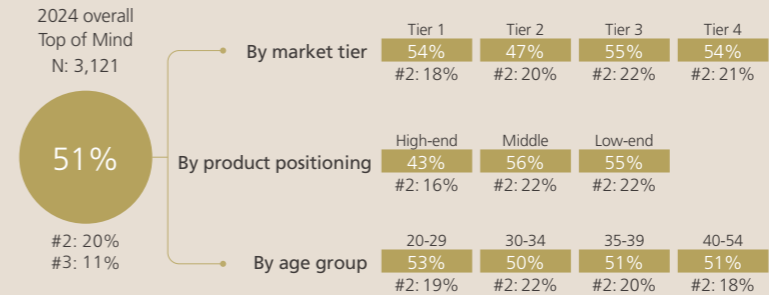
Over the past 30 years, the paint market in China has experienced rapid development and growing consumer demand, accompanied by intense competition. At the same time, the media environment has become increasingly complex, with consumers receiving brand information from a variety of touchpoints. Therefore, strengthening brand awareness has become more important than ever.

Since entering the Chinese market, Nippon Paint China has consistently invested approximately 3% of its annual revenue into brand building and channel development. For the past decade, Nippon Paint China has maintained a brand top-of-mind awareness rate of over 50%, securing the leading position in the paint industry with an absolute advantage twice that of its competitors. It continues to see growth in top-of-mind awareness among high-end and younger (ages 20–29) market segments. Meanwhile, its network of 260,000 retail outlets gives it a leading edge in channel expansion.

In terms of communication, Nippon Paint China has collaborated with the TV program *Dream Home Makeover* for 11 consecutive years, embedding its brand image of “revitalizing beautiful living spaces” in the minds of consumers. After years of promoting color expertise and establishing itself as a leader in wall color trends, Nippon Paint China launched the “Magic Paint” series in 2022 and, for the first time, introduced a brand ambassador to lead the new trend of textured paints.

Looking ahead, the company will continue to shape a brand image of “premium, professional, and youthful” through ongoing innovation and enhanced services.

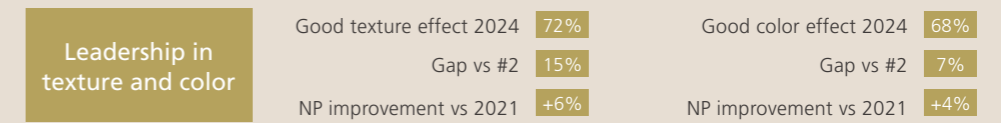
Brand leadership – Clear Top of Mind leader



Chnbrand 2024 China Brand Power Index



LiBang ranked No.1 for 8 and 12 consecutive years for wall and wood paint, respectively, in China



Source: Paint Usage & Attitude Study, IPSO (June 2024) and Chnbrand 2024 China Brand Power Index

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Strengthening brand presence in Tier 0 and Tier 1-2 cities

Market environment and our strategy in Tier 0 and Tier 1-2 cities

As of 2024, the global paint and coatings market has reached a total value of USD 196 billion. China remains the largest single market, accounting for 25% of the global market (approximately USD 49 billion), followed by Europe at 22% (approximately USD 43.1 billion) and North America at 19% (approximately USD 37.2 billion)*. With per-capita paint consumption in China approximately 50-60% of developed countries, the decorative paints market in China offers significant opportunities for growth over the medium to long term.

In 2024, China’s real-estate policy direction has shifted toward “stopping the decline and stabilizing the market.” These policies are mainly implemented in Tier 0 and Tier 1–2 cities. Measures such as easing purchase restrictions, lowering down-payment requirements, and reducing mortgage interest rates have been introduced to stimulate home buying, along with efforts to advance old town and urban redevelopment projects. In 2025, even stronger measures are expected to promote the healthy development of the property market and to fully unleash the potential demand for both first-time home purchases and housing upgrades.

Nippon Paint China’s TUC Division covers over 2,000 cities across China, with product lines that cater to various usage scenarios and consumer segments. In 2024, the TUC Division recorded growth across all city tiers: Tier 0 cities grew by 5%, Tier 1–2 cities by 3%, and Tier 3–6 cities by 13%.

Tier 1–2 markets are primarily located in provincial capitals and economically developed regions of China. The dominant demand in these markets is for old home renovation, which makes up about 70% of the total.

Competition mainly comes from a major paint company as well as local paint manufacturers.

Distribution by city tier (2024)

	Population	GDP
Tier 0 and Tier 1–2 cities	42%	47%
Tier 3-6 cities	45%	29%

Nippon Paint China’s core strategies in Tier 0 and Tier 1–2 cities include:

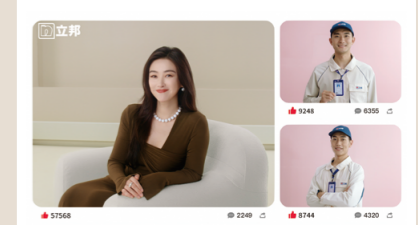
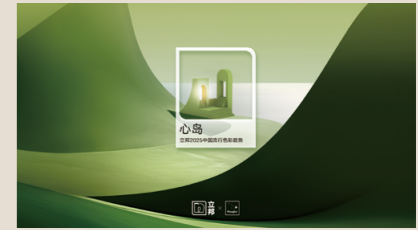
- Channel Reform 2.0 – Develop new category-focused distributors and attract more capable, well-resourced, and newly funded partners to grow the Nippon Paint China business together.
- Ensure Distributor Staffing – Consolidate and leverage Nippon Paint China’s strength in distribution by ensuring sufficient manpower among dealers.
- Strengthen Home Decoration Business – Align and collaborate with leading national renovation firms, retain and attract designers, and rapidly expand partnerships with regional small-to-medium renovation companies.
- Promote Commercial Projects (Phoenix Plan) – Drive public decoration (commercial space) business through focused initiatives.
- Distributor Store Upkeep and Expansion – Retain existing stores while developing new ones, expand product offerings, and improve store productivity (e.g., sales per square meter).

* Source: Orr & Boss, “2024 Global Paint & Coatings Market Estimates”

Building deep brand engagement with consumers

In a market environment marked by weak consumer demand, the brand will continue to maintain strong visibility and enhance favorability among younger consumers through both online and offline promotion of key categories such as Magic Paint and color offerings. At the same time, it aims to meet and stimulate increasingly refined consumer needs, while strengthening its e-commerce channels to better convert online traffic into sales.

In terms of media strategy, the brand will maintain exposure through a mix of outdoor advertising and high-quality digital media, while continuously optimizing cost-efficiency. As consumers have become more cautious when choosing paint products and rely more on social media content for decision-making, a greater portion of the traditional media budget will be shifted toward platforms like Douyin and Xiaohongshu, with increased investment in influencer-driven and recommendation-based content.



High-quality and diverse product solutions developed for consumers

Nippon Paint China is enhancing content marketing across mainstream media platforms, and promoting Magic Paint through a full spectrum of channels including exhibitions, home expos, designer collaborations, and various competitions. The goal is to showcase “Innovation + Service” through compelling content, enabling consumers to perceive NIPPON PAINT’s brand image as premium, youthful, and professional.

In 2024, NIPPON PAINT’s total advertising exposure is expected to exceed 3.5 billion impressions, marking a 20% increase compared to 2023. By achieving full-channel and full-scenario coverage of Magic Paint products, the brand aims to meet diverse customer needs and further enhance product competitiveness through initiatives both from service and product aspects.

- Service Initiatives: Strengthen supply and application support service capabilities, establish Nippon Paint “Magic Paint” delivery standards, and cultivate a larger pool of professional coating talents. Build a certified “Magician” team to enhance category confidence, improve consumer satisfaction, and strengthen brand reputation.
- Product Initiatives: Continuously enhance the competitiveness of “Magic Paint” products across different channels, ensuring comprehensive product offerings that meet the needs of all channels and application scenarios.



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Expanding market share in Tier 3-6 cities by leveraging brand power

Market environment and our strategy in Tier 3-6 cities

Tier 3–6 cities in China mainly refer to towns and county-level regions, where the economic level is lower. The new housing market still dominates, making up about 70% of demand, but as time goes on, demand for old home renovation and second-hand housing is expected to gradually increase. Competition mainly comes from two national paint companies as well as local paint manufacturers.



Nippon Paint China’s core strategies for Tier 3–6 cities include:

- Aggressively expand into stone-like paints, tile adhesive, and waterproofing segments, while promoting bathroom and kitchen renovation with bundled installation services.
- In Tier 5-6 cities, expand presence in previously untapped areas.
- Collaborate with distributor sales teams to jointly develop and maintain distribution stores, aiming to capture greater market share.

Driving market-share gains with brand power

According to the 2024 UA survey gathering insights and data from the home renovation market, Nippon Paint China continues to lead significantly in top-of-mind brand awareness, with notable growth among high-end and younger consumers. This has been achieved through a wide range of media channels such as Douyin, Xiaohongshu, elevator posters, and large-format outdoor ads, and promotional platforms like *Dream Home Makeover*, celebrity endorsements, influencer content, livestreams, Design Week, and various competitions.

Additionally, by engaging over 3.6 million worker members from painting and application professionals and project contractors, Nippon Paint China is organizing more member activities and competitions to encourage participation in the “One Test, Dual Certifications” program, which allows participants to obtain both a nationally recognized industry certificate and a Nippon Paint certificate through a single evaluation. This supports capability building in Magic Paint, textured exterior walls, and kitchen/bath waterproofing dual-package services. Social platforms like Xiaohongshu and Douyin are also being leveraged to amplify the rollout of these services and establish a core competitiveness defined by “professionalism and effectiveness.”

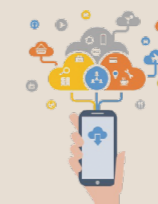
In Tier 3–6 cities, Nippon Paint China is strengthening its brand image of “premiumization, youthfulness, and professionalism” as the leading brand through innovation and service. Aligned with this strategy, the brand will continue expanding the stone-like paint business while optimizing logistics and delivery to swiftly capture market share.



A holistic approach: transforming sales channels with IT innovation

By the end of 2024, Nippon Paint China established approximately 260,000 retail outlets and deployed over 20,000 Computerized Color Matching (CCM) machines across the country. By promoting trending/viral colors, the company significantly improved the utilization rate of CCM machines, which in turn boosted sales of mid-to-high-end tintable products.

Nippon Paint continues to build a digitally intelligent platform for its full ecosystem of partners, integrating AI technology to lead industry transformation. Aligned with TUC’s overall strategy, the platform enables on-the-ground implementation across the dealer, retail, and distribution networks. Through this system, Nippon Paint China enhances private domain traffic management — covering customer visits, product assortment enhancement, localized advertising, lead capture, order tracking, and full mobile-based data integration. These efforts standardize workflows, making it easier for frontline teams to understand and execute, ultimately contributing to market share growth.



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Our stock price tends to be significantly influenced by news flow from China, more so than by our actual performance results. Our analysis suggests that the capital market participants might be overly focused on Chinese macroeconomic indicators. While we do acknowledge a certain correlation between our performance and Chinese macroeconomic indicators, we believe that these factors are not the sole determinants of our performance due to the following four reasons.

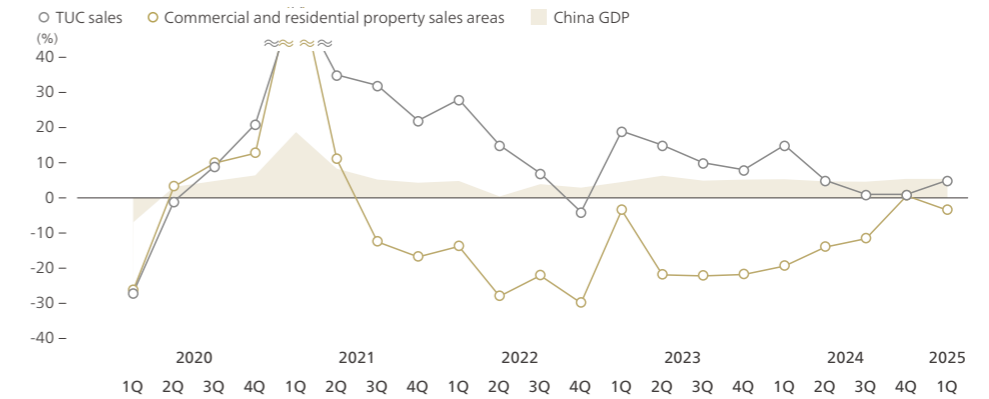
Reason 1 TUC revenue growth has been outpacing the growth in commercial and residential property sales areas

Tier 0 and 1-2 cities, where our TUC business has a dominant No.1 position, have a higher proportion of commercial and residential property sales areas compared to Tier 3-6 cities. These cities are also characterized by faster market recovery.

Consequently, the growth rate of TUC tends to be higher than that of property sales areas nationwide. In 2024, property sales areas expanded, driven by nationwide government stimulus measures. In particular, the policy announced in September 2024 significantly increased property sales areas in the fourth quarter. The effects of these policies are expected to positively impact the growth of our TUC business with a time lag.

The high revenue growth in the TUC business can also be attributed to factors such as NIPSEA China's extensive distribution networks, the large number of Computerized Color Matching (CCM) machines installed, high brand awareness and quality. Factors such as the arrival of the era of stock housing and our market share gains in Tier 3-6 cities also contribute to a growth rate that exceeds the general macroeconomic indicators.

