Basic & New
NIPPON PAINT HOLDINGS

Sustainable Platform

Sustainability as the Prerequisite for MSV

We believe that fulfilling our obligations to customers, suppliers, employees, society and other stakeholders is the premise for **all initiatives for the maximization of EPS and PER**. We use a medium- to long-term perspective for monitoring a broad range of risks and opportunities involving Materiality. At the same time, we are working to turn these risks and opportunities to creating innovations that support growth strategies based on our **Asset Assembler model** while watching for changes in Materiality. By taking these actions, we pursue MSV by expanding earnings (maximizing EPS) and raising market expectations (maximizing PER) for Nippon Paint Group.

Autonomous sustainability structure

Under the leadership of the Co-Presidents, five Sustainability Teams were established. Based on autonomous and decentralized management that emphasizes the autonomy of all partner companies, the five Teams are conducting global activities primarily led by business leaders with considerable expertise involving the areas of responsibility of each Team.

Basic Policy on Sustainability

Nippon Paint Group recognizes an opportunity for sustainable growth from taking actions such as protecting natural capital including the environment, enhancing human resources by embracing diversity, and creating innovation with social benefits. Our group partner companies autonomously develop sustainability strategies and conduct business activities. Furthermore, we identify risks and opportunities related to Materiality based on sound group governance with the sole mission of Maximization of Shareholder Value (MSV) after adequately fulfilling our legal, social and ethical obligations to customers, suppliers, employees, society and other stakeholders.

• For more information, please refer to the **"Sustainability Management"** section on our website.

Materiality identification process

Stakeholder opinions

Preliminary list
First, we created a long list of 75 items where we have an obligation. The basis for this list is 11 global standards such as ESG disclosure guidelines, recognition by ESG evaluation organizations, and the code of conduct. This was reduced to a 32-item preliminary list through a process of consolidation and selections.

Internal discussions

Internal questionnaire
The ESG Committee, which was then newly established, held meetings in April 2020 to discuss the materiality identification process. The 25 members of the committee and members of the ESG Department (at that time) and other employees were asked to complete a questionnaire. A summary of their input about the 32-item preliminary list was then prepared.

Incorporation of global risk factors
To incorporate global risk factors in this process, discussions included chemical sector risk scenarios based on information in the Vigeo EIRIS Controversy Risk Assessment and other reports. We also used as reference peer companies, which we defined as multinational chemical companies and Japanese companies at the forefront of new trends.

Internal discussions

Internal discussions
The importance of materiality items for stakeholders and for Nippon Paint Group was used to determine six candidate materiality groups from the standpoint of business sustainability. We placed particular importance on discussions with overseas partner companies and reaching agreements with these companies.

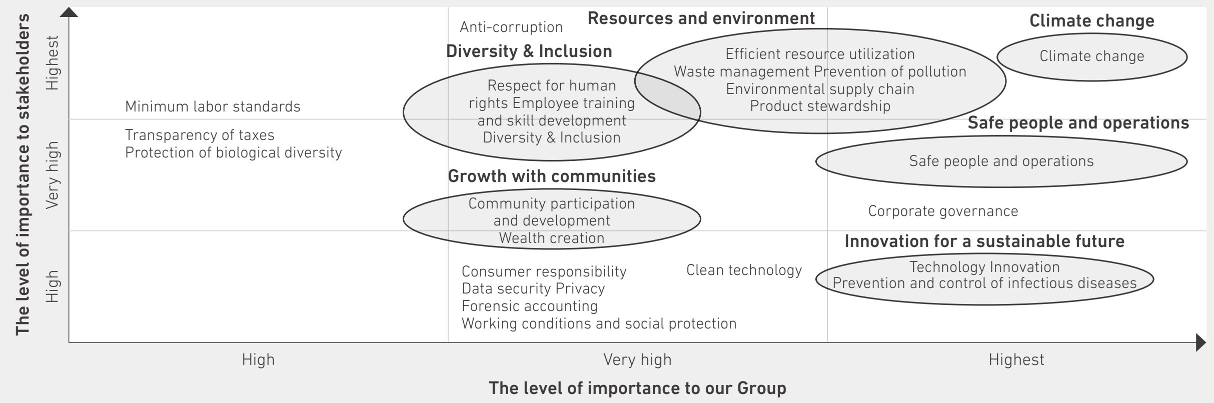
Stakeholder opinions

Stakeholder opinions
We interviewed a broad range of stakeholders and Independent Directors to hear their thoughts about candidates for designation as a materiality. This was followed by internal discussions to produce a final proposal.

Internal discussions

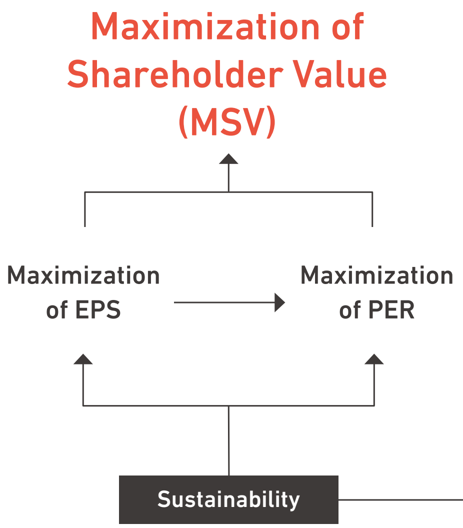
Approval
In July 2020, the ESG Committee (at that time) held discussions and in August the Board of Directors gave final approval to the materiality proposal.

