

## Customer Relations

Nippon Paint Group, as a paint manufacturer, is committed to forging an organizational structure capable of making a broad contribution to customers.

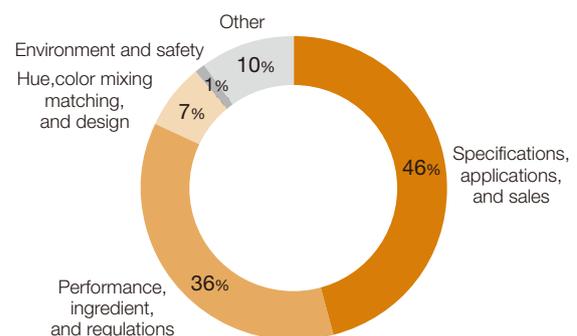
### Nippon Paint's Customer Center

In Japan, the Customer Center appropriately responds to questions and provides advice regarding our trade-use paint products. Customer inquiries, opinions, requests, complaints and other information help to improve our services and products, and are therefore compiled and stored in our database.

Please contact the number below for inquiries and advice regarding other paints and products:

**Phone: 0570-200-684**

### FY2015 Customer Center Inquiries



## Employee Relations

Nippon Paint Group strive to create a lively work environment for all of our employees.

### Personnel Treatment System

Nippon Paint Group's approach to human resource management is based on the following policy:

1. Cultivate an active corporate culture, stressing mutual trust between management and employees.
2. Achieve both rewarding work and improve corporate performance through teamwork
3. Encourage employees to demonstrate their individual capabilities to the fullest

Based on this policy, we developed a personnel treatment system that motivates employees to demonstrate their abilities and wishes.

Specifically, we replaced the previous "ability-based grading system" with a treatment system that evaluates employees based on work results.

This policy will facilitate the promotion of select individuals based on ability and dedication, instead of length of service and seniority, thereby creating a lively organization. Evaluations of job

requirements and performance are carried out with a focus on enhancing mutual trust and understanding through open discussions with superiors, and a target-oriented evaluation system will be utilized to enhance the performance of individual employees and the organization.

From fiscal 2015, with the start of the new company structure built around four businesses\*, the Group migrated from the previous treatment system, which permitted the use of different personnel treatment systems, to a uniform system that evaluates employees based on their abilities and duties. We hope to have the new system fully integrated throughout the Group by fiscal 2017.

Unifying the personnel treatment system will enable the Group to have a more fluid policy that focuses on assigning personnel to suitable roles and should enhance the cohesiveness of the Group.

\* The companies that manage our four businesses: automotive paints, trade-use paints, industrial-use paints, and surface treatments.

## Comfortable, Employee Friendly Workplace

Nippon Paint Group hopes to create a diverse workforce that is capable of responding to change, and is dedicated to creating an employee friendly workplace for workers of diverse backgrounds.

We believe that guaranteeing stable employment and providing a comfortable workplace not only benefits our employees but also the broader society.

Employees are more frequently utilizing the childcare and family care leave systems, and now view them as common options. In addition, we are also creating a one-week holiday program that allows workers to take five consecutive days off by enabling teams to manage their workflow so as to cover the work of employees taking time-off. This system should create an environment in which employees can easily take scheduled time off.

Workplace harassment is an important issue and we conduct seminars for all employees and provide guidance for supervisors. We also developed a stress evaluation system as part of our initiatives to prevent mental disorders.

## Human Resource Development (Personnel Training Policy)

Based on a belief that individuals cannot develop without the motivation to grow and personal effort, our personnel education policy stresses “self-responsibility.”

As we strive to become a “Global Paint Major,” it is critical to develop independent human resources that are capable of displaying leadership in the global marketplace. This means it is necessary to create careers paths and enhance the skills of employees to encourage their independence and growth.

Our education program is offered to employees at each different level, and includes selective leadership training for employees at different stages to enhance their abilities and leadership skills, mutual exchange training between domestic and overseas employees and joint overseas training with NIPSEA.

This training environment should develop future managers that will drive the growth of our company.

## Diversity and Inclusion

Taking advantage of diversity is important for Nippon Paint Group to unearth new value during the decision-making process and continue to develop strong organizational capabilities to enhance our competitive advantage as we look to become a Global Paint Major.

We held diversity management seminars for all Group employees in December 2015. The seminars aimed to facilitate an understanding of the benefits of diversity and reinforced our commitment to accelerate the Group’s efforts to promote diversity.