TUC sales trends (QoQ)

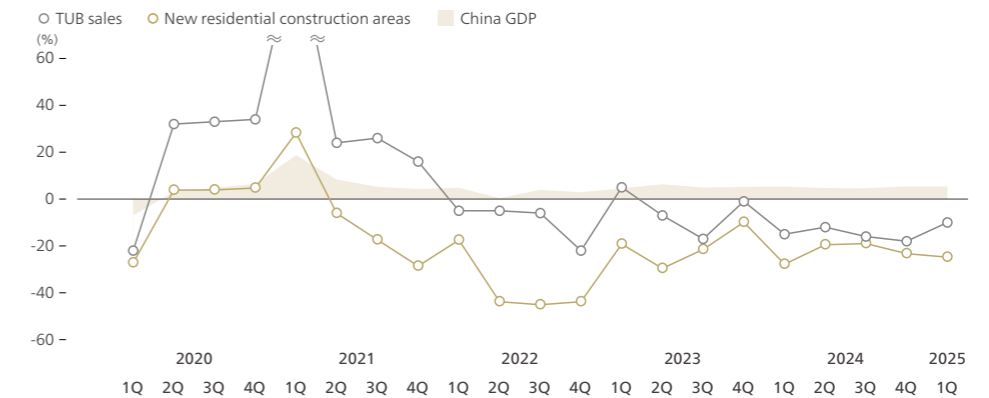


Reason 2 TUB revenue growth has been outpacing the growth in new residential construction areas

Since March 2020, our TUB revenue growth has constantly been outpacing growth of new residential construction areas. This strong performance is attributable to: (1) working with financially stronger real estate developers, (2) growth contribution from non-real estate developers, e.g., healthcare, industrial, infrastructure, as well as interior decoration companies and contractors, and (3) pushing the adjacencies area, such as substrates and construction chemicals (CC). As a result of these diversification strategies, the sales mix within the TUB business between residential and non-residential applications has become roughly evenly split in 2024, resulting in a more balanced sales composition.

We expect that the TUB business will remain on a steady growth track due to the arrival of the era of stock housing and by focusing on the development of key channel businesses.

TUB sales trends (QoQ)



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Reason 3 TUC's competitive advantage and its significant contribution to NIPSEA China's sustainable growth and profitability

The TUC segment, which demonstrates strong growth potential and high profitability, accounts for approximately 56% of NIPSEA China's total revenue. Even in a challenging business environment, NIPSEA China has maintained strong margins across China, driven by the solid performance of the TUC segment. Furthermore, even if certain business segments are temporarily impacted by economic or market fluctuations, NIPSEA China's diversified business portfolio enables it to maintain resilient growth across its operations in China.

The ability of TUC to maintain high profitability is not solely due to its B2C business model. Other contributing factors include: (1) the ability to control pricing, based on the strong brand power we have built over the years in this B2C brand business, (2) the creation of demand and improvement in margin through the expansion of CCM deployment, (3) our "Asset Light Strategy," and (4) the sheer size of the enlarged Group that allows us to leverage our economies of scale and tap into resources spanning from purchasing to marketing. We are optimistic that TUC's medium-term growth forecast will continue to surpass the market growth. Looking ahead, NIPSEA China will steadfastly pursue sustainable growth while preserving the operating profit margin.

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For trends in the number of retail outlets and CCMs in China, please refer to the "Performance Highlights" section.

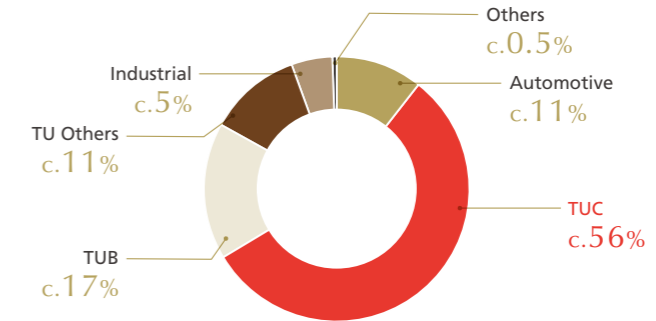
Reason 4 AOC's integration has further diversified our asset portfolio

As Asset Assembler, the Group maintains a diversified asset portfolio across a wide range of regions and business segments. While China remains one of our key assets, its contribution to consolidated operating profit is only 32%. This proportion has further declined to 24% following the integration of AOC, indicating that our dependence on the China market is significantly lower than that of local competitors focused exclusively on China. In addition, our operations in NIPSEA Except China have achieved revenue and profit growth, as well as profitability, that surpass those in NIPSEA China.

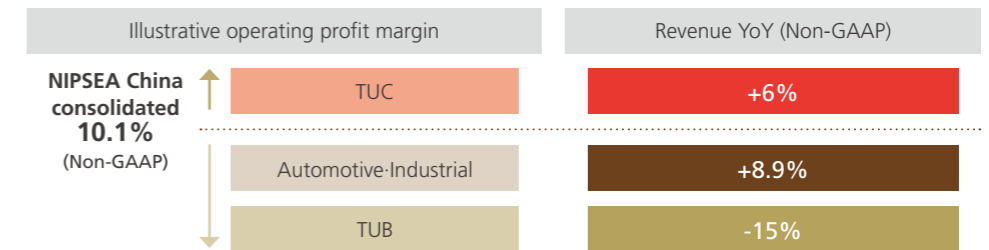
NIPSEA China vs. NIPSEA Except China (2024: Non-GAAP basis)

	NIPSEA China	NIPSEA Except China
Revenue (YoY)	+6.3%	+13.1%
Operating profit (YoY)	-0.4%	+10.6%
OP margin	10.1%	17.0%

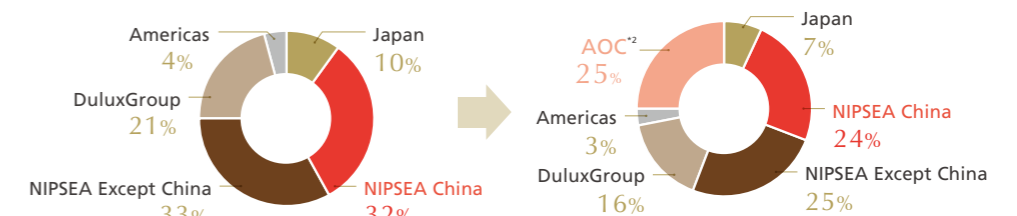
Revenue composition in NIPSEA China (2024)



Illustrative operating profit margin and revenue growth rate by business segment for NIPSEA China (2024)



Consolidated operating profit composition (2024)*1



*1 FY2024 results are pro forma and unaudited, representative as if AOC operated as subsidiary for the whole of 2024. Percentages to the total sum of segment profit

*2 PPA reflects our current assumptions but excludes one-off costs such as inventory step-up. M&A expenses related to the AOC acquisition are excluded. To align with our post-acquisition profit and loss profile, expenses such as payments to India businesses in EMEA and affiliated companies of former shareholders are also excluded

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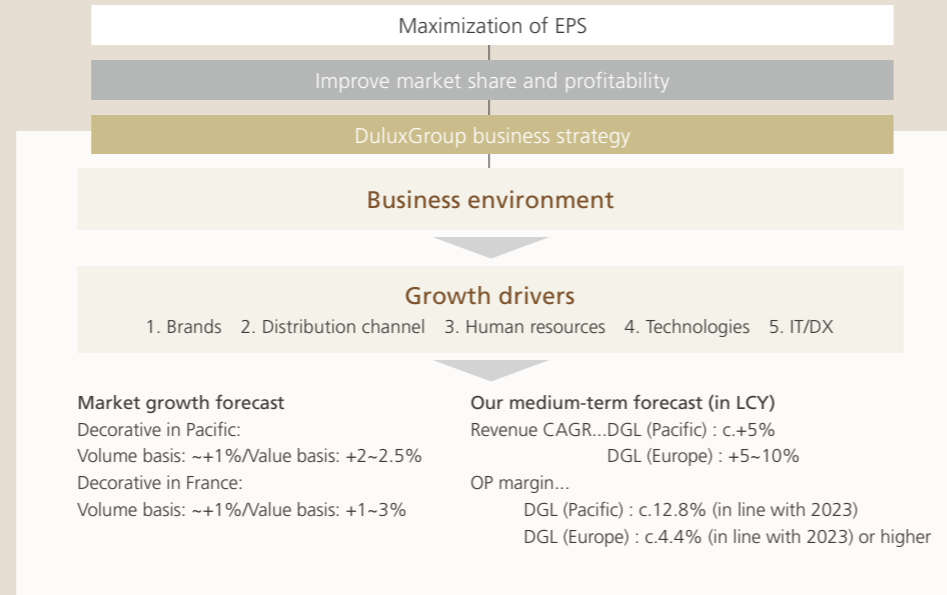
Growth Strategies in Mature Markets



How has DuluxGroup consistently achieved growth in the mature Australian market? –Case Study 3 explores DuluxGroup’s growth strategy, highlighting exceptional brand strength and the use of targeted bolt-on acquisitions.

MSV Logic Tree

For more information, please refer to the “How Shareholder Value Is Maximized” section.



Long-term investment in the fundamentals

DuluxGroup has a strong track record of reliable, year-on-year, profit growth throughout various changes in the economic and competitive landscape. This has been achieved through a long-term focus on the fundamentals that drive profitable growth:

- consistent investment in our premium brands through consumer-led marketing, technology and innovation;
- a deliberate bias towards more profitable market segments; and
- a strong focus on retail and trade customers supported by an unrelenting customer service culture and supply-chain excellence.

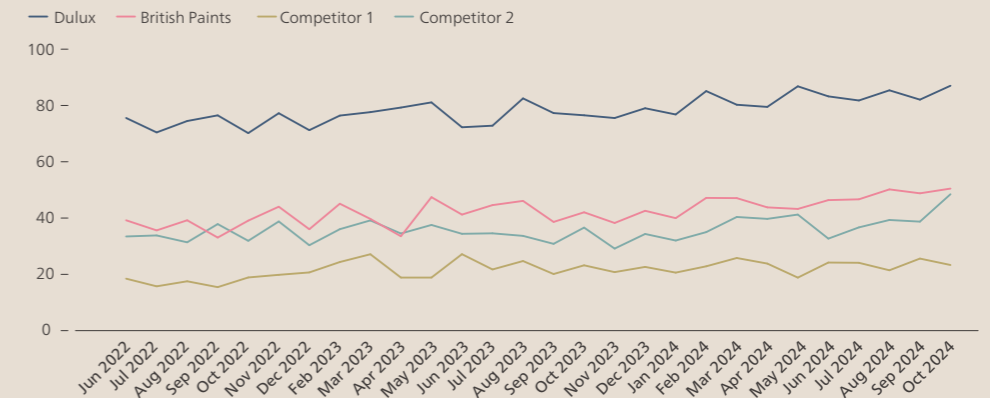
All of those long-term fundamentals are about keeping consumers and customers at the heart of everything we do and maintaining a laser-like focus on our “consumer, customer and competitive (CCC)” environment.

Market-leading brand strength achieved through proactive investment

Over the past four decades, many of DuluxGroup’s businesses have been transformed into profitable market leaders in highly competitive, relatively low growth, mature markets – where typically market volume grows at approximately 1%, less than half the rate of GDP.

Our largest business in Australia, Dulux paints & coatings, has grown to be the clear market leader. Dulux decorative paints’ volume market share has grown from 34% to 50% since 2004 and has maintained strong operating margins, reflecting the success of its brand strategy over decades. Dulux is consistently voted Australia’s most trusted paint brand and has double the consumer brand awareness of its nearest competitor. We also own the British Paints brand, amongst others, which has brand awareness at or above our main competitors.

Spontaneous brand awareness



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Each of our businesses has their own brand strategy, developed according to their respective CCC environment. This has seen other businesses, such as Selleys sealants, adhesives & fillers and Yates garden care, become profitable market leaders that are regularly voted the most trusted brands by consumers in their respective product categories.

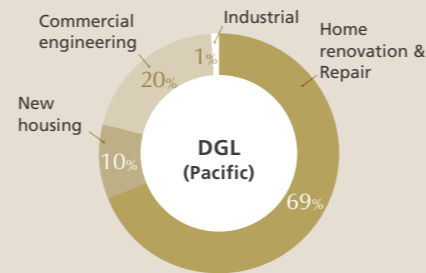
DuluxGroup is a marketing and brand-led company first and foremost. We maintain our marketing spend as a percentage of sales, so while our Dulux paints & coatings business has consistently delivered year-on-year sales growth over decades, our marketing investment, in absolute dollar terms, has grown with that. This model of reinvestment in the brand and innovation has then, in turn, contributed to ongoing sales growth and market-share growth.

Focus on the existing home segment

Approximately 70% of DuluxGroup's Pacific business is focused on the higher-margin repair and renovation of existing homes, and this is complemented by a smaller presence in the new housing and the commercial & engineering markets. For context, there are approximately 11 million existing residential homes in Australia, approximately two thirds of which are more than 20 years old, and it is mostly comprised of detached housing.

While we have businesses that span a range of product categories, the end consumers of those products are generally completing a relatively infrequent task on their most important asset – their home. The look of their home is an extension of how they present themselves to the world. When

Sales by end market



Worth doing, worth Dulux

painting, gardening, or investing in other home renovation, repair and maintenance tasks, consumers want to “do-it-once, do-it-right.” When it comes to their homes, consumers recognize the value in a premium brand that they can trust to deliver on its quality brand promise.

Consumer bias toward premium brands in a mature market

In the case of decorative paints and coatings, history has shown that as each country's economy grows, the volume of paint consumed per capita as well as the bias towards more premium paint increase. The Australian decorative paints market is a mature market which grows volume at approximately 1% per year and Dulux has consistently grown revenue ahead of that at a compound annual growth rate of approximately 5%. Underpinning that track record has been a deliberate bias towards premium paints driven by consumers who place a high value on quality. While DuluxGroup offers non-Dulux branded products at other price points, more than 75% of revenue is drawn from the premium end. One such illustration is shown below.

Do-It-Yourself consumer offer (by price point)



Consumer-driven marketing and innovation

Across DGL (Pacific) we employ approximately 250 marketers and approximately 150 scientists who ensure we anticipate and stay ahead of market trends and look for product and service innovation opportunities to exceed the expectations of our consumers and customers. Constantly investing to drive consumer loyalty to our brands then supports the ongoing success of our retail and trade customers, helping to reinforce those already strong relationships.

In our Dulux paints & coatings business we have heavily invested to position Dulux as a color leader. This is brought to life by initiatives such as the annual “Dulux Color Awards,” the much anticipated annual “Dulux Color Forecast” and strong relationships with the architectural and professional design community, which have been developed over decades.