Materiality map



MSV logic tree

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



Team	Our pursuit	Materiality	Relevant SDGs
Environment & Safety	Develop low-carbon/eco-friendly products + Ensure safe people and operations	**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.	7, 9, 13
		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.	3, 6, 11, 12, 14
		Safe people and operations 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.	3, 4, 8
People & Community	Recruit/train diverse employees + Earn the trust of stakeholders	**Diversity & Inclusion** Respect for the people around us, respect for human rights and active acceptance of diverse values are important for our sustainable growth. We value diversity of ideas and thinking to foster innovation and growth.	4, 5, 8, 10
		Growth with communities We will invest in communities through our value chain and to achieve sustainable business growth based on market growth, brand strengthening and good relationships with local communities.	1, 4, 5, 8, 9
Innovation & Product Stewardship	Develop sustainable products (NPSI ↗/monitor LCA) + Chemicals of concern	**Innovation for a sustainable future** In today's society, problems that are difficult to solve with past methods are becoming more and more apparent. We will strengthen our innovation output with active utilization of partnerships.	3, 9, 11, 17
Corporate Governance	Monitor management + Encourage risk-taking	All Materiality categories*	16, 17
Sustainable Procurement	Low-cost and sustainable procurement + Reduce environmental and human rights risks	All Materiality categories*	12, 13, 17

* Focused on activities not only tied to specific Materiality categories but also spanning all Materiality categories

NIPPON PAINT HOLDINGS

Risks	Opportunities	Main progress in 2025
▸ Regulatory changes and impacts, such as carbon pricing and GHG 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)	▸ 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	▸ Enabled Carbon collaboration group for increased understanding of GHG emissions, such as: - Scope 1, 2 & 3 agreed on common reporting definitions - Scope 3 improvement program in collaboration with Sustainable Procurement and Innovation & Product Stewardship Teams - Shared experience for data collection and reporting tools
▸ 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	▸ 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	▸ Continued efforts to improve resource use and efficiency through sharing improved reporting definitions
▸ 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)	▸ Minimizing risks through adoption and sharing of global best practice, particularly for high-consequence risks ▸ Enhancing brand reputation, employee engagement, and attracting talent as a safe employer	▸ Enabled collaboration group to share, review, and align technical and operating standards across PCGs for management of high-consequence process safety risks (i.e. flammable solvents, combustible dusts)
▸ 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	▸ Securing diverse and competent human resource talent as a global company ▸ Creating wealth for companies, workers, and local communities by creating diverse and inclusive organizations	▸ Advanced digitalization and the use of AI in HR across regions and companies ▸ DuluxGroup: Launched the very first Dulux Trade First Nations Reconciliation Strategy ▸ Japan Group: Adopted and disclosed initiatives to build a sustainable culture that supports women's advancement ▸ Dunn-Edwards: Continued to shape initiatives based on Engagement survey feedback around career growth
▸ 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	▸ 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	▸ NIPSEA Group: Launched the Employee Volunteering Policy to all entities in NIPSEA Group ▸ DuluxGroup: Invested more than $1.5M in CSR projects and increased the number of employee volunteer hours by at least 10% (YoY)
▸ Significant hindrance to future corporate earnings owing to inability to generate innovation due to slow response to new markets	▸ 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	▸ Established a sustainable project portfolio across the Japan Group and NIPSEA China ▸ New capability: AOC and NIPSEA China gained in-house LCA (Life Cycle Assessment) expertise ▸ NIPSEA Group: - Phased out CMR substances (carcinogenic, mutagenic, and reprotoxic) across three product pipelines in China TU - Implemented new SDS system to improve chemical management ▸ AOC eliminated PFAS chemicals from its products
▸ The risk of diminished effectiveness of management in the Asset Assembler Model as a result of improper internal control	▸ Effective Board and proper internal control monitored and assured in Audit on Audit support further risk-taking by executive team	▸ Each PCG continued to effectively utilize Control Self-Assessment to assess its remaining risk and identify necessary countermeasures ▸ Continued to enhance the Whistleblowing System by sharing best practices among PCGs ▸ Supported AOC, the new PCG in the Group, to set up and strengthen its internal control by extending our governance framework ▸ Board continued to review its effectiveness by self-evaluation for further enhancement
▸ 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	▸ 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	▸ Adopted a risk-based approach to supply chain management, promoting multi-sourcing, reducing single source raw materials and mitigated the impact from natural disaster to our supply chain ▸ Collaborated with key suppliers to innovate sustainable products and processes via the Global Key Account Management (GKAM) strategy ▸ Supported compilation of Scope 3 GHG emission

The Connection Between Sustainability and Value Creation

We position our management resources as growth drivers from a value creation perspective and advance our business strategy and sustainability in an integrated manner. Through a range of measures and initiatives, including efforts to address our materialities, we translate these initiatives into financial results and pursue MSV through sustained EPS compounding and improvement in the PER.