Going forward, we would like to develop a corporate culture in which our employees view diversity as a strength, and will create an atmosphere that rewards individual experience, ability, vision and other diverse forms of knowledge, irrespective of sex, age or nationality. We are committed to becoming a company where every employee can perform at their ultimate best.

## Initiatives Supporting Female Employees

In fiscal 2015, we began training aimed at cultivating female managerial candidates, and have been accelerating efforts to produce female leaders while providing opportunities for training. Furthermore, in addition to proactively hiring women, we are tackling the issue from multiple perspectives, including increasing the number of positions for female managers, and providing OJT and Off-JT that emphasize career development, and fully building out the system.

Nippon Paint Group has formulated an action plan for the entire Group in preparation for the enactment of the Act of Promotion of Women’s Participation and Advancement in Workplace in April 2016. The action plan provides training for women from a long-term perspective, aims to transform the organization and put the right systems in place—it targets increasing the percentage of female managers throughout the entire Group to 10% (1.6% as of the end of fiscal 2015) by 2025.

## Local and International Community Relations

Rooted in our management principles of working for the “mutual prosperity and benefit” of society, we engage in activities that focus on our ties with the community, and both domestically and overseas strive to conduct community activities that build closer relationships with regions in which we operate.

### Domestic activities

#### Donations to Areas Devastated by the Kumamoto Earthquakes

We gave donations to provide relief to the victims and restore regions damaged by the Kumamoto Earthquakes, which occurred in April 2016. Our ¥10 million donation was provided through Central Community Chest of Japan, which was called on by Japan Business Federation to join the recovery effort.

Furthermore, our domestic and overseas Group employees also gathered donations, with our domestic Group employees raising ¥3 million and our overseas Group employees ¥9 million for employees (and the families) of Nippon Paint Group that were in disaster-stricken regions in Kumamoto and Oita prefectures.

#### Group-wide Support for Regional Beautification

In November 2015, we provided paint materials for a graffiti removal project that erased graffiti from below the viaduct on the eastern side of the JR Osaka train station.

This project is being led by Osaka City Northern Ward's Kita Red-Light District's Environmental Cleanup Promotion Council, with the Ward Office and other government institutions inviting local residents, high school students, and neighborhood general contractors to participate as volunteer staff. Altogether, approximately 130 people used rollers and brushes to effectively transform an 86 meter wide/4 meter high wall that was covered in graffiti and return it to its previous clean state.



Volunteers removing graffiti

#### 2015 Children's Chemistry Experiment Exhibit

Nippon Paint Group provided an exhibit at the 2015 Children's Chemistry Experiment Show that was held at Kyocera Dome Osaka in October 2015. The Children's Chemistry Experiment Show appeals to elementary students and their caretakers, and conducts free chemical experiments to teach attendees interesting and amazing things about chemistry.

Nearly 40 volunteer staff from Nippon Paint Group participated in the show, conducting demonstrations to teach approximately 300 children and their caretakers over the course of two days about electric paint coloring. The children enjoyed the event and showed enthusiasm to come again next year, with the caretakers listening attentively to our explanations.



Explaining the experiment process to children



Explaining the principles of electric paint to children

## Initiatives in Asia

### Activities at Schools in Isolated Regions Promoted “Colour, Way of Love”

Nippon Paint Group has conducted its “Colour, Way of Love” initiative in Asia since 2009. The initiative repaints and repairs walls at schools located in secluded areas, and is an ongoing initiative that aims to improve school buildings and the learning environment.

This time, Nippon Paint Vietnam (hereafter “NPV”) repainted the walls of Hoa Phu Secondary School in Vietnam. More than 100 people came together from each NIPSEA company, local NPV staff, customers and local NGOs to repaint the building. It was a large-scale event that separated participants into three groups which interacted with students, conducted classes in English, and repainted the school.

One staff member participating from Japan recalled a sense of contributing to society, stating “sometimes being in Japan makes me forget, but today I was excited to witness how the paint (color) made by our company benefits society. I feel rejuvenated after playing with the children.” The three groups interacted closely with the children, with all participants smiling throughout their activities.



CSR Event

## Topics2015

### Contributing to the Health of Children in China by Providing Highly-Safe Interior Paint

At our interior construction paint business in China, to protect the health of children, we are selling and developing paint products that conform to standards for interior paint established by the Chinese government in 2015. These products are highly washable and stain-resistant, and the volume of VOC and formaldehyde contained in these paints are strictly controlled.

Furthermore, to prove a sense of familiarity, we designed a brand with “The Little Prince” motif that is gaining increased popularity. We plan to also use this product as part of our “Colour, Way of Love” initiative.