Investment in digital capability has increased direct engagement with consumers across our businesses and brands, with consumers able to instantly access help and advice, visualize how our

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products will look in their home, find their nearest stockist, order product samples, book an in-home color consultation or join live-stream sessions with experts in home color and design. Likewise, our 30,000 trade painter customers can buy any product, anytime, anywhere simply through an app on their phone, and they accrue loyalty benefits with each purchase.

R&D investment to drive growth

DuluxGroup has a strong R&D pedigree stemming from our heritage as part of ICI plc worldwide, when the Dulux R&D laboratories at our Melbourne headquarters were one of the three main global R&D centers for ICI world paints. DGL (Pacific) employs approximately 150 scientists across technology centers specializing in key products categories including: paints & coatings; sealants, adhesives & fillers; garden care; and home & building access automation. This has generated a solid pipeline of new technology and innovation focused on product improvements, sustainability, process improvement and product breakthroughs. By doing so, our businesses have grown the market by creating new categories such as “super-premium” paints; the Dulux Renovation Range; easy-to-use consumer wood-coatings applicators for quick results; Australia’s most secure home garage door locking system; and developing increasingly more sustainable products across all product categories while maintaining high product quality and performance.



Dulux W&W (the “best just got better”); Cabot’s Easy Deck; Selleys Storm; B&D Autolock

Investing in businesses with strong fundamentals and growing them into profitable market leaders

DuluxGroup has a strong track record of acquiring businesses that have strong fundamentals: premium brands, technical capability, exposure to higher-margin market segments and an ability to leverage existing DuluxGroup capability to grow. We look for businesses that play to

DuluxGroup’s strengths, particularly in marketing, sales and supply-chain excellence.

For example, in 1993 DuluxGroup acquired the Cabot’s woodcare business. We have taken it from relatively low market share and margin to be a clear market leader with double-digit operating margins. Selleys sealants, adhesives & fillers (SAF) was acquired in 1988 and today it is the market leader with double-digit operating margins and expansion into new customer and product market segments. Similarly, Yates garden care was acquired in 2003, when it was a loss-making business. Yates had the essential fundamentals — an iconic premium brand with a heritage dating back more than a century, strong R&D technical capability, opportunities in higher-margin segments — and presented an opportunity to grow leveraging DuluxGroup’s existing capability. It has been taken from loss making, to be the clear market leader with double-digit operating margins and ongoing growth opportunities.

“Granularity of growth”: supporting organic growth with bolt-on acquisitions

DuluxGroup’s year-in, year-out consistent profit growth has been mostly derived from organic growth, which has been supported by value-generating acquisitions that align with our growth strategy. In terms of bolt-on acquisitions, we look at opportunities for category expansion (Porter’s super-premium paints), growth into adjacent product categories (Cabot’s woodcare; Pentol household cleaning products), acquiring new technology (NPT sealants & adhesives, Seacol garden care); or an expansion of customer reach (Paint Spot & Inspirations trade paint distribution). This is how we support the consistent “granularity of growth” in our existing businesses. For example, Dulux started with a decorative paints business, and over recent decades it has expanded into woodcare, protective coatings, texture coatings and powder coatings and has created a “super-premium” decorative paint category. Our Yates home garden care business has expanded into organic garden care and is looking at opportunities in the commercial garden care segment with the recently acquired Seacol fertilizer and Munns lawn care businesses. Selleys sealants & adhesives is growing into construction chemicals and expanding its reach into household cleaning.

Leveraging capability to help grow our marketing leading European businesses

Beyond the Pacific, DuluxGroup has taken the same approach with its growth into European paint markets, with the acquisition of Cromology in western Europe and JUB Group in central Europe. They both have a portfolio of premium-branded products, market-leadership positions in attractive markets, technical capability and highly experienced, talented teams of people. We see strong growth opportunities ahead and we are using the experience and capability developed through decades of consistent business growth in our Pacific business to support each of their strategic growth ambitions.

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Harnessing Our Platform for Group Collaboration Through the Selleys Brand



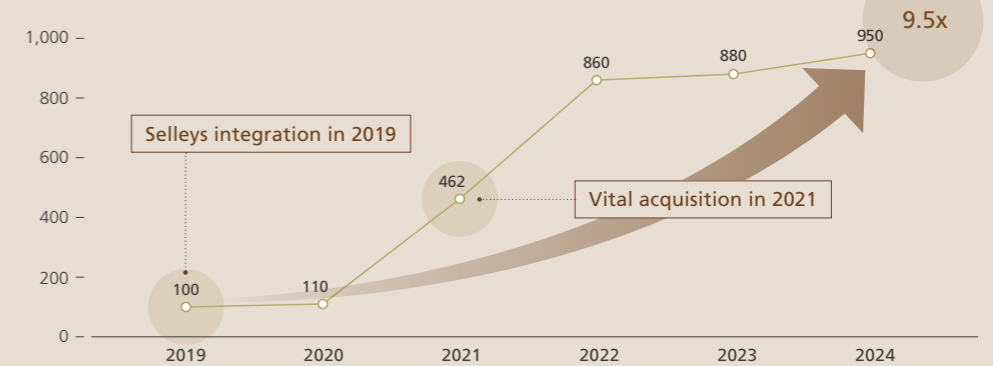
How do our partner companies collaborate and pursue synergies across the Group by leveraging the strengths of our Group platform?
 –Case Study 4 showcases NIPSEA Group’s initiatives to scaling the Selleys brand, developed in Australia by DuluxGroup, as a thriving success in the Asian market.

Case 1: Harnessing the strength of the Selleys brand to unlock opportunities and drive growth across the NIPSEA Group

Following the acquisition of DuluxGroup by NPHD in 2019, NIPSEA saw a clear opportunity to unlock value by scaling the Selleys brand across Asia. Despite Selleys’ strong brand heritage and visibility in the Australia and New Zealand markets, sales momentum had been limited and presence in Asia outside its mainstay markets remained small. With NIPSEA’s deep market coverage, high top of mind and share of market, particularly in the “To consumer” or “DIY” space, and dominant distribution channels across 28 countries, it was a natural strategic fit. As such, NIPSEA immediately activated a structured expansion plan to include the Selleys business overlapping its region into its fold. Since then, Selleys’ footprint in the NIPSEA region has grown from a few countries to 13 countries in 2025, significantly broadening its reach, relevance and our capability across the region.

This growth has been driven by the strategic alignment between Selleys’ Sealants, Adhesives & Fillers (SAF) product portfolio and NIPSEA’s core decorative paint and DIY businesses. Together, they create strong cross-sell potential in both retail and project segments. Execution is led by the NIPSEA local team, adapting communications, product mix, and pricing to local consumer preferences. Supported by the Selleys business, this tailored approach ensures market fit, drives consumer engagement, and positions Selleys for sustainable long-term growth in Asia.

Sales trends in the SAF business (NIPSEA Group)



* Indexed to 2019 as the base year (100)

Case 2: Strategic expansion through Selleys integration and Vital Technical acquisition in Malaysia

As part of NIPSEA Group’s strategic thrust to grow adjacencies beyond the core decorative paint business, the SAF segment emerged as a key area of focus. The integration of the Selleys brand into NIPSEA’s operations in 2019 marked a pivotal step in strengthening our footprint in the non-paint category across Asia.

In Malaysia, Selleys has established a strong reputation in the DIY retail space, offering a range of premium-quality, easy-to-use sealants, adhesives, and household repair products. With an estimated 15% market share in the consumer SAF segment, Selleys’ entry enabled NIPSEA to accelerate its presence in a segment with high consumer visibility and growing demand.

This strategic integration laid the foundation for the acquisition of Vital Technical Sdn Bhd (V-tech) in 2021, a key player in Malaysia’s B2B SAF market with a strong track record among contractors, applicators, and industrial users. V-tech commands approximately 40% market share in Malaysia’s professional SAF segment and brings robust manufacturing capabilities, R&D expertise, and well-established trade distribution networks.

Together, Selleys and Vital Technical provides NIPSEA with a dual-channel strategy that enhances both consumer and professional outreach. This complementary pairing not only aligns with NIPSEA’s long-term ambition to diversify its offerings in the home improvement and construction solutions space, but also strengthens our competitive advantage in the region as the Total Coatings & Construction Solutions (TCCS) provider.

This collaboration exemplifies the Group’s ability to execute synergistic partnerships,

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combining global brand strength with local market expertise. It reinforces NIPSEA's commitment to building a strong, sustainable SAF business and aligns with our broader strategy to grow non-paint adjacencies as a significant pillar of future growth in the region.



Case 3: Cross-border collaboration unlocks new opportunities for home-improvement market growth in Singapore

The partnership between Nippon Paint Singapore and Selleys Australia exemplifies effective cross-border collaboration within the Group. Recognizing Selleys' reputation for quality and its "can-do spirit" in Australia, Nippon Paint Singapore identified an opportunity to leverage Selleys' expertise to expand its own presence in Singapore across multiple product categories and distribution channels.

Traditional paint distribution in Singapore had a limited presence in household channels and supermarkets. Selleys, with its market leadership in SAF, and cleaning solutions, provided the perfect bridge to these untapped channels. With strategic support from Selleys Australia, Nippon Paint Singapore rapidly expanded into over 300 household and small hardware shops, establishing valuable relationships with a new customer base and identifying opportunities to introduce our paint products, which we previously could not.

Our market analysis revealed that cleaning products were ubiquitous in these channels, purchased by both homeowners and contractors for convenience. This insight led to deeper collaboration with Selleys Australia to introduce three hero cleaning products from their Australian portfolio: Sugar Soap, Rapid Mould Killer, and White for Life - Tile & Grout Cleaner. Together, we developed additional cleaning solutions,

including floor cleaners, multipurpose disinfectants, and glass cleaners to create a comprehensive range for the Singapore market.

Following the successful launch across household and hardware channels, we identified further potential in modern trade supermarkets, where most consumers purchase daily essentials. Drawing on Selleys Australia's expertise, we established a dedicated team to develop this channel, forming strategic partnerships with key retailers including NTUC FairPrice, Sheng Siong, and the DFI Retail Group.

Through this three-pronged channel approach, Nippon Paint Singapore has achieved an island-wide presence, positioning both NIPPON PAINT and Selleys as trusted brands for comprehensive home improvement solutions in Singapore. This collaboration demonstrates how leveraging complementary strengths across our group companies creates significant market expansion opportunities.



Column

Selleys: a trusted brand nurtured by DuluxGroup

Founded in Australia in 1939, Selleys is a long-established brand specializing in SAF and DIY products. For decades, Selleys has earned trust through its iconic tagline, "If it's Selleys, it works," becoming a household name with leading brand recognition and market share in the Australian and New Zealand markets. Known for its high-performance products and extensive lineup, Selleys offers solutions that are widely supported by both DIY and professional users.

Brand history

- 1939 Selleys was founded in Sydney, Australia
- 1977 The birth of the iconic tagline: "If it's Selleys, it works."
- 1988 Acquisition of Selleys SAF business by DuluxGroup
- 2000s Selleys expands into other world markets including New Zealand and parts of Asia
- 2019 Acquisition of DuluxGroup by Nippon Paint Holdings
→ Began collaboration with NIPSEA Group

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Addressing Nippon Paint Group’s most material sustainability impacts is a key imperative and priority for the organization to ensure Maximization of Shareholder Value (MSV).

Within the sustainability aspect of the environment, the identified priority material impacts for the business are climate change and resources and environment, especially waste and water.

MSV Logic Tree

🕒 For more information, please refer to the [“How Shareholder Value Is Maximized”](#) section.



Maximizing EPS and PER

Activity highlights of 2024

- ▶ Continued to review and action carbon disclosures (TCFD, IFRS/CDSB) as appropriate.
- ▶ Increased PCG collaboration for understanding and improving carbon mitigation, such as Scope 3 footprint calculation and insights.
- ▶ Reviewed circularity best practice (waste, water) and identify improvement opportunities
- ▶ Reviewed emerging nature-related disclosure standards (TNFD) and action as appropriate

CASE

How does it contribute to maximizing EPS and PER?

In 2024, DuluxGroup installed an additional 1,400 kW of rooftop solar capacity, bringing the total on-site solar generation to 3,700 kW across production and warehouse sites. This project supports its carbon target commitments, while optimizing costs by installing solar where it is more cost-effective than purchasing renewable power from the grid. This initiative has reduced electricity purchases from external suppliers, lowering operational energy costs.

The reduction in energy expenses, and improved operating margins, directly contribute to stronger Earnings Per Share (EPS). The solar investment also reduces exposure to future electricity price increases, supporting cost stability over the medium term. Reporting of increased renewable energy usage enhances environmental metrics, meeting customer and regulatory expectations regarding carbon footprint reductions.

Lower operating costs and improved environmental compliance reduce business risks and support overall financial resilience. These outcomes contribute to maintaining and potentially improving the Price-to-Earnings Ratio (PER), by delivering more stable earnings and demonstrating prudent resource management to investors.

The rooftop solar expansion shows how targeted capital projects, focused on operational efficiency and energy transition, can deliver measurable financial benefits while strengthening long-term competitiveness.

Our approach to achieving MSV

During 2024, each Partner Company Group (PCG: PC group by region/business) continued to make further progress on their individual ambitions, targets, and priorities within each of these material impact areas. This has continued to be supported by the global Environment and Safety Team comprising senior environment and safety leaders from each PCG, with a primary focus on benchmarking, sharing best practice, and establishing common performance metrics. Implementation of these metrics across all PCGs continued during the year, including additional businesses calculating their Scope 3 carbon footprints, and once these metrics are fully established these metrics they will provide improved understanding and oversight of climate and circularity impacts and performance. This includes carbon footprint, renewable energy and resources, waste recovery, and high stress water consumption. Supporting and enabling improved management and understanding of the impacts, risks, and opportunities for both climate change and resources and the environment, will continue to be the primary focus of the Sustainability Team in the coming year, including supporting the transition to mandatory climate & ESG disclosures.

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Climate Change

Climate change is impacting our business, people, and communities. We will work to reduce our greenhouse gas emissions, manage climate-related risks, and capture climate-related opportunities.

Reports based on TCFD recommendations

In September 2021, Nippon Paint Group expressed its support for the final report of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. For MSV, we are working to enhance climate change-related measures and information disclosure.