MSV (EPS maximization x PER maximization)

Improve market share and profitability/Raise the markets' expectations

Conversion into financial outcomes

- P&L: Revenue growth/cost control
- B/S: Capital efficiency/creditworthiness
- C/F: Operating cash flow/control of cash outflows
- Asset: Asset turnover/prevention of impairment

Our pursuit

- Relentless pursuit of technologies, talents, intensive use of IT
- Vigorous pursuit of higher quality, lower cost, capex efficiency

Advantage of autonomous and decentralized management Autonomous and Decentralized Management P30

Full access to our Asset Assembler platform
(Financing capacity, brands, technologies, know-how, collaborative projects across regions and businesses)

Materiality Sustainability as the Prerequisite for MSV P75

- Climate change
- Resources and environment
- Safe people and operations
- Diversity & Inclusion
- Growth with communities
- Innovation for a sustainable future

Sustainability Team Sustainability as the Prerequisite for MSV P75

- Environment & Safety
- People & Community
- Innovation & Product Stewardship
- Corporate Governance
- Sustainable Procurement

Growth drivers

- Technologies
- Brands
- Human resources
- Distribution channel
- IT/DX/AI

Management Resources Supporting Sustained Growth (financial and non-financial capital) P79

- Talents/organizations (Human capital)
- Technologies (Manufactured capital)
- External partners and customer base (Social and relationship capital)
- Brand/know-how (Intellectual capital)
- Nature/environment (Natural capital)
- Financial base (Financial capital)

Management Resources Supporting Sustained Growth

Under our autonomous and decentralized management model, each partner company proactively harnesses the management resources within our Group platform, such as financial strength, technological capabilities, and brand equity, and strives for growth and occasionally learns from one another voluntarily.

	Importance of management resources	Strengths of management resources and examples	Recognized challenges (management resources to be strengthened)	Initiatives to strengthen management resources (Medium-Term Strategy)
Human capital	**Talents/organizations** In the paint market, characterized by local production for local consumption and versatile applications, it's essential to have excellent management teams, diverse talents, and robust organizational capabilities that enable us to accurately grasp societal challenges and customer needs, and swiftly provide effective solutions.	**A strong talent base supporting local operations worldwide** Percentage of overseas employees (global) 87.0% (2019) ▶ 91.2% (2025) Percentage of women in managerial positions (global) 23.8% (2020) ▶ 27.1% (2025) Percentage of female employees (global) 24.0% (2020) ▶ 26.6% (2025)	Organizational capabilities that foster collaboration across departments and Group partner companies Improving productivity per employee and employee engagement A reskilling platform that supports adaptation to changes in the business environment Developing and strengthening the next generation of global management talent	Creating a workplace environment that allows diverse people to play an active role Accepting reforms and changing workstyle Embedding the Nippon Paint Group Global Code of Conduct Human Resource Strategy P81
Manufactured capital	**Technologies** Advanced technologies are essential for enhancing our competitive advantage by fostering innovations that address societal challenges and customer needs and facilitating stable product supply, among other benefits.	**Technological capabilities supporting high quality and stable supply** Number of engineering talents (global) 3,545 (2019) ▶ 4,400+ (2025) Number of factories (global) 119 (2019) ▶ 219 (2025) Number of registered patents (global) 1,000 (2021) ▶ c. 10,000 (2025)	Securing and developing engineering talent that is central to driving innovation Supply capacity to capture growth markets Production structure capable of responding to fluctuations in demand Transition to energy- and resource-efficient facilities	Cultivating engineering talents Stepping up R&D activities Maintaining and reinforcing production facilities R&D Strategy P86
Social capital	**External partners** Collaborations and partnerships with external partners are essential for providing high-quality products and services to customers worldwide, driving innovative solutions to societal challenge	**Co-creation platform that broadens value creation** Number of companies engaged through IR meetings (global) 281 (2019) ▶ 823 (2025) Of which, Co-President as speaker (global) 253 (2021) ▶ 275 (2025) Shareholding of the majority shareholder Wuthelam Group (private company) 14.5% (2013) ▶ 59.2% (2025)	Deepening collaboration with external partners Capability to implement open innovation Capability to identify and drive collaboration themes Cultivating global institutional investors and building relationships with them	Active open innovation activities with universities, research institutions, automobile manufacturers, and other external partners Facilitating engagement with investors and other stakeholders Advancing and deepening the partnership with Wuthelam Group Message from Chairman P26
Social capital	**Customer base** The solid customer base, deeply rooted in long-term relationships of trust with customers in each region and business segment, plays an important role in stabilizing revenue and product supply. Furthermore, it contributes to the enhancement of products and services	**Customer base underpinned by trust and proven track record** Number of retail outlets (NIPSEA China) c. 50,000 (2019) ▶ c. 270,000 (2025) Number of CCMs (NIPSEA China) c. 3,000 (2019) ▶ c. 22,000 (2025) No.1 market share in decorative paints (global) 8 countries (2019) ▶ 14 countries (2025)	Responding to increasingly diverse markets and customer needs Developing and delivering solutions that address customer challenges Capability to build medium- and long-term customer relationships Resilient supply networks encompassing procurement and logistics	Developing distribution channels that enable us to supply products to consumers worldwide Increasing strategic partnerships with property developers Developing strong trust relationships with automobile manufacturers and other customers Leadership Dialogue: NIPSEA China P43