Governance

The Environment & Safety Team reviews and discusses each partner company's climate change initiatives and reports the findings to the Co-Presidents. The Co-Presidents then submit a report to the Board of Directors as necessary. This arrangement ensures that the Board of Directors can monitor the Materiality-related activities of the Environment & Safety Team.

Strategy

Each PCG is pursuing priority initiatives identified through its distinct sustainability strategies and action plans. The table below outlines the risks and opportunities identified from climate change scenario analysis.

Climate-related scenario analysis

Variables	Risks		Opportunities
	1.5°C	4°C	
Changes in regulations and their impacts, such as carbon pricing and greenhouse gas emission reduction targets	Introduction of strict regulations	Regulations strengthened in limited areas	Market growth for sustainable products - 1.5°C scenario Growth of low-carbon products and enhanced performance - 4°C scenario Growth of low-carbon products against extreme weather and enhanced performance
Increase in supplier costs arising from climate adaptation and decarbonization actions	Large increase in supplier costs due to climate adaptation and decarbonization actions	Certain increase in supplier costs due mainly to climate adaptation rather than to the limited decarbonization actions	
Changes in customer and consumer expectations and behavior	Higher disposition for low-carbon products and lower demand for carbon products	Higher disposition for low-carbon products	Development of new products and services to capture climate-related business opportunities both for 1.5°C and 4°C scenarios
Higher temperature affecting product functions	Occasional product claims and brand damage due to performance deterioration	Frequent product claims and brand damage due to performance deterioration or malfunction	
Increase in floods and/or water stress negatively affecting operations and supply chain	Occasional floods and/or water stress affecting operations and supply chain	Frequent floods and/or water stress routinely impacting operations and supply chain	

Risk

- ▶ Regulatory changes and impacts, such as carbon pricing and greenhouse gas emission reduction targets
- ▶ Increased extreme weather events (e.g., flooding) and climate impacts (e.g., water stress) impacting operations and supply chain
- ▶ Increased supplier costs from climate adaptation and decarbonization actions
- ▶ Changes in customer and consumer expectations and behavior during the transition to a low-carbon future
- ▶ Product claims and brand damage due to performance deterioration (e.g., temperature extremes)

Opportunity

- ▶ Market growth for sustainable products (e.g., low-carbon, improved performance in temperature extremes)
- ▶ Development of new products and services to capture climate-related business opportunities

Risk management

The Sustainability Team that works directly under the Co-Presidents identifies and assesses risks, including their significance, based on the criteria of factors directly related to our operations (e.g., raw materials, energy, and water consumption, greenhouse gas emissions) and our products and customers (e.g., product impacts, product application, and future needs).

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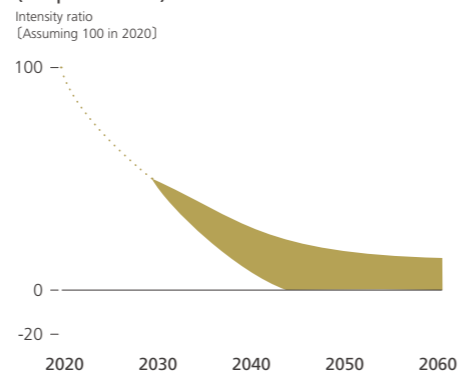
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Metrics and targets

Our PCGs continue to accelerate their responses to climate change by identifying and progressing roadmaps and action plans to achieve their net zero targets through reductions in carbon emissions and adaptation to a net zero future. Key actions currently being progressed across PCG businesses for Scope 1 and 2 improvements include energy efficiency initiatives, renewable power purchase, solar system installations, and transitioning fleets to electric vehicle and hybrid vehicles. By taking these actions, our Japan Group and DuluxGroup businesses aim to achieve net zero for Scope 1 and 2 greenhouse gas emissions by 2050, Dunn Edwards by 2045, and NIPSEA Group by 2060. Scope 3 emissions are currently calculated for Japan Group, DuluxGroup, and the majority of NIPSEA Group, and is being progressively expanded across our remaining businesses, and PCGs have also commenced development of Scope 3 emissions reduction plans. Japan Group has recently formulated its Scope 3 target and reduction plan. A key element for Scope 3 reduction is strengthening collaboration with suppliers to achieve reductions in category 1 emissions. As part of this effort, Japan Group has initiated a Carbon Footprint (CFP) supplier survey of top 30 CO₂-intensive raw materials.

Our Group's GHG emissions reduction target (Scope 1 and 2)



Climate Change-related targets

PCG	Targets*1		Improvement priorities
	GHG emissions	Energy consumption	
NIPSEA Group	Scope 1 and 2 2025: 15% reduction 2060: Net zero	2025: 8% energy consumption reduction	Carbon mitigation best practices were disseminated across the NIPSEA Group to facilitate consistent adoption across operations.
DuluxGroup*2	Scope 1 and 2 2030: 50% reduction 2050: Net zero	2030: 50% renewable electricity consumption	Delivery of an additional 1,400 kW of solar generation capacity, ongoing energy efficiency initiatives across operational sites, continued roll-out of the fleet transition plan in the Pacific and Cromology business, review of climate targets across the entire DuluxGroup including Scope 3 target setting.
Japan Group	Scope 1 and 2 2030: 37% reduction 2050: Net zero Scope 3 2030: 13% reduction	2030: 62% renewable energy, 10% energy intensity reduction	Increased renewable-electricity purchase and commenced an off-site solar Power Purchase Agreement (PPA). Formulated a Scope 3 target and reduction plan. Strengthened collaboration with suppliers for reductions of Category 1 emissions.
Dunn-Edwards	Scope 1 and 2 2045: Net zero	-	Use of renewable electricity in the LA office and PHX.

*1 Baseline years for targets are 2021 for NIPSEA Group, 2020 for DuluxGroup, and Japan Group (Scope 1 and 2 2019, Scope 3 and Energy 2021) *2 DGL (Pacific) only

Metrics and results related to Climate Change (2024) * Figures in brackets indicate year-on-year change

Ⓞ For data for 2023 and earlier, as well as other ESG data, please refer to the "ESG Data" section on our website.

PCG	GHG emissions (Scope 1 and 2 Market based) (kg/t)	GHG emissions (Scope 1 and 2 Location based) (kg/t)	GHG emissions (Scope 3) (Mt)*	Total Energy consumption (GJ/t)	Renewable energy consumption (% of total)	Renewable electricity consumption (% of total)
NIPSEA Group	36.8 (n/a)	36.6 (+13.5%)	8.0 (+11.5%)	0.4 (+28.6%)	8.8% (+570 bps)	21.8% (+1,590 bps)
DuluxGroup	85.8 (-4.4%)	74.3 (-8.2%)	1.0 (+16.6%)	0.9 (+6.8%)	2.6% (-480 bps)	7.3% (-650 bps)
Japan Group	139.5 (-6.9%)	164.3 (+3.0%)	1.2 (-1.6%)	3.3 (+0.5%)	15.9% (+570 bps)	22.2% (+780 bps)
Dunn-Edwards	-	-	-	0.3 (+26.5%)	-	-
Total	-	45.0 (+9.4%)	10.2 (+10.2%)	0.5 (+18.4%)	9.6% (+390 bps)	19.1% (+1,040 bps)

* NIPSEA Group includes the China, Malaysia Group and Betek Boya only (representing approximately 90% of NIPSEA production). DuluxGroup includes DGL (Pacific) only (representing 45% of the DuluxGroup total production)

Performance

In 2024, our greenhouse gas emissions (Scope 1 and 2 location based) increased 9.4% to 45.0 kilograms per tonne (kg/t). Dual GHG emissions reporting for 2024 has commenced for both Market Based and Location Based emissions where possible. The increases in Scope 1 and 2 and energy consumption are being mitigated by implementation of operational and energy efficiency initiatives (such as switching to LED lighting), investment in solar generation at sites, fleet transition plans and purchasing electricity from renewable sources.

GHG Scope 3 emissions increased 10.2% to 10.2 million tonnes (Mt). The increase is mainly due to NIPSEA Group's increased production and expanded reporting to include additional businesses. Scope 3 emissions in DGL (Pacific) also increased due to acquisitions of new businesses, Pental and Seasol. Japan Group reduced Scope 3 emissions by 1.6%. PCGs are working to expand the Scope 3 emissions reporting to include DGL (Europe), smaller parts of NIPSEA Group, and Dunn-Edwards.

Total energy consumption increased 18.4% year-on-year to 0.54 gigajoules per tonne (GJ/t). These increases are mainly due to new acquisitions and enhancements in data capture and reporting. Notably, our consumption of renewable energy increased by 390 bps to 9.6% of total energy consumption as well as renewable electricity consumption now at 19.1% of the total.

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Our sustainable products

Low-carbon binder

Cement is a widely used raw material in substrate products, but it releases a large amount of carbon dioxide during production. In order to reduce carbon emissions, we are developing a low-carbon binder to replace cement. In 2024, we used self-developed low-carbon binder to replace 40% to 50% of cement in putties, and the performance after replacement is close to the original formulations, while carbon emissions can be reduced by more than 30%. We are currently double testing the formulations and hope to launch new putty products with lower carbon emissions by 2025.



For other examples, please refer to the "Results of sustainability products" section on our website.

Resources and Environment

Our business and communities depend on the sustainable consumption of natural resources and protection of the environment and biodiversity. We will work to improve the life cycle and circularity impacts of our products and supply chain.

Governance

Under the guidance of the Environment & Safety team, we promote initiatives to address our specific targets and priorities related to this Materiality.

For more information about the framework, please refer to the "Governance" under the "Climate Change" section.

Strategy

Establishing common metrics to improve understanding of circularity impacts to enable identification of risks and opportunities has been the foundation of the current strategy. Each PCG is continuing to progress their individual waste, water, and environment improvement priorities, with a focus on sharing of best practices to drive further improvement.

Metrics and results related to Resources and Environment (2024) * Figures in brackets indicate year-on-year change

PCG	Waste			Water		
	Total waste generated (kg/t)	Hazardous waste generated (% of total)	Waste recovered (% of total)	Total water withdrawn (kL/t)	Total water consumed (kL/t)	High stress regions water consumed (% of total)
NIPSEA Group	12.1 (+16.3%)	52.8% (+600 bps)	37.3% (+2,640 bps)	0.49 (+0.2%)	0.48 (+0.8%)	63% (-300 bps)
DuluxGroup	32.9 (-17.9%)	24.1% (-250 bps)	52.4% (-10 bps)	0.57 (+4.8%)	0.38 (+12.2%)	27% (-900 bps)
Japan Group	53.1 (-0.8%)	11.0% (-140 bps)	82.7% (+210 bps)	1.63 (-1.6%)	0.57 (+7.5%)	0% (0 bps)
Dunn-Edwards	36.4 (+267.5%)*	2.9% (+190 bps)	15.3% (+980 bps)	0.85 (+35.5%)	0.85 (+69.7%)	0% (0 bps)
Total	16.0 (+9.1%)	40.3% (+370 bps)	45.7% (+1,490 bps)	0.55 (+0.9%)	0.48 (+2.3%)	56% (-400 bps)

* Store waste is now included in reporting scope, which comprises approximately 70–80% of total waste

For data for 2023 and earlier, as well as other ESG data, please refer to the "ESG Data" section on our website.

Risk

- Regulatory changes and impacts, such as waste disposal restrictions and increased costs
- Supply constraints and increased costs associated with resource scarcity
- Major site incident or contamination (e.g., soil/groundwater) causing harm to people and community
- Changes in customer and consumer expectations and behavior during the transition to a circular economy future

Opportunity

- Market growth for sustainable products (e.g., renewable content, post-consumer waste recovery)
- Enhanced competitiveness through development and use of recycling technologies, resource efficiencies, and circular raw materials

Risk management

The key risks and opportunities for Resources and Environment are largely common across the consolidated group, though individual PCGs do have different focus areas and action priorities that reflect the local maturity of their improvement journeys.

Metrics and targets

The results for 2024 are presented in the table below. Changes in waste performance are influenced by a range of factors, including the inclusion of recent acquisitions offset by improved efficiencies through the implementation of waste recovery improvement initiatives, and improvements in data consolidation and reporting. For water, the high-stress metric, now in its second year of reporting, continues to provide insights into consumption in regions facing high or extremely high water stress, helping prioritize areas for improvement.

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As a Japan-origin global corporate group operating in 48 countries worldwide, Nippon Paint Group is committed to contributing to MSV by leveraging the diversity and strengths of its human capital, as well as fulfilling its obligations to stakeholders, which is the premise of MSV.

MSV Logic Tree

For more information, please refer to the "How Shareholder Value Is Maximized" section.



Maximizing EPS and PER

Activity highlights of 2024

- ▶ NIPSEA Group:
 - Continued to build a Strong Leadership Pipeline Across Regions
 - Developed future-ready leaders through our Group-level Leadership Development programs
- ▶ DuluxGroup: Through our leader-led approach DuluxGroup has continued to attract, retain and develop our people at all levels whilst ensuring an inclusive environment for everyone regardless of gender or background.
- ▶ Dunn-Edwards: Diversity training for all levels, follow-up survey
- ▶ Japan Group: Recruitment and training of women and, creation of an environment that unlocks the potential of individual employees

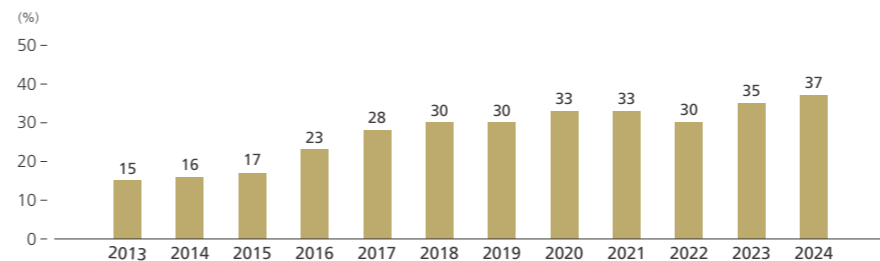
CASE

How does it contribute to maximizing EPS and PER?

A gender balanced future at DuluxGroup

DuluxGroup believes creating a diverse workplace is not only the right thing to do, but that diverse perspectives and experiences drive innovation and enhance performance. Women form nearly half of the Australian workforce. Through a focused effort by its leaders to recruit and develop talented women, DuluxGroup has increased female representation at all levels of the organization, but particularly in leadership, where it has more than doubled the percentage of women in its Top 200 leaders over the past 11 years (from 15% to 37%). DuluxGroup aspires to be an organization with 40:40:20 gender balance (40% men; 40% women; 20% of any gender), particularly in leadership roles, and continues to work toward this.

Percentage of women in our top 200 leaders



Our approach to achieving MSV

People play a vital role in our organization as they are the driving force behind business growth. In successful partner companies, powerful teams consisting of diverse individuals, along with excellent leadership teams, act as the driving force. It's important to recognize that achieving goals cannot be done alone.

Given that the market undergoes long-term changes, we need a human resource base that can not only adapt to but also capitalize on these changes with agility. People can embrace changes and seize opportunities, even if they encounter failures while taking risks to pursue their objectives, as long as they accept and learn from those failures.

To attain MSV, it is crucial to foster a dynamic and open corporate culture, as well as a pleasant and rewarding work environment that encourages every employee to take on challenges and fully showcase their unique qualities and abilities in generating new value and businesses.

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Human Resource Development

Governance

Our Group empowers our partner companies through **autonomous and decentralized management**, granting them autonomy with accountability. Each PCG takes the lead in investing in human capital, and each partner company within PCGs initiates programs for employee competency development tailored to their specific needs, nurturing a diverse and self-reliant human resource pool.

Strategy

Our primary approach in our human resource strategy to achieve MSV is to build a strong and diverse organization with excellent human capital. This will enable us to consistently achieve strong growth. We will make appropriate investments in human capital to establish an organization that can grow sustainably. From a technological standpoint, this means investing in human capital with a long-term perspective towards developing innovative and productive technologies, while also implementing tailored personnel systems.

For more information, please refer to the **“Human resource development measures essential for achieving MSV”** section on our website.

Training programs

	Overview
DuluxGroup	<p>Comprehensive learning program covering leadership and professional skills</p> <ul style="list-style-type: none"> Residential programs, external programs, virtual programs, livestreams and podcasts and DGx - a one-day live event covering a range of different learning topics Cromology and JUB offer relevant learning programs to support the business and professional skills of their employees
NIPSEA Group	<p>As we move forward, NIPSEA Group remains committed to enhancing employee development opportunities, ensuring that learning remains an integral part of our culture</p> <ul style="list-style-type: none"> NIPSEA Talent Development Program “LEAD”: A structured leadership program designed to equip employees with the skills to excel in dynamic business environments NIPSEA Female Mentorship Program: A platform to nurture aspiring women leaders through mentorship and peer support Strategic Marketing Competencies training - In-house developed program designed to equip employees with essential marketing skills aligned with our business objectives Learning Carnival: A Group-wide initiative that brings engaging learning opportunities to employees through expert talks, workshops, and interactive sessions NIPSEA Leadership Competencies Training – AGILE: Focused on developing critical leadership skills aligned with AGILE methodologies ESG Training: Equipping employees with sustainability knowledge to drive responsible business practices

Risk management

Increasing employee engagement will lead to creating an environment where excellent human resources can consistently perform to their fullest potential. We regularly monitor and survey employee satisfaction levels of partner companies that join the Group under our Asset Assembler model.

The survey results of each partner company will be compared and analyzed using benchmarks, such as the peer average in the same region, and historical data to examine actions necessary to improve employee satisfaction levels.

	Overview
Dunn-Edwards	<p>Develop and deliver programs that empower team members’ long-term professional development</p> <ul style="list-style-type: none"> Leverage both technology (learning management systems, interactive programs, etc.) and current training techniques (micro learning, hands-on sessions, etc.) to build successful careers in an ever-evolving workplace Position-specific programs in Sales, Product Performance, Retail and Business Management, Labor Law, Harassment Prevention, Risk Management, Safety, Hazardous Materials (HAZMAT), Diversity and Inclusion and more
Japan Group	<p>Japan Group is reorganizing and strengthening the team dedicated to talent management for senior leaders and all employees</p> <ul style="list-style-type: none"> Develop leaders based on each Individual Development Plan Deliver training programs for all employees in each layer, on-board programs for both new-graduates and mid-career employees, selective programs and programs for specific purposes such as performance evaluator training Enhance our leadership development programs

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Metrics and actions of employee engagement

Overview

Dulux Group	<ul style="list-style-type: none"> ▶ DuluxGroup focuses on ongoing monitoring of employee engagement through its leaders. Most recent engagement survey (80% satisfaction in FY2021) shows world-class engagement scores. We will continue to equip leaders to take up their role to lead and engage our people and reinforce connection to their purpose, as well as to their Values and Behaviors in different countries and business units.
NIPSEA Group	<ul style="list-style-type: none"> ▶ At NIPSEA Group, we recognize that an engaged workforce is fundamental to business success, innovation, and sustainable growth. As part of our commitment to continuous improvement, we conducted the NIPSEA Group Employee Engagement Survey (EES) 2024, achieving more than a 96% completion rate across our global workforce. The insights gathered from this survey provide a data-driven approach to enhancing the overall employee experience, fostering a positive workplace culture, and shaping future talent strategies. As we move forward, our focus remains on sustaining a culture of engagement, innovation, and empowerment, ensuring that NIPSEA Group continues to be an employer of choice across our global markets.
Dunn-Edwards	<ul style="list-style-type: none"> ▶ Dunn-Edwards exit interview data shows that a new team member's first year with the company is the most important period for building a connection with the organization. Important factors for employee retention include compensation, employee benefits (healthcare plans, retirement plans, vacation and leave programs, tuition assistance programs, etc.), career development opportunities, and strong leadership from those in managerial positions. To ensure Dunn-Edwards is competitive and attractive in these areas, we regularly evaluate and update our compensation and benefits offerings, while continuously developing and enhancing training programs designed for career advancement.
Japan Group	<ul style="list-style-type: none"> ▶ Japan Group has identified employees' engagement as an important management issue and started the engagement survey in FY2024. The survey results showed a gap between the management, which has been promoting change for several years, and the awareness of the employees. We know the importance of strong and senior leadership, optimal talents and staffing, and an infrastructure that enables high productivity, to improve engagement and maximize employee performance. In order to promote these factors, we have adopted a CXO organization for matrix management, an EQ assessment and leadership program for executives, a revised company-wide HR evaluation system, and a project to improve operations through IT investment.

🔗 For more information about the initiatives of Japan Group, please refer to the ["Case Study 5: Driving Employee Engagement Across the Japan Group"](#) section.

Diversity, Equity, and Inclusion (DE&I)

Governance

The People & Community Team discusses policies and initiatives concerning human resources activities of each partner company and reports updates to Co-Presidents. Then, Co-Presidents will submit reports to the Board of Directors whenever necessary. In this manner, Materiality-related activities of the People & Community Team are overseen by the Board of Directors.

Strategy

Building up human capital with diversity serves as one of the most critical cornerstones of our Asset Assembler model. To this end, we foster the promotion of human resources with a diverse background and their education, as well as awareness of diversity, equity, and inclusion; eliminate the discrimination, harassment, and violence based on race, gender, religion, and any other form of diversity in the workplace; and create a more welcoming work environment where everyone feels welcomed and respected. Each of our partner companies is building up human capital by taking actions that are suitable for the country and region where it conducts business activities.

🔗 For more information, please refer to the ["Building up human capital with diversity"](#) section on our website.

Risk

- ▶ To improve employee engagement and create continuous innovation, fostering a diverse and inclusive work environment is essential to increase human resources with diverse backgrounds. Failure to do so risks hindrance of the growth strategy
- ▶ We may face perception risk if diversity initiatives are not properly positioned. Globally, many companies have come under scrutiny for implementing programs or campaigns that are either superficial to appear 'in tune' with popular trends and current topics, or are not well-received by their employees due to unintentionally excluding some groups in order to highlight others

Opportunity

- ▶ Securing diverse and competent human resource talents as a global corporate group
- ▶ Creating wealth for companies, workers, and local communities by creating diverse and inclusive organizations

Risk management

[The Global Code of Conduct](#), which was established in January 2022, articulates our focus on diversity and respect for human rights. In addition, our partner companies around the world carry out human resource management activities designed to secure and increase diversity. Moreover, our [Corporate Governance Policy](#) stipulates that the Group values ensuring diversity.

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DE&I promotion program

Overview		Overview	
DuluxGroup	<p>Focused on creating an environment where everyone feels they belong and can do their best work</p> <ul style="list-style-type: none"> ▶ Through a focused effort in our recruiting strategies, our internal talent management processes and development of our people, we have increased female representation at all levels of the organization, particularly in leadership ▶ Promoting career development opportunities and a compelling employee value proposition, including flexible work arrangements 	Dunn-Edwards	<p>Fostering an inclusive and diverse environment, where all employees feel welcomed and valued, and where everyone has equal access to opportunities, guidance, and support</p> <ul style="list-style-type: none"> ▶ Expanded resources for career development and career pathing ▶ Launched a DE&I training curriculum for team members ▶ Launched a new Intranet and communication strategy to improve transparency across the organization
NIPSEA Group	<p>Fostering a diverse and inclusive workforce that embraces people of different genders, generations, nationalities, and expertise</p> <ul style="list-style-type: none"> ▶ D&I committee continues to champion initiatives focused on promoting diversity and inclusion ▶ Successfully completed Group-level women mentoring program, fostering empowerment and providing support to mentees in establishing local women mentorship program ▶ Introduced D&I policy and campaigns in NIPSEA countries 	Japan Group	<p>Following the practice in 2023, in 2024, approximately 30 female next-generation leaders were selected and provided with the following support programs for their career development</p> <ul style="list-style-type: none"> ▶ Distribution of information on the attractiveness of executive positions in the company newsletter ▶ Roundtable discussions with the next generation of female leaders by young executives ▶ Mentoring with young executives ▶ Career training and workshops <p>📄 For other case studies, please refer to the “Examples of the Japan Group D&I Initiatives” section on our website.</p>

Metrics and targets

Roadmap

	2024	2025	2026–
DE&I	<ul style="list-style-type: none"> ▶ NIPSEA Group: <ul style="list-style-type: none"> - Continued to build a Strong Leadership Pipeline Across Regions - Developed future-ready leaders through our Group-level Leadership Development programs ▶ DuluxGroup: <ul style="list-style-type: none"> - Under a leader-led approach, efforts drove toward gender balance, emphasized areas where women were under-represented, and focused on broader inclusion initiatives, such as disability and inclusive leadership practices ▶ Dunn-Edwards: <ul style="list-style-type: none"> - Diversity training for all levels, follow-up survey ▶ Japan Group: <ul style="list-style-type: none"> - Initiated a development program targeting female employees 	<ul style="list-style-type: none"> ▶ NIPSEA Group: <ul style="list-style-type: none"> - Achieve 35% female representation in management and emerging leaders - Launching the career portal - Strengthen leadership diversity by enhancing career pathways, leadership programs, and the Women Mentorship Program ▶ DuluxGroup: <ul style="list-style-type: none"> - Drive gender balance by - Embedding inclusion initiatives tailored to each country - Hiring, developing, and advancing talented women ▶ Dunn-Edwards: <ul style="list-style-type: none"> - Shape initiatives based on survey feedback (career growth) and shift committee from DEI to Engagement focus ▶ Japan Group: <ul style="list-style-type: none"> - Continue improving the ratio of women in managing positions and resetting the mid-term target for the future 	<ul style="list-style-type: none"> ▶ NIPSEA Group: <ul style="list-style-type: none"> - Sustain long-term progress in talent development - Further development of career pathways - Integrate inclusive leadership practices - Expand mentorship initiatives - Leverage data insights from employee engagement survey ▶ DuluxGroup: <ul style="list-style-type: none"> - Leaders in all countries, regardless of statutory requirements, track and address gender pay gaps. Ongoing focus on inclusion and belonging initiatives ▶ Dunn-Edwards: <ul style="list-style-type: none"> - Ongoing focus on employee engagement, carrying our culture forward ▶ Japan Group: <ul style="list-style-type: none"> - Recruitment and training of women and, creation of an environment that unleashes individual potential

Key indicators related to human capital (2024)

	NIPSEA Group	DuluxGroup	Dunn-Edwards	Japan Group	Total
Ratio of female employees	24.9%	33.6%	29.4%	22.4%	26.6%
Ratio of women in managerial positions	23.7%	30.1%	35.3%	6.4%	24.9%
Ratio of full-time employees leaving the company at their own discretion	–	9.8%	18.1%	3.2%	–

📄 For other ESG data, please refer to the [“ESG Data”](#) section on our website.

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5 Case Study

Driving Employee Engagement Across the Japan Group



How does the Japan Group nurture corporate culture and drive improvements in productivity and EPS to contribute to MSV? –Case Study 5 highlights key measures and initiatives implemented to enhance employee engagement, based on the findings of the 2024 employee engagement survey.

Employee engagement survey results and identified challenges

In 2024, the Japan Group introduced an employee engagement survey to better understand employee sentiment and incorporate it into future HR initiatives. Engagement is measured across three dimensions: “Say (speaking positively about the company),” “Stay (intending to remain with the company),” and “Strive (making extra efforts for the company).” Among these, the survey results showed that the scores for “Say” and “Strive” were lower than those for “Stay,” and were also below the average of Japanese companies.

As a result of analyzing the survey findings, the Japan Group has identified the following three challenges to improve employee engagement:

1. Lack of optimistic and elevated outlook for the company’s future;
2. Insufficient improvement of the work environment; and
3. Limited opportunities for employees to develop their skills and career paths

We have already begun full-scale initiatives to address these issues. Our goal is to realize “ONE NIPPE” and “ONE People,” creating a workplace where every employee can work with a future-oriented mindset. By unlocking the full potential of all employees, we aim to foster both personal growth of employees and sustainable enhancement of corporate value.