	Importance of management resources	Strengths of management resources and examples	Recognized challenges (management resources to be strengthened)	Initiatives to strengthen management resources (Medium-Term Strategy)
Intellectual property	**Brands/know-how** Customers and consumers highly value the trustworthiness of products and services. As a testament to this trust, corporate and product branding is an indispensable resource for operating a diverse range of businesses globally	**Competitive advantage driven by brand strength** ▸ **Number of key brands (global)** **31** (2019) ▸ **51** (2025) ▸ **Top-of-Mind rating (NIPSEA China)** **No.1** (2019) ▸ **No.1** (2025) ▸ **Brand award recognitions in Australia (DuluxGroup brands)** **1st place** (2021) ▸ **1st place** (2025)	▸ Overwhelming brand recognition and acceptance that sets us apart from competitors ▸ Accumulated know-how and expertise that support high-value-added proposals ▸ Sharing and leveraging the know-how and expertise of each partner company ▸ Strengthening data utilization and intellectual property management	▸ Promoting advertising, marketing, and social contribution activities ▸ Sharing and accumulating expertise and know-how through our platform ▸ Holding AYDA Awards international architectural and interior design competition Case Study 1 Türkiye Group Business Strategy P47
Natural capital	**Nature/environment** As a corporate group operating in the paint and adjacencies businesses, resources such as raw materials, electricity, and water are indispensable and are also critically important from a sustainability perspective	**Business foundation supporting the reduction of environmental impact** ▸ **GHG emissions (Scope 1 and 2; global)** **54.0kg/ton of production** (2019) ▸ **60.9kg/ton of production** (2025; market-based) ▸ **Percentage of hazardous waste (global)** **45%** (2019) ▸ **42%** (2025) ▸ **Water consumption (global)** **0.44kL/ton of production** (2019) ▸ **0.58kL/ton of production** (2025)	▸ Capacity to drive GHG emissions reductions ▸ Effective utilization of sustainable resources ▸ Capability to develop sustainable products ▸ Turning environmental challenges into business opportunities	▸ Expressing support for the TCFD and enhancing climate-related initiatives and disclosures ▸ Use of sustainable resources and protection of environment and biodiversity ▸ Reducing environmental impact through the development of sustainable products and other offerings Natural Capital Strategy P84
Financial capital	**Financial backbone** To achieve sustained growth, we need to strengthen the ability to generate cash flows and our financial backbone, which provide us with ample funds to be allocated continuously to investment in M&A, new technologies, and cutting-edge production facilities.	**Financial backbone supporting growth-oriented investments** ▸ **Operating cash flows (consolidated)** **JPY 92.1 bn** (2019) ▸ **JPY 187.5 bn** (2025) ▸ **Net D/E ratio (consolidated)** **0.56x** (2019) ▸ **0.54x** (2025) ▸ **Total equity (consolidated)** **JPY 688.0 bn** (2019) ▸ **JPY 1,823.1 bn** (2025)	▸ Financial management with greater emphasis on capital efficiency ▸ Financial soundness and flexibility to support growth-oriented investments ▸ Rigorous investment discipline and monitoring ▸ Strengthen communication with the capital markets	▸ Strict adherence to financial discipline ▸ Prioritizing debt finance and maintaining leverage capacity ▸ Promoting engagement with financial institutions and credit rating agencies ▸ Developing a global base of investors Our Finance Strategy Presented by Co-President Wakatsuki P38

Human Resource Strategy

As a Japan-origin global corporate group operating in 48 countries and regions 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.

Our approach to achieving MSV

People play a vital role in an 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 these changes but also capitalize on them with agility. People can embrace change 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.

Case

How does it contribute to maximizing EPS and PER?

Our Group positions human capital as an important management foundation that supports medium- to long-term enhancement of corporate value, and is advancing digitalization and the use of AI in HR across each region and company. The use of AI goes beyond improving the efficiency of HR operations; it also enables higher-quality operations, faster decision-making, and an enhanced employee experience across areas such as recruitment, talent development, HR services, and people data utilization. Through these efforts, we will improve the productivity of HR functions and support employees in maximizing their capabilities, thereby contributing to the realization of MSV through strengthening the competitiveness of the organization as a whole.

Examples of initiatives

NIPSEA Group	NIPSEA Group is progressively embedding AI to enhance decision-making, efficiency, and employee experience. Key initiatives include the development of AI literacy learning pathways to future-proof workforce capabilities, the deployment of AI resume screening tools to improve candidate matching and shortlisting quality, and the rollout of AI-driven HR bots to provide seamless access to company policies, benefits, and employee services. In addition, the Group is strengthening its digital HR infrastructure and designing future AI-enabled capabilities to support advanced analytics and more data-driven workforce insights and decision-making.
DuluxGroup	We are engaging with HR systems that have AI-enabled functions to increase productivity through the work we do. This includes the shortlisting of candidates through our recruitment process, utilizing workflows in AI tools to compile information and data and provide insights and create agents to support our leaders.
Dunn-Edwards	Various AI platforms are used to create training content and programs. This allows our training department to be more nimble in providing relevant material and programs, and also aids in producing content that is easily digestible based on current learning and development best practices.