Initiatives to address each challenge

1. Optimistic and elevated outlook for the company’s future

It is essential for employees to be able to envision the company’s future in order for the company to nurture culture and unleash energy throughout the organization. To support this, in 2024, the management team communicated messages and created opportunities for direct dialogue with employees. Beginning in 2025, the Japan Group has fully implemented a CXO structure, enhancing efficiency and enabling the cross-organizational sharing of corporate vision and strategic direction. Through these initiatives, we are broadening the dissemination of corporate vision and strategy across the organization, while further strengthening open and transparent communication.

2. Improvement of the work environment

Efficient task execution by employees is essential for improving overall organizational productivity. To this end, the Japan Group has begun actively introducing AI tools and developing digital transformation (DX) talents. Additionally, to enhance employees’ psychological safety and develop a culture of open communication, we are supporting bottom-up initiatives and providing evaluator training for management-level personnel. Furthermore, we are promoting a 1-on-1 program to strengthen relationships between supervisors and subordinates through regular direct meetings.

3. Development of employee skills and career path

A company’s growth is closely linked to the development of each employee’s skills and career paths. To enhance the fairness and objectivity of our personnel evaluations and develop a more open and transparent organizational culture, the Japan Group has revised its evaluation system to introduce differentiated and merit-based treatment and to better recognize and reward employees who take on new challenges. Additionally, the management team is taking the lead in continuously holding cross-organizational Talent Management Committee and D&I Committee meetings within the Japan Group. Furthermore, in 2024, we launched an internal side-job system on a trial basis to support employee career development and promote inter-organizational communication, and are preparing for its full-scale implementation.

Challenges identified from employee engagement survey and initiatives to address them

To Be	Initiatives
<ul style="list-style-type: none"> ▶ Creating a workplace where all employees can unlock their full potential and work with a future-oriented mindset ▶ Realizing “ONE NIPPE, ONE People” creating a workplace that fosters both individual growth and the sustainable enhancement of corporate value 	<ul style="list-style-type: none"> ▶ Introduction of AI tools and development of DX talents ▶ Strengthening the support system for bottom-up initiatives (e.g., EFE) ▶ Evaluator training, 1-on-1 program
<ul style="list-style-type: none"> ▶ ONE NIPPE - Establishment of the CXO structure (2025–2026) - Medium-Term Strategy (2024 onward) ▶ Dissemination of management message (through J-GMM and other channels) (2024) ▶ Direct dialogue between management and employees (2024) 	<ul style="list-style-type: none"> ▶ Revision of the evaluation system (2024–2025) ▶ Talent Management Committee and D&I Committee meetings ▶ Leadership programs for executives and department heads ▶ Expanded implementation of internal side-job system, career profile sharing system, and career development training programs
<p>Scores by engagement component * Figures in parentheses indicate comparison with the average for Japanese companies</p> <p>Say (Speaking positively about the company)..... 14 points (-16 points)</p> <p>Stay (Intention to remain with the company).....39 points (+1 point)</p> <p>Strive (Making extra efforts for the company).....21 points (-12 points)</p>	
<p>Challenges identified</p> <p>1. Lack of optimistic and elevated outlook for the company’s future 2. Insufficient improvement of the work environment</p> <p>3. Limited opportunities for employees to develop their skills and career paths</p>	

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Case study introduction

1 Japan Group Management Meeting (J-GMM)

The J-GMM, hosted by the Co-Presidents in September 2024 under the theme “Transforming the Japan Group into a Dominant Corporate Group of True Leaders,” brought together approximately 400 participants from across the Japan Group. While past meetings primarily focused on revenue improvement initiatives and operational process reviews, this year’s meeting, considering the results of the employee engagement survey, placed the highest priority on human resources initiatives. The Co-Presidents emphasized the importance of every employee demonstrating leadership and generating added value. They also reiterated the commitment to fostering a culture that encourages taking on challenges, including revising the evaluation system to place greater emphasis on the execution process rather than solely on results. The meeting further shared the policy of creating an environment that enables a future-oriented work style.



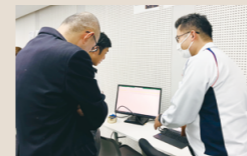
2 Engagement for Employee (EFE)

The EFE activities, which originally began as an unofficial gathering initiated and formed by volunteer employees within the Japan Group, is an open forum where anyone can participate. It provides a space for employees to unlock their full potential and support personal growth through dialogue. In particular, EFE encourages employees to become “First Penguins” by embracing behavioral transformation and offers opportunities for co-creation, with a strong focus on envisioning a better future. To date, EFE has organized both internal and external workshops, as well as various co-creation projects with outside partners. From 2025, the management team has officially recognized EFE as an official community within the Japan Group and has reinforced support systems, acting as a close partner to accompany and support employees’ bottom-up initiatives.



3 IT case study presentation

The IT case study presentation series was held throughout the year, with approximately 300 employees participating in 2024. The events emphasized the increasing importance of digital technologies and generative AI, and showcased practical examples including the digitalization of logistics operations, improvements in operational efficiency, the development of robust information-sharing systems, and the implementation of RPA tools. Participation was voluntary, yet many employees with a strong sense of urgency demonstrated active interests, resulting in engaging Q&A sessions. Following the presentations, poster sessions and consultation meetings were organized, further facilitating exchanges and collaboration among the participants.



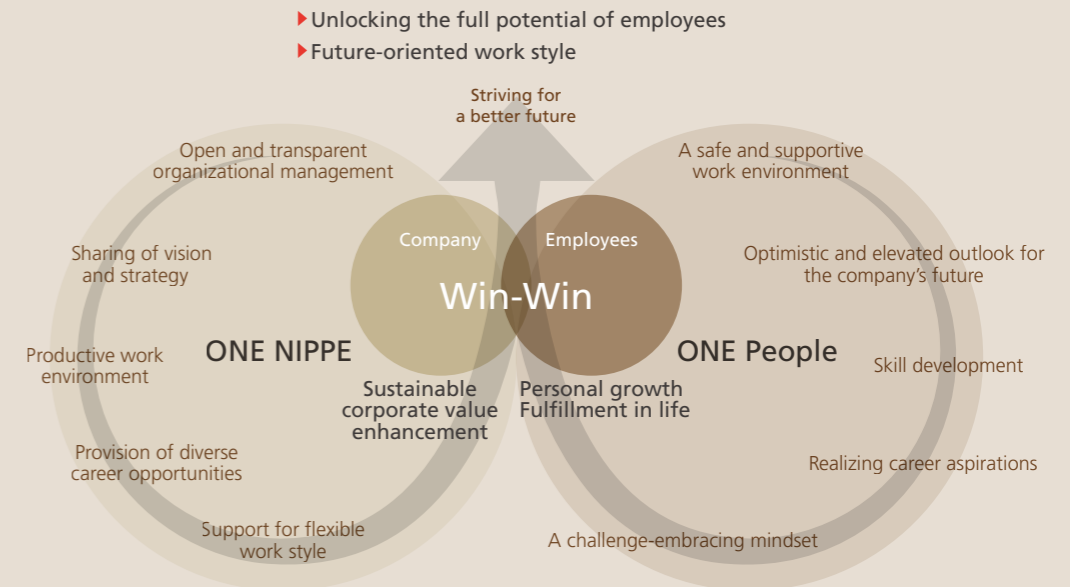
Further embedding the “ONE NIPPE” culture

Under the banner of “ONE NIPPE, ONE People,” the Japan Group is nurturing a corporate culture where employees proactively demonstrate leadership and work toward total optimization across the organization. Cross-functional initiatives, such as standardizing business processes, establishing the resin center, and building greater collaboration among sales teams, have already produced tangible results. Nevertheless, there are still challenges to fully realizing the “ONE NIPPE” vision.

In the next phase, we will drive greater efficiency and sophistication by fully implementing the CXO structure and consolidating HR functions. Our focus will be on enhancing fairness in talent management and performance-based compensation, as well as optimizing personnel assignments. We also encourage employees to take on concurrent roles and participate in cross-functional projects, supporting flexible work styles to unlock greater initiative and engagement.

“ONE NIPPE” is about breaking down psychological silos and maximizing synergy through a shared sense of purpose. By empowering employees to lead and build a value-creating culture, and collaborate across the Japan Group, we aim to boost productivity, improve EPS, and ultimately contribute to MSV.

Our corporate vision, achieved through enhanced employee engagement



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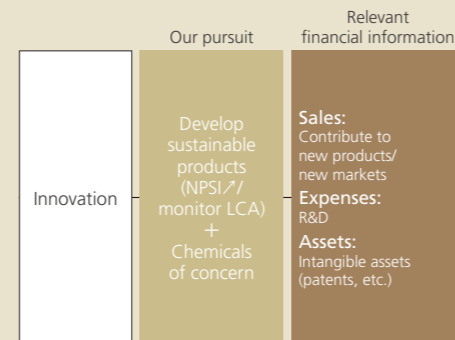
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The world is facing a growing number of challenges, and our traditional methods are no longer sufficient to address them. To contribute effectively, we will collaborate with suppliers, customers, industry leaders, and other partners to enhance our capacity for innovation.

MSV Logic Tree

🕒 For more information, please refer to the ["How Shareholder Value Is Maximized"](#) section.



Maximizing EPS and PER

Activity highlights of 2024

- ▶ Initiated and drove flagship projects (bio-based and low temperature fast curing) in Sustainability
- ▶ Created sustainable project portfolio and drove sustainable business growth
- ▶ Developed methodologies & modeling of Life Cycle Assessment (LCA) (PCF*1 & EPD*2, software, database)
- ▶ IT Tool implementation for product sustainability scoring in system
- ▶ Proceeded with the Chemicals of Concern (CoC) phasing out plan
- ▶ Monitored, recorded and communicated the change of global regulations
- ▶ Assessed raw materials introduction, registered new substance and ensured SDS and GHS label generation, registration hazard chemical permits correctly and precisely

*1 Product Carbon Footprint *2 Environmental Product Declaration

CASE

How does it contribute to maximizing EPS and PER?

Nippon Paint Group has been a leader in driving carbon reduction across the entire value chain, focusing on two key areas: bio-based materials and low-temperature fast-curing technologies. By collaborating with both upstream suppliers and downstream customers, the Group has integrated sustainability into every stage of production, from raw material sourcing to end-use applications.

Since 2017, Nippon Paint Group has been advancing a robust low-temperature fast-curing technology platform, which has grown to include 33 projects across construction, industrial coatings, automotive, and marine sectors. This platform has driven significant improvements in energy efficiency and sustainability by enabling coatings to cure at lower temperatures while maintaining high performance. By reducing energy consumption by 10–30% and lowering greenhouse gas emissions by 5–20%, this technology supports global efforts toward carbon neutrality.

Through innovations in this platform, Nippon Paint Group has successfully commercialized products tailored for each market, like automotive (ACECRON 130), industrial (Biryusia PL7000, PL7100), or marine (FASTAR series). These solutions shorten baking times, lower energy use, and improve coating efficiency, making them ideal for applications requiring rapid curing and reduced environmental impact.

Our approach to achieving MSV

Our technology mission is to drive and sustain growth and market share in Japan and globally as a leading technology organization for coatings and adjacent markets. We have formulated our innovation strategy with three pillars: 1) build an adaptive organization; 2) develop core enabling technology competency; and 3) expand into adjacencies and emerging markets. These are initiatives for MSV from a technology perspective. We believe that our technology organization's culture of being customer-centric, socially responsible and collaborative is the key driver to success.

LSI (Leveraging, Sharing, and Integration) is a collaborative activity within our global R&D partner companies. It involves 14 projects from multiple regions or segments, with a projected business impact of USD530 million by 2026. In addition to these projects, the technology teams in decorative paints have established a global technical community to exchange best practices and leverage research capabilities in joint technology development projects as part of LSI. These initiatives aim to break down silos, encourage collaboration, and optimize the organization's collective expertise and assets for MSV.

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Nippon Paint Group has over 4,200 technical staff globally, including around 1,000 in Japan. They are the driving force of our powerful innovation and core enabler of competitiveness for achieving sustainable business growth.

We have established a framework that allows the reinforcement of global technology collaboration for increasing the added value of intellectual property. For instance, technology teams in decorative paints have formed a global technology community to share best practices and leverage research capabilities in joint technology projects, which have produced successful outcomes in addressing the needs of customers in each market. We also have in place LSI (Leverage, Share & Integrate) activity aimed at driving technology sharing and capability enhancement among partner companies to facilitate technology exchange platforms and cross-organizational projects among partner companies.

Nippon Paint Group manages intellectual property by classifying its core technologies involving paint and coatings in 12 categories: polymer chemistry, color science, formulation, curing technology, dispersion technology, application technology, process technology, rheology, weathering and corrosion, measurement science, AI and sustainability. Experts in each core technology field are working in core R&D teams in the R&D centers and collaborating with scientists from the global network of technical centers to support product development across the Group.

Strategy

Risk

- ▶ Significant hindrance to future corporate earnings owing to inability to generate innovation due to slow response to new markets

Opportunity

- ▶ Expansion of market for products that contribute to controlling and adapting to climate change
- ▶ Products and services that address social issues contribute significantly to society and help boost corporate earnings in the long term

Innovation Initiatives

We developed the New Product Sales Index (NPSI) as one of the indicators for measuring the sales volume of products produced using innovative technologies, as part of our efforts to foster innovation. Nippon Paint Group defines NPSI as the percentage of sales revenues generated from new products commercialized in the past three years to the total sales revenues. NIPSEA Group started using the NPSI in 2018 and Japan Group in 2022. Japan Group and NIPSEA Group achieved a combined NPSI of 25% and launched approximately 9,000 new products in 2024.

Sustainability of our products

We define sustainable products and technologies by aligning with the United Nations Sustainable Development Goals (SDGs) and adopting a portfolio sustainability assessment (PSA) process to enable identification of sustainable products. This encompasses a systematic approach that includes main lifecycle stages of a product: Product feedstock, Production, Applications and End of life. At each of these stages, we evaluate how our paint and coatings products outperform market products by mapping specific SDG targets to their attributes. To support this sustainable framework, we have developed the Sustainability Scoreboard, an assessment tool now integrated into the NPSI systems of our partner companies in Japan Group and most NIPSEA Group partner companies. Moreover, we have established the “Green Design Review” within our R&D project management systems, which serves as a process to assess each project’s contribution towards building a sustainable society.