Strategy

Building up diverse human capital serves as one of the most critical cornerstones supporting our Asset Assembler model. Achieving MSV requires securing and developing highly skilled and motivated talent, and our Group promotes the building of a strong and diverse organization that supports growth through continuous investment in human capital. We advance the recruitment and promotion of people with diverse backgrounds, eliminate discrimination, harassment, and violence, and work to create a welcoming work environment where everyone feels welcomed, respected, and able to work with peace of mind. In addition, we strengthen development initiatives that encourage employees' capability development and willingness to take on challenges; for technological talent in particular, we support long-term development and career building, including the implementation of tailored personnel systems, to help drive innovative and productive technology development and enhance motivation.

Metrics and actions of employee engagement

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.

Key indicators related to human capital (2025)

	NIPSEA Group	Dulux Group	Dunn-Edwards	Japan Group	Total
Ratio of female employees	24.8%	33.7%	29.5%	22.3%	26.6%
Ratio of women in managerial positions	26.4%	32.1%	35.4%	7.7%	27.1%

- For other ESG data, please refer to the "ESG Data" section on our website.

Training programs for PCG

	Overview
NIPSEA Group	▸ Strengthened Leadership Development: Enhanced leadership development programs, including the AGILE Foundation for emerging leaders, with a focus on people and thought leadership, mindset, accountability, and collaboration. ▸ Rolled Out a Cross-Generation Mentorship Program: Expanded the program across the Group to foster inclusive talent development and bridge generational perspectives, and accelerate high-potential employees. ▸ Strengthened Internal Capability and Productivity: Launched NIPSEA HR Competencies in 2025 to establish clear and consistent HR functional standards, with plans to expand the framework to other functions over the next three years.
DuluxGroup	▸ Continuing to develop our leaders across Europe and the Pacific through formal structure training and on-the-job experiments to embed their learning and understanding of what it means to be an inclusive leader ▸ Delivery of new talent acceleration program to strengthen our pipeline of talent with a focus on up and comers ▸ Laser focus on succession plans as we see a generational shift in leadership
Japan Group	▸ Enhanced Job-Level and Selective Training: Expanded the selective training program, "Learning Palette," in addition to providing training aligned with employees' job levels and career stages to support self-directed learning. ▸ Launch of Pre-Manager Training: Introduced a new training program to support the development of skills and behaviors required prior to assuming managerial roles. ▸ Strengthened Next-Generation Leader Development: Promoted the development of senior leader successors through individual development plans, coaching, external training, and cross-organizational assignments and transfers.
Dunn-Edwards	▸ Continued to shape initiatives based on Engagement survey feedback around career growth. ▸ Refreshed and implemented new development programs for both our Retail Stores and for our Sales force.

	Overview
NIPSEA Group	At NIPSEA Group, we remain committed to building a highly engaged, inclusive, and high-performing workforce that drives sustainable business growth and innovation. Following the strong participation and insights from the NIPSEA Group Employee Engagement Survey (EES) 2024, we have focused in 2025 on translating feedback into targeted actions across key areas such as leadership effectiveness, career development, employee experience, and digital and AI enablement. In the absence of a survey cycle in 2025, our priority has been to sustain momentum by embedding engagement into day-to-day people practices, strengthening communications at both global and local levels, and leveraging digital tools and AI to enhance the way we learn and work. This ensures continuous improvement and builds a stronger, more connected workplace ahead of the next EES cycle in 2026.
DuluxGroup	DuluxGroup focuses on ongoing monitoring of employee engagement through its leaders. We conduct timely pulse surveys in our businesses and will conduct a DGL-wide employee survey in 2027. 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.
Japan Group	Japan Group positions the employee engagement survey as an important management indicator for driving organizational transformation based on employees' voices. In response to the issues identified through the survey launched in 2024, in 2025 we advanced the development of a structure that links company-wide initiatives with workplace-level dialogue and improvement efforts. • For more information, please refer to "Initiatives to Enhance Employee Engagement Across the Japan Group."
Dunn-Edwards	Dunn-Edwards exit interview data show 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.

Initiatives to Enhance Employee Engagement Across the Japan Group

At the Japan Group, we view efforts to enhance employee engagement not simply as a means of improving survey scores, but as a way to unlock the potential of every employee and create a workplace where people can work with a forward-looking mindset. When employees grow, take on new challenges, and find fulfillment in their work, it strengthens organizational vitality and improves productivity. Over time, this virtuous cycle supports sustained EPS growth and the pursuit of MSV. We are committed to steadily cultivating this positive cycle across the Japan Group.

1 Employee Engagement Survey Results in 2025

The Japan Group positions the employee engagement survey as an important management benchmark for advancing organizational transformation based on employee feedback. In the 2025 survey, the overall score remained broadly in line with the previous year, while the three components of the engagement score—Say (speaking positively about the company), Stay (intending to remain with the company), and Strive (making extra efforts for the company)—showed signs of improvement. We view this as an indication that, although transformation remains a work in progress, changes are beginning to emerge in the mindset and behavior of employees on the front lines. In 2025, in addition to sharing the results with the executive team, we disclosed workplace-level results to department heads, laying the groundwork for promoting dialogue and improvement at the workplace level, alongside company-wide initiatives.

To Be

- 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

Examples of initiatives

Shifting to a leadership that brings out the best in employees - EQ program for executives Promoting communication between management and employees - NIPPE DAY	Improving the work environment to enhance productivity - Expanding the use of AI tools - Advancing company-wide BPR projects	Establishing a framework to support the growth of every employee - Introducing initiatives to embed job crafting across the organization - Strengthening investment in reskilling and recurrent learning

Scores by engagement component

Say (Speaking positively about the company).....14% (2024) → 24% (2025)
Stay (Intending to remain with the company).....39% (2024) → 53% (2025)
Strive (Making extra efforts for the company)....21% (2024) → 29% (2025)

As Is

Challenges identified

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

* The 2025 score is based on internal calculations due to a change in the survey system

2 Initiatives to address each challenge

In response to the issues identified in the 2024 survey—"optimistic and elevated outlook for the company's future," "improvement of the work environment," and "development of employee skills and career path"—the Japan Group is advancing focused initiatives in each area.

To address "optimistic and elevated outlook for the company's future," in addition to continuously communicating management messages, we are working to shift leadership toward an approach that promotes dialogue, builds empathy, and brings out the best in employees through an EQ program*[1] for executives and training for employees in managerial positions.

To address "improvement of the work environment," we are supporting higher productivity and a shift toward higher-value-added work by introducing and expanding the use of proprietary generative AI tools, while also advancing company-wide BPR*[2] initiatives.

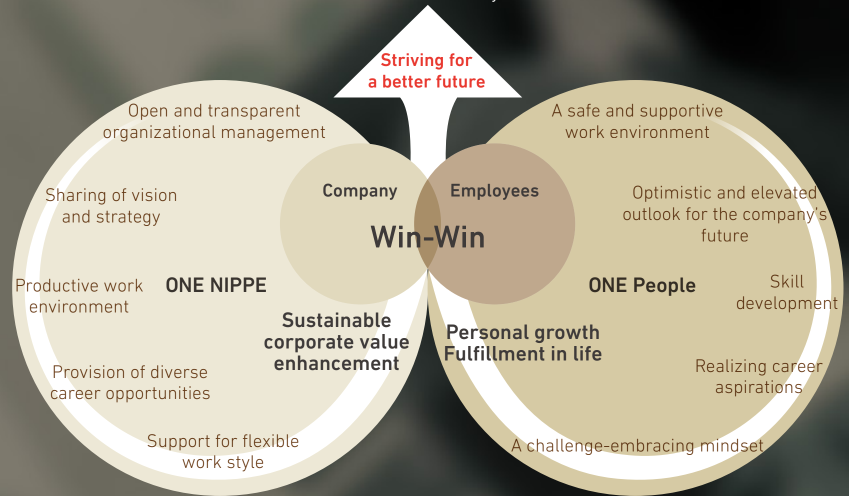
To address "development of employee skills and career path," we have begun embedding job crafting*[3] across the organization and are strengthening investment in reskilling and recurrent learning, thereby building a foundation that supports each employee's growth and new challenges.

By steadily advancing change through both company-wide initiatives and workplace-level efforts, we will strengthen organizational vitality and drive sustainable value creation.

*1 A program that leverages EQ (emotional intelligence) to deepen understanding of oneself and others and promote a shift toward leadership that brings out the best in people through dialogue and empathy
*2 Business Process Re-engineering, which refers to initiatives to review existing business processes and improve operational efficiency and productivity through simplification and standardization
*3 An approach in which each employee proactively reexamines how they engage with their work and shapes it into something more personally meaningful and fulfilling by leveraging their strengths and values

Our corporate vision, achieved through enhanced employee engagement

- Unlocking the full potential of employees
- Future-oriented work style



Natural Capital Strategy

Addressing Nippon Paint Group's most material sustainability impacts is a key imperative and priority for the organization to ensure MSV. Within the sustainability aspect for the environment, the identified priority material impacts for the business are climate change and "resources and environment," especially waste and water.

Our approach to achieving MSV

During 2025, our Partner Company Groups (PCGs) continued to make further progress on their individual ambitions, targets, and priorities across the materiality of "Climate change" and "Resources and environment." This has continued to be supported by the global Environment & Safety Team comprising senior environment and safety leaders from each PCG, with a primary focus on benchmarking performance and sharing best practice.

In 2025, the Carbon Collaboration Group, a sub-committee of the global Environment & Safety Team, has shared experiences for improved data collection and developed and agreed common reporting definitions for Scope 1, 2 & 3 GHG emissions. This has built further capability within the PCGs to identify improvement opportunities for management of energy efficiency and GHG emissions across the value chain. These programs of work will support the transition to mandatory climate reporting as it is phased in across various jurisdictions. Furthermore, the Carbon Collaboration Group is working together with Procurement and Innovation teams to identify Scope 3 GHG emissions improvement opportunities, leveraging the expertise across the PCGs for overall benefits.