Risk management

In 2021, Japan Group launched the “Green 30” chemicals management system to manage Chemicals of Concern (CoC) based on regulations or treaties such as REACH regulations in EU, TSCA in the USA and CSCL in Japan. We classify chemical risks into three categories (Rank A, Rank B, Rank C)*1 according to the laws and regulations in the countries where we operate. Japan Group started using this system in 2021 and the system is being expanded to our partner companies outside Japan.

Alkylphenol ethoxylates (APEs) are mainly used for surfactants and include the subcategory of nonylphenol ethoxylates (NPEO/NPE). Nonylphenols (NP), raw materials for NPE, are regulated by REACH and TSCA. Nippon Paint Group has been steadily phasing out APEs-containing surfactants.

In addition, we have been replacing UV absorbers such as UV-328 and UV-327, and in Japan Group, the phase-out of UV-328 was completed by the end of 2023. Japan Group is also reducing chlorinated paraffins, including other POPs, medium-chain chlorinated paraffins. Within China, we have implemented initiatives to reduce CMR substances*2, concentrating on product accountability, strategic approaches, and successful outcomes to promote sustainability. This includes decorative business and industrial business, like waterproof and high-performance or substrate sectors, where all CMR substances have been eliminated and will not be used in the future.

*1 The definitions of categories
 Rank A (Prohibited): Prohibition of introduction
 Rank B (Restricted for new introduction): Prohibition of new introduction with some exceptions
 Rank C (Avoid new introduction): Decide whether to introduce based on regulatory trends, environmental impact, and the business environment
 No rank: No impact on raw material introduction
 *2 Carcinogenic, mutagenic or toxic for reproduction

🔗 For other initiatives, please refer to the [“Management of chemical substances”](#) section on our website.

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PFAS regulations

DuluxGroup	▶ All PFAS variants listed on the Stockholm Convention are prohibited above the trigger concentration thresholds. We are also working to formulate from all known use of non-polymer forms of PFAS. As PFAS are not always declared on safety data sheets, we are working with suppliers to identify any undeclared PFASs in materials supplied so that these can be reviewed for phase out.
Japan Group	▶ We monitor trends in PFAS regulations in each country and ensure that we comply appropriately with the PFAS regulations in each country, both for domestic use and export.
Dunn-Edwards	▶ We plan on replacing our PFAS-containing resins and surfactants by the end of 2025 with some carry through of existing materials into early 2026.

Metrics and targets

Metrics and results related to Innovation (2024)

	Step1	Step2	Step3
Sustainable Products	2024 <ul style="list-style-type: none"> ▶ Developed methodologies & modeling of LCA (PCF & EPD, software, database) ▶ IT Tool implementation for product sustainability scoring in system ▶ Sustainable products portfolio optimization ▶ DuluxGroup: <ul style="list-style-type: none"> - Developed recommendation for Scope 3 reduction target and roadmap - Continued implementation of sustainable products sales and packaging roadmaps - Continued use of in-house LCA tool for new product development and sustainable products assessment in DGL (Pacific) 	2025– <ul style="list-style-type: none"> ▶ Implement the LCA tool into daily operations in Japan and China, with plans to extend its use to other regions, including Southeast Asia and consider applicability to the DuluxGroup business ▶ Optimize our sustainable product portfolio and drive sustainable business growth by engaging the entire value chain 	–2030 <ul style="list-style-type: none"> ▶ Manage the performance of Sustainability Scoreboard of each PCG every quarter ▶ Promote creation of more innovative sustainable products ▶ Implement sustainable products and Scope 3 roadmaps ▶ DuluxGroup: Deliver 2030 Best in Class sustainable product sales target
Chemicals of Concern	2024 <ul style="list-style-type: none"> ▶ Proceeded the CoC phasing out plan by regions and business units based on local status ▶ Continuously evaluated other CoC restriction requirements and implementing action plans ▶ DuluxGroup: Maintain positions statements for priority CoC 	2025– <ul style="list-style-type: none"> ▶ Continue to proceed the CoC phasing out plan by regions and business units based on local status ▶ Continuously evaluate other CoC restriction requirements and implementing action plans ▶ DuluxGroup: Continue development of Group CoC position statements 	–2030 <ul style="list-style-type: none"> ▶ Create sustainable products based on phase out plan ▶ Phase-out 4 heavy metals before the end of 2030 globally
Innovation & Product Stewardship			
R&D	2024 <ul style="list-style-type: none"> ▶ Initiated and drove flagship projects in Sustainability ▶ Created sustainable project portfolio and drove sustainable business growth 	2025– <ul style="list-style-type: none"> ▶ Throughout the entire value chain, we are committed to reducing carbon emissions and delivering additional value to our customers - Developing bioplatfoms on the upstream side - Developing low-temperature fast-curing solutions and long-life platforms on the customer side 	–2030 <ul style="list-style-type: none"> ▶ Drive innovation towards UN SDGs and carbon neutrality
Product Stewardship	2024 <ul style="list-style-type: none"> ▶ Monitored, recorded and communicated the change of global regulations ▶ Assessed raw materials introduction, registered new substance and ensured SDS and GHS label generation, registration hazard chemical permits correctly and precisely ▶ Responded to customers' requests, i.e., RoHS, IMDS etc. 	2025– <ul style="list-style-type: none"> ▶ Continue to monitor, record and communicate the change of global regulations ▶ Continue to assess raw materials introduction, register new substance and ensured SDS and GHS label generation, registration hazard chemical permits correctly and precisely ▶ Continue to respond to customers' requests, i.e., RoHS, IMDS, etc. 	–2030 <ul style="list-style-type: none"> ▶ Implement inquiry management database Inquiry response training ▶ Training for customers and business partners ▶ DuluxGroup: Implement packaging roadmaps

Our Sustainable Products

Low Temperature, Fast Curing "ACECRON 130"

Nippon Paint China's ACECRON series is an innovative low-temperature curing electrocoat platform designed to enhance ESG performance in the automotive industry. This product caters to the market demand for energy-efficient and eco-friendly coatings, particularly suitable for components requiring low-temperature drying and complex assemblies. Today, "ACECRON 130" has been recognized for its ability to cure at 130°C without lead or tin, offering a significant reduction in energy consumption and CO₂ emissions compared to traditional curing processes. The product demonstrates excellent corrosion resistance and coating stability, maintaining high performance at lower temperatures.

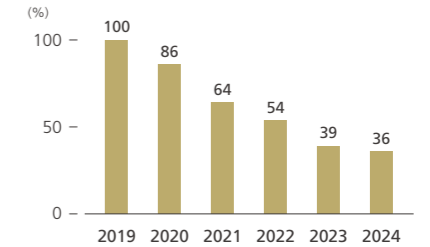
🔗 For other examples, please refer to the "Results of sustainability products" 📄 section on our website.

Sustainable products data*

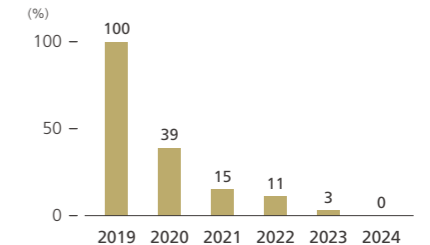


* NIPSEA Group and Japan Group data

Chlorinated paraffins usage (2019=100)



UV-328 usage (2019=100)



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Managing significant safety and health risks effectively to ensure the protection of our people, operations, and communities is a key imperative and priority for the organization. Given the high-consequence disaster and fatality risks associated with our operating plants in particular, this is a material sustainability impact for Nippon Paint Group and a critical focus to ensure our maximization of shareholder value.

MSV Logic Tree

🕒 For more information, please refer to the ["How Shareholder Value Is Maximized"](#) section.

	Our pursuit	Relevant financial information
Environment & Safety	Develop low-carbon/eco-friendly products + Ensure safe people and operations	Sales: Contribute to new products/new markets Expenses: Low-carbon raw materials, fuels, utilities, waste processing CF: Investments in renewable energy facilities and recycling facilities

Maximizing EPS and PER

Activity highlights of 2024

- ▶ Supporting implementation of high potential incident reporting though a common definition
- ▶ Sharing of examples of high potential incidents across PCGs to promote learning and improvement

CASE

How does it contribute to maximizing EPS and PER?

Reducing the occurrence and impact of incidents is the most critical task in protecting the safety and well-being of employees. To achieve this, each PCG continuously identifies and analyzes risks and thoroughly implements proactive safety measures. Furthermore, in the event of an incident, prompt and appropriate actions are taken, and measures are implemented to prevent similar events from recurring. Through these efforts, we aim to create a workplace environment where employees can work safely. For example, in response to incidents within the NIPSEA Group, the following measures were implemented in 2024:

- ▶ **Fire at the Central Distribution Center at NPI-AR in India (Nov. 2023)**
 - Installation of CCTV at all CDCs (Central Distribution Centers) and warehouses of Business Units at the site
 - Inspections of external warehouses by all Business Units to confirm compliance with NIPSEA Group’s safety guidelines
 - SAP reviews of high-risk stock in external warehouses conducted by Finance, and joint inspections of CDCs and warehouses by Supply Chain and Safety teams to assess on-site stock management
 - Thorough due diligence conducted before renting external warehouses or facilities
 - Quarterly reviews of external warehouse conditions through photos by Heads of Business Unit; strict storage management protocols for highly flammable materials enforced to minimize fire hazard risks
- ▶ **Explosion at the Manufacturing Site at PT Nipsea in Indonesia (Dec. 2023)**
 - Appropriate installation of tanks and safety improvement measures to address the root cause of the incident
 - Refresher training conducted for relevant personnel, and the schedule for periodic refreshment training was established across the manufacturing facility

Our approach to achieving MSV

During 2024, each Partner Company Group (PCG) made strong progress on their improvement priorities for Safe People and Operations. This has continued to be supported by the global environment & safety team comprising senior environment & safety leaders from each PCG, with a primary focus on benchmarking, sharing best practices, and establishing common performance metrics. Implementation of these metrics across all PCGs matured during the year, which is promoting cross learning and improvement opportunities within each PCG. During the coming year, teams will increase focus on Process Safety for effective management of high-consequence risks through alignment of common technical and operating process safety standards across PCGs and best practices for application of controls.

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Under the guidance of the Environment & Safety Sustainability Team, we promote initiatives to address our specific targets and priorities related to this Materiality.

🔗 For more information about the framework, please refer to the [“Governance”](#) section under “Climate Change.”

Strategy

Group policy

There are significant safety and health risks in our business that could impact our people, supply chain, and communities. We will work to manage these risks effectively and prevent harm, with a priority focus on high-consequence risks.

Risk

- ▶ Major site incident (e.g., fire) causing asset damage, supply chain disruption, and significant harm to people and community
- ▶ Loss of safety management effectiveness from introduction of significant changes (e.g., new or modified plant/process)

Opportunity

- ▶ Minimizing risks through adoption and sharing of global best practices, particularly for high-consequence risks
- ▶ Enhancing brand reputation, employee engagement, and attracting talents as a safety-conscious employer

Risk management

While key risks and opportunities related to Safe People and Operations are largely common across Nippon Paint Group, individual PCGs do have different focus areas and action priorities that reflect the local maturity of their safety and health risk management improvement journeys.

Performance

In 2024, the Group reported its third consecutive year without a fatality. Five Tier 1/Tier 2 process safety events were recorded, this is now the second year of reporting this new metric which provides the opportunity for increased learning across the Group to implement effective controls for high-consequence events. The recordable case rate for employees and contractors decreased 6% to 0.65 recordable injuries and illnesses per 200,000 hours worked, while the lost workday case rate for employees and contractors decreased 27% to 0.37 lost time injuries and illnesses per 200,000 hours worked. The improvements have been mainly driven by NIPSEA Group with a focus on safety audits and knowledge sharing to foster safety collaboration and sharing risk mitigation strategies.

Metrics and results related to Safe People and Operations (2024) * Figures in brackets indicate year-on-year change

PCG	Process safety incidents (Tier 1 and 2)	Fatalities	Recordable case rate (per 200,000 hours)	Lost workday case rate (per 200,000 hours)	Improvement priorities
NIPSEA Group	4 (+1)	0 (0)	0.21 (-0.5%)	0.16 (-41.9%)	Safety audits across all group factories to ensure compliance with updated safety standards and regulations.
DuluxGroup	1 (0)	0 (0)	1.42 (-13.1%)	0.99 (-16.3%)	Maintained a strong focus on implementation of actions identified through significant risk audits and development of enhanced safety data reporting systems.
Japan Group	0 (0)	0 (0)	0.49 (+56.5%)	0.07 (-66.4%)	Strengthened controls for hazardous material heating and reinforced communication protocols through disaster response drills.
Dunn-Edwards	0 (0)	0 (0)	5.15 (+2.6%)	1.62 (+13.6%)	Introduced Health Promoting Indicators (HPI), implemented ventilation surveillance for paint tinting, and launched initiatives to enhance quantifiable health exposure controls.
Total	5 (+1)	0 (0)	0.65 (-6.1%)	0.37 (-27.0%)	Continued sharing of safety best practices and ongoing support for implementation of high potential incident performance metric, with a focus on shared learning and improvement.

🔗 For data for 2023 and earlier, as well as other ESG Data, please refer to the [“ESG Data”](#) section on our website.

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Based on our CSR framework and long-term community engagement strategy, we will build a better community that includes all stakeholders and achieve sustainable business growth.

MSV Logic Tree

For more information, please refer to the "How Shareholder Value Is Maximized" section.



Maximizing EPS and PER

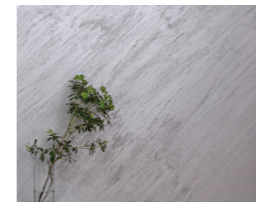
Activity highlights of 2024

- ▶ NIPSEA Group:
 - Carried out 84 CSR initiatives across the Group, committing 168,142 manhours and 628,453 liters of paint, with the involvement of 13,876 employees
 - Developed Nippon Paint Group CSR Website
 - Launched Nippon Paint Group's CSR Convention & Workshop to cross-share and further develop inclusive business CSR strategies driving towards MSV
- ▶ DuluxGroup:
 - Launched the "Dulux Community Donations" delivering 161 community projects
 - Significantly increased social media coverage of CSR projects and scaled-up the "Color your Club" program
- ▶ Japan Group:
 - Conducted 58 CSR activities with the participation of over 720 employees, targeting more than 350,000 community people
- ▶ Dunn-Edwards:
 - Carried out 100 CSR initiatives across the Group and committed over 8,000 liters of paint
 - Ran and operated Dunn-Edwards Foundation

CASE

How does it contribute to maximizing EPS and PER?

Our CSR initiatives have driven the expansion of business opportunities by revitalizing local communities. For example, in 2024, PT Nipsea (Indonesia) achieved a 37% YoY sales increase by painting over 5,300 fishing boats as part of a product trial initiative. Considering that Indonesia is home to approximately 625,000 fishing boats, the potential for further growth remains significant. Similarly, NIPSEA China launched a training program for professional painters to address the labor shortage in China's construction industry. Through enhanced collaboration with the government, NIPSEA China's Magic Paint brand and textured exterior wall business achieved a 28% YoY sales increase.



Our approach to achieving MSV

Since its inception, our Company has been dedicated to creating innovative solutions that bring colors and joy to people's everyday lives. As part of our commitment to sustainable development, the Group strives to support and promote the well-being of communities through our business activities. To achieve this, we have established three priority areas known as the "Three Es" under Nippon Paint Group's global CSR initiative, "Coloring Lives".

Definition and official CSR framework statement for each "E" pillar are described as follows:

▶ Education

Definition: Initiatives for children and youths who are our future potential customers or employees

Statement: Providing access to education for children and youths through establishing a collaborative learning platform and art & color educational programs

▶ Empowerment

Definition: Support activities and vocational training for socially vulnerable people, and activities to find talented individuals

Statement: Equipping members of the community with skills and knowledge through vocational empowerment, training and certification programs, as well as the facilitation of job opportunities

▶ Engagement

Definition: Collaborations with local communities and stakeholders, cooperation with NGOs, providing support for disaster relief, and beautifying spaces

Statement:

- Health & Well-being: Enhancing the well-being of the communities we operate in and ensuring that livelihood needs are met, especially during emergency circumstances
- Protection & Preservation: Refurbishing communal spaces to improve living conditions and preserve the local cultural heritage sites

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Governance

The People & Community Team discusses policies and initiatives concerning human resources and community outreach activities of each partner company and reports updates to Co-Presidents. Then, Co-Presidents will submit reports to the Board of Directors whenever necessary. In this manner, Materiality-related activities of the People & Community Team are monitored by the Board of Directors.

Strategy

Investing in society presents potential opportunities for the Group, such as increased business prospects in thriving local communities, enhanced employee engagement and commitment to our Group companies, and stronger connections with local communities, all of which contribute to our mission of MSV.

Conversely, neglecting our obligations to stakeholders poses potential risks. These risks include a loss of trust from local communities, resulting in diminished ability to attract and retain talented employees and reliable business partners, reduced consumer and customer loyalty, and ultimately, a decline in shareholder confidence and the opportunity to fulfill our promise of MSV.

Risk

- ▶ Significant damage to the corporate brand if the company is not perceived as a good corporate citizen that is connected to and invests in local communities
- ▶ Damage to the public image of the paint industry caused by inadequate activities oriented toward the local community

Opportunity

- ▶ Improving public awareness of the corporate brand through value chain investment in communities
- ▶ Promoting the sound growth of communities through social contribution activities to increase the positive public view of our Group

Risk management

We recognize that while our social contribution activities hold the potential for immense positive change, they are not immune to risks. Therefore, we employ a comprehensive risk management approach that begins with thorough identification and assessment of potential risks and

uncertainties. This includes considering factors such as negative public perception, resource constraints, regulatory hurdles, and external factors. Once risks are identified, we develop and implement mitigation strategies tailored to each specific challenge, leveraging our commitment to transparency, stakeholder engagement, and compliance with regulations. Additionally, we continuously monitor and evaluate our social impact of our projects, remaining agile and adaptable in the face of evolving circumstances. By proactively managing risks, we not only safeguard the success of our initiatives but also maximize their long-term impact, ensuring they contribute meaningfully to the betterment of society and the communities we serve.

Metrics and targets

Investment in social contribution activities and its results and impacts in 2024 (global)

Number of projects		> 800
Resources input	Monetary donation to beneficiaries	> USD 1,580,000
	Time spent on the activities	> 175,000 hours
	Employees and volunteers who participated in the activities	> 14,000 participants
	Paint used in the activities	> 693,000 liters
Results and impacts	People impacted	> 29.46 million

🕒 For data for 2023 and earlier, as well as other ESG Data, please refer to the [“ESG Data”](#)  section on our website.

Performance

In 2024, our Group carried out more than 800 social contribution activities, targeting approximately 29.46 million people worldwide. The total amount of donations to beneficiaries and organizations exceeded about USD 1.58 million, which included a donation of approximately USD0.86 million to non-profit organizations.

As an example of this year’s initiatives, the “Dulux Study Tour” continues its partnership with The Australian Institute of Architects, supporting the next generation of architectural talents. The 2024 tour included visits to iconic architectural sites in Tokyo, Berlin, and Madrid with five selected architects, further strengthening connections within the global architectural community. As part of the “Color Way of Love” project, NIPSEA Group has been refurbishing primary schools in China annually. In 2024, we repainted 20 primary schools in rural areas and donated books and bags, bringing love, color, and joy to the community. These initiatives demonstrate the Group’s dedication to making a meaningful difference in various communities and exemplify our commitment to fostering sustainable development and social well-being.

🕒 For more information, please refer to [“Pillars of social contribution activities and examples of activities”](#)  section on our website.

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Sustainable Procurement

Nippon Paint Group is firmly committed to doing business ethically and responsibly. We practice sustainable procurement by integrating our ESG principles into daily processes and decisions, thereby maximizing shareholder value.

MSV Logic Tree

For more information, please refer to the ["How Shareholder Value Is Maximized"](#) section.



Maximizing EPS and PER

Activity highlights of 2024

- ▶ Initiated Scope 3 compilation for the NIPSEA Group to progressively meet the Group's Environment, Health, and Safety (EHS) requirements
- ▶ Strengthened Scope 3/ESG training
- ▶ Explored supplier ESG audit program to strengthen relationship
- ▶ Conducted supplier questionnaire (achieved 94% by value)

CASE

How does it contribute to maximizing EPS and PER?

We focus on creating value and building a sustainable business that can generate long-term value for our shareholders. These include reducing costs, improving profit margins and enhancing our sustainable procurement processes. Specifically, we implement cost-saving measures, optimize operations and negotiate better deals with our suppliers. Cost reduction (CR) targets are set and monthly reviews are conducted to ensure that we achieve the targets. We are strengthening our efforts in supplier management by engaging them through a questionnaire to enhance our understanding. The results have been encouraging with coverage of up to 94% (by value). We will explore the supplier ESG audit program with a view to strengthening supplier relationship. Above all, we will support and encourage all entities to invest in ESG training to strengthen the knowledge of our procurement community. This will go a long way in ensuring that our people are competent and equipped to grasp the opportunities and deal with the challenges as we morph our procurement processes to build a sustainable business, generating long-term value for our shareholders.

Our approach to achieving MSV

We believe that our suppliers play an important role in ensuring the sustainable procurement of products and services through environmentally, socially and economically responsible processes. To strengthen our partnership, Nippon Paint Group has in place the Supplier Code of Conduct to align our global expectations, in the areas of compliance, environment, social and governance. We have engaged our suppliers through a survey to reinforce their commitment to the ESG principles set forth in our Supplier Code of Conduct. We will explore the supplier ESG audit program to identify areas for improvement in our supply chain. This is a part of our continuous efforts to work with our suppliers to align our approach to ESG.

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Governance

We discuss policies and initiatives concerning procurement of each partner company and keep the Co-Presidents updated on key developments. The Co-Presidents will submit reports to the Board of Directors whenever necessary. In this manner, materiality-related activities of the Sustainable Procurement Team are overseen by the Board of Directors.

Strategy

Risk

- ▶ The risk of raw materials not meeting sustainable criteria now adds to the long list of possible disruptions to the raw material supply chain. We will continue to be vigilant and proactive to identify potential risk
- ▶ The failure to ensure responsible sourcing (e.g., conflict minerals and chemicals of concern) will affect company reputation and may lead to legal implications

Opportunity

- ▶ Our sustainability survey of suppliers provides us with the opportunity to identify potential risk in advance. We will work with suppliers who are aligned with our sustainable aspiration towards a more resilient supply chain and to develop sustainable products

Our approach to GHG emissions in procurement

The significant contribution of raw materials to our greenhouse gas emissions (Scope 3) is an important issue that we believe needs to be addressed, not just by procurement, but in collaboration with our technical team. We have worked to diversify our transportation and distribution system to increase ship and rail usage for internal transfer which are not time critical.

Our approach to raw material procurement

Our Group's businesses depend on the supply of a broad range of products and services, such as raw materials, equipment, other materials, and information services. Maintaining and building strategic relationships with key suppliers is essential for the sustainable growth of our businesses.

Enhancing awareness and understanding of sustainable procurement within the Group

Our Group has a [Group Procurement Policy](#) that is aligned with our basic approach to business transactions. Our goal is to have all group employees and suppliers understand and comply with this policy.

Japan Group has established Procurement Guidelines, which define the Procurement Policy in more detail and clearly set rules and procedures to be followed by our Group and suppliers for responsible procurement. The guidelines are consistent with major international frameworks and standards for social activities, including frameworks for the respect for human rights.

Engaging suppliers on sustainability

Suppliers are important partners, and we encourage them to align with our approach to ESG. Our global Supplier Code of Conduct was developed to define our expectations for suppliers on sustainability. The Code covers four main areas: compliance, environment, social and governance. In accordance with the Code, we have been surveying our suppliers on their level of sustainability globally.

A Supplier Sustainability Questionnaire was conducted in 5 languages (English, Chinese, Serbian, Slovenian and Turkish) based on the Code. The survey provides visibility to our supply chain with regards to sustainability and identifies areas for improvement. For suppliers who are assessed not to comply with our Supplier Code of Conduct, we will conduct supplier engagement activities for risk improvement.

Key items of the Supplier Code of Conduct

Compliance	Environment	Social	Governance
▶ Legal Compliance	▶ Minimize Impact	▶ Child Labor	▶ Anti-Corruption
▶ Subcontractor Compliance	▶ Waste Management	▶ Forced Labor	▶ Gifts and Entertainment
▶ Environment, Health and Safety Compliance		▶ Discrimination	▶ Conflict of Interest
		▶ Working Conditions	▶ Confidentiality
		▶ Conflict Minerals	▶ Record Keeping
		▶ Product Safety and Compliance	▶ Fair Competition
		▶ Safety Training	▶ International Trade
		▶ Freedom of Association	▶ Subcontractor ESG Compliance

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Risk Management

The Group conducts supplier risk assessment at each partner company using the questionnaire sheet based on the Code of Conduct. For suppliers who are deemed not to have complied with the criteria, we conduct supplier engagement activities for risk improvement.

NIPSEA Group and Japan Group adopted the Supplier Sustainability Questionnaire to standardize survey methods globally. If nonconformance is found at a supplier site, we discuss and work with the supplier in question on corrective actions to be implemented within a specified period of time.

DuluxGroup manages modern slavery risks throughout its supply chain through its Supplier Procurement Program. The program is designed to accord with standard global supply chain systems and guidance, including International Labour Organization (ILO) conventions, the Ethical Trading Initiative (ETI) base code, ISO 14001 and the SEDEX code, with the aim of identifying and addressing modern slavery risks and maintaining a responsible and transparent supply chain. In addition, DuluxGroup is currently reviewing options for third-party audit providers, to gain further assurance for suppliers deemed to be at high risk.

Dunn-Edwards partners with suppliers that share the same values, working together to ensure the supply chain is free from forced labor, child labor, human trafficking and slavery. This effort includes initiatives aimed to clearly articulate our shared expectations and audit for compliance through our Supplier Code of Conduct initiative.

Metrics and targets

Roadmap	2024	2025–	2026–
Strengthen Internal Mindset and Enhance Understanding of Sustainable Procurement	<ul style="list-style-type: none"> Supported Group Environment, Health, and Safety (EHS) to compile Scope 3 for the NIPSEA group progressively Improved understanding of Scope 3/ESG among the group's procurement through training Developed supplier ESG audit program with NP China 	<ul style="list-style-type: none"> Conduct supplier ESG assessment Develop supplier ESG engagement framework <ul style="list-style-type: none"> - Supplier awareness/training workshop - Supplier ESG audit program Compile RM Life-cycle Assessment (LCA) data Support compilation of Scope 3 carbon emissions Update country & region of origin of RM in the SAP system (for climate risk assessment) 	<ul style="list-style-type: none"> Continue to strengthen internal mindset for sustainable procurement
Sustainable Procurement Actions with Suppliers	<ul style="list-style-type: none"> Conducted supplier questionnaire (94% by value) Engaged suppliers to provide primary data to improve Scope 3 data quality 	<ul style="list-style-type: none"> Strengthen internal capabilities, reduce GHG emissions, and conduct due diligence to ensure supply chain sustainability Collaborate with key suppliers to innovate sustainable products and processes via the Global Key Account Management (GKAM) strategy <ul style="list-style-type: none"> - Define our supplier assessment methodology - Engage suppliers on defining lower carbon feedstocks and raw material - Set expectations for supplier GHG emissions reductions 	

Performance

The Supplier Sustainability Questionnaire survey started in October 2022, and to date more than 1,600 suppliers have responded in agreement to our Supplier Code of Conduct. These suppliers are deemed approved, representing about 94% of our group's total procurement value, exceeding our 2025 target of more than 90%.

Results of Supplier Sustainability Questionnaire (2024)*1

	NIPSEA Group	Japan Group	DuluxGroup	Dunn-Edwards	Total*2
Total number of approved suppliers	1,154	352	365	134	1,654
Ratio to the total procurement value	95%	94%	95%	91%	94%

*1 Exclude Cromology, JUB, NPAAE, Allina

*2 The total figure for each partner company is a unique value without double counting