The Environment & Safety Team continued efforts to review and improve resource use and efficiency, improving reporting definitions for waste and water. Within the water use data, the team is focused on understanding high stress water-use efficiency and improvement opportunities within the PCGs.

These initiatives go towards enabling improved understanding and management of the impacts, risks, and opportunities for both "Climate change" and "Resources and environment," and continue to be the primary focus of the Environment & Safety Team in 2026.

Case

How does it contribute to maximizing EPS and PER?

The Japan Group is advancing initiatives centered on improving energy efficiency, expanding the use of renewable energy, and sharing knowledge and best practices across sites. We conduct site tours involving members from major locations to facilitate the mutual exchange of energy saving measures and operational improvements that have delivered proven results at each site. Through the horizontal deployment of effective practices with minimal capital investment, these initiatives enable energy saving and contribute to lower manufacturing costs and enhanced profitability.

In addition, by promoting integrated electricity contracts across our sites, we have advanced the expansion of renewable energy adoption and improvements in electricity procurement methods. As a result, in addition to supporting the steady achievement of our GHG emissions reduction targets, we expect to reduce electricity costs by approximately 10%. Over the medium to long term, these efforts contribute to greater cost stability and reduced business risks.

Together, these initiatives improve cost efficiency and mitigate operational and financial risks, thereby contributing to a stable and sustainable increase in EPS. Furthermore, by integrating climate and resource-related initiatives into our business operations, we clearly demonstrate a management approach that emphasizes risk management and long-term value creation. This is expected to enhance investor confidence and contribute positively to improvements in PER. Going forward, we will continue to pursue the simultaneous achievement of environmental initiatives and economic value creation, with the aim of sustaining and enhancing corporate value over the long term.

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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.

Alignment with Sustainability Disclosure Standards

Since 2021, our group has expressed support for the Task Force on Climate Related Financial Disclosures (TCFD) which has now been incorporated into the International Sustainability Standards Board (ISSB). The ISSB has since released the International Financial Reporting Standards (IFRS) for sustainability-related financial disclosures. These standards follow four key pillars of reporting, Governance, Strategy, Risk Management and Metrics and Targets.

Governance

The Sustainability teams play an important role in supporting leadership within the PCGs for climate change.
The Environment & Safety Team takes the lead in discussing initiatives related to reporting and reducing GHG emissions and reports these 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 for climate governance.

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.

Risk management

The Sustainability Teams work directly under the Co-Presidents, supporting our PCGs in identifying and assessing risks and opportunities, including their significance, based on the criteria of factors directly related to our operations (e.g., raw materials, energy, and water consumption, GHG emissions) and our products and customers (e.g., product impacts, product application, and future needs).

Metrics and targets

● For other ESG data, please refer to the **"ESG Data"** section on our website.

	GHG emissions (Scope 1, 2; Market based) (kg/t)	GHG emissions (Scope 1, 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)
Total	60.9 (+34.3%)	62.9 (+39.7%)	10.5 (+2.4%)	0.62 (+14.3%)	8.2% (-1.4 pp)	6.4% (-12.7 pp)

* Excluding Dunn-Edwards and AOC data. NIPSEA includes the China, the Malaysia Group and Betek Boya only (representing approximately 90% of NIPSEA production). DuluxGroup includes Pacific business only (representing 45% of the DuluxGroup total production)

PCG	Reduction Targets (Scope 1, 2)		Progress	Improvement Priorities
	Net Zero (Scope 1, 2)	Medium-term*1		
NIPSEA Group	2060	2025: 15%	7.2% 2021 (Baseline) = 40.60 kg CO_2-e/tonne 2025 = 37.67 kgCO_2e/tonne	Carbon mitigation best practices were disseminated across the NIPSEA Group to facilitate consistent adoption across operations
Dulux Group*2	2050	2030: 50%	40% (including all acquisitions since 2020) 25% (excluding all acquisitions since 2020) 2020 (Baseline) = 149 kg CO_2-e/tonne 2025 (including acquisitions since 2020) = 90 kg CO_2-e/tonne, 2025 (excluding acquisitions) = 112 kg CO_2-e/tonne	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 for all DGL including Scope 3 target setting.
Japan Group	2050	2030: 37% 2030: 13% (Scope 3)	22% 10% (Scope 3)	Reduced GHG emissions through increased renewable electricity purchases and Power Purchase Agreement (PPA). Conducted a carbon footprint survey of suppliers and strengthened collaboration to reduce Scope 3 Category 1 emissions.

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

Climate-related scenario analysis

Risks			Opportunities
Variables	1.5°C	4°C	
Changes in regulations and their impacts, such as carbon pricing and GHG 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	
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	**Development of new products and services to capture climate-related business opportunities** - Both for 1.5°C, 4°C scenarios
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	

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R&D Strategy

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.

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. 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.

Case

How does it contribute to maximizing EPS and PER?

Low-temperature fast-curing technologies are a key platform supporting Nippon Paint Group's future growth. Our portfolio now spans more than 51 live projects across Japan, China and Southeast Asia, with Japan representing the largest pipeline and China offering the highest revenue growth potential. By reducing customers' energy consumption and cycle times, these technologies help them free up production capacity and support their expansion into high-growth segments such as EVs, plastics and infrastructure. In this way, they contribute to customers' energy savings while also supporting our margin improvement and decarbonization roadmap.

One representative example is "AC-130TF," an automotive coating product of the NIPSEA Group. Through its low-temperature fast-curing electrodeposition coating technology, the product enables a 20% reduction in energy consumption, while process improvements deliver a further 38% reduction, helping customers improve energy efficiency. Sales are expected to grow at an average annual rate of approximately 65% from 2025, reaching more than four times the current level by 2028. Another example is "Powerfloat E 1200," an industrial coating product of the Japan Group, which reduces energy consumption by 32% and product carbon footprint by 9%.

PFAS regulatory compliance

NIPSEA Group	‣ We monitor trends in PFAS regulations in China and ensure that we comply appropriately with the 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 is 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.
AOC	‣ PFAS chemicals eliminated from AOC products. Monitoring situation with styrene in the U.S. as prioritization actions under TSCA continue. Further restrictions on employee exposure limits are a possible outcome.

LCA and Avoided Emissions

To share LCA expertise, which forms the foundation of sustainable product development, across our major PCGs, we hold joint monthly meetings on product safety and LCA, with AOC newly joining these initiatives. More recently, with support from the Japan Group, the NIPSEA Group obtained third-party LCA certification, contributing to subsequent business expansion, while the China Group has established its own LCA platform to calculate product carbon emissions.

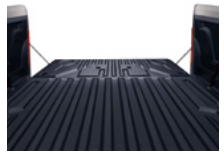
NIPSEA Group	‣ Completed 4 EPDs (Environmental Product Declarations) in Singapore, covering 60 products, including decorative paints. ‣ Completed 2 EPDs in Vietnam, covering 11 products.
DGL (Pacific)	‣ Developed EPDs for 22 powder coating products.
Japan Group	‣ Launched the "SUSTAINA SYSTEM," a service for companies working to reduce their environmental impact, which calculates and provides information on CO_2 emissions at each stage of paint production, during painting, and after painting in the construction sectors.
Dunn-Edwards	‣ Currently has EPDs for 19 products, with coverage expected to expand to an additional 18 products in 2026.
AOC	‣ In collaboration with the European industry organization CEFIC and the U.S. industry organization ACMA, completed third-party validated LCAs, including PCFs (Product Carbon Footprints), for unsaturated polyester and vinyl ester formulations.

Metrics and results related to Innovation (2025)

	Step 1	Step 2	Step 3
Sustainable Products	2025- ‣ Established a sustainable project portfolio across the Japan Group and NIPSEA China - Defined and advanced two focus areas: Low-temperature fast curing and low-carbon feedstock - Prioritized two key application directions: automotive coatings and industrial coatings	2026 ‣ NIPSEA Group: Continue to drive optimization of the sustainable project portfolio and plan to establish a realistic target for sustainable revenue growth ‣ DuluxGroup: Continue implementing the sustainable product sales roadmap to deliver growth ‣ AOC: Broader introduction of low GWP (Global Warming Potential) products in different end use markets using recycled PET and bio-circular raw materials, allowing customers to reduce GWP and increase renewable content	-2030 ‣ NIPSEA Group: Leverage the entire value chain, from low-carbon feedstock to end-of-life solutions, to holistically drive sustainable revenue growth ‣ DuluxGroup: Deliver 2030 targets of - 20% revenue derived from Best in Class sustainable product sales - 30% average recycled content in packaging
Chemicals of Concern	2025- ‣ NIPSEA Group: - Completed global regulatory mapping for MCCP and are working with R&D to identify alternative solutions - Phased out CMR substances (carcinogenic, mutagenic, and reprotoxic) across three product pipelines in China TU ‣ AOC: - Eliminated PFAS chemicals from AOC products - Monitoring the styrene situation in the U.S. as Toxic Substances Control Act (TSCA) prioritization actions continue	2026 ‣ Regulatory Monitoring: - AOC: Tracking potential new EU chemical classifications (CLH) for key substances ‣ Product Reformulation: In EMEA, eliminate TPO in applicable formulations and introduce alternatives where feasible ‣ Innovation Trials: Advancing BPA-free drinking-water formulations into the customer trial phase - NIPSEA Group: Continuing efforts to phase out CMR substances from formulations - DuluxGroup: Continuously reviewing and implementing Group CoC position statements for identified high-concern chemicals	-2030 ‣ Proceed with the CoC phasing out plan by regions and business units based on local status ‣ Continuously evaluate other CoC restriction requirements and implementing action plans

Sustainable products

Sheet molding compound (SMC) has long been used to produce durable, lightweight automotive parts. AOC provides resin formulation inputs for high-performance composites. It has introduced new formulations for composite pickup boxes containing up to 77% renewable and recycled content. These formulations can reduce global warming potential by up to 57% compared with comparable virgin petro-derived formulations. In collaboration with industry partners, parts for automotive applications were produced, demonstrating high strength-to-weight ratios and significant carbon reduction.



● Please also refer to the **"Creation of Sustainable Products"** section on our website.