



Nippon Paint Group Medium-Term Plan (FY2021-2023) Progress Report

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3. Sustainability Strategy



3-2. Progress & Further Plan of Materiality ①

Deepen our activities based on the progress made in FY2021

Materiality	Risk	Opportunity	Progress	Further plan
Climate change	<ul style="list-style-type: none"> Enforcement/change of policies and legal regulations such as introduction of a carbon tax Impact on production and shipment from extreme weather, such as typhoons and heavy rainfalls, that are becoming increasingly common in recent years Changes in customer behavior toward transition to a decarbonized society 	<ul style="list-style-type: none"> Expansion of the market for environmental products, such as products contributing to decarbonization Development of new businesses through research and development 	<ul style="list-style-type: none"> Endorsed the TCFD final report recommendations and commenced disclosure in accordance with the framework Calculated the potential financial impact of a carbon tax Agreed global target for GHG emissions reduction*¹ via each partner company developing targets that meet or exceed local government targets Calculated Scope 3 GHG emissions*² 	<ul style="list-style-type: none"> Identify each partner company's top climate change risks and opportunities (high level scan) and potential actions Identify each partner company's carbon reduction action plans and develop consolidated group view (H1 2022) Agree objectives for common priority focus areas (e.g. energy efficiency, renewable electricity sourcing, vehicle fleet replacement) and implement
Resources and environment	<ul style="list-style-type: none"> Impact on business activities from depletion of energy and water resources Tightening of regulations on wastes and increase of waste disposal cost Changes in customer needs related to raw materials 	<ul style="list-style-type: none"> Expansion of the market for environmental products Enhanced competitiveness by advancing recycling technologies, improving resource efficiency, and utilizing diverse raw materials 	<ul style="list-style-type: none"> Developed and disclose global policy statement for resources and environment (e.g. waste and effective use of resources, water) 	<ul style="list-style-type: none"> Identify each partner company's top resources and environment impacts, improvement priorities, and performance measures Agree common priority focus areas (e.g. waste reduction) and objectives for 2022/2023 and implement
Safe people and operations	<ul style="list-style-type: none"> Significant impact on operations if a major accident occurs at a production site Impact on safety assurance due to changes in manufacturing processes accompanying substantial increases in production 	<ul style="list-style-type: none"> Improving worksite safety and hygiene by sharing best practices and education plans from around the world Improving employee motivation and Company competitiveness for acquiring human resource talent 	<ul style="list-style-type: none"> Developed global policy statement for safe people and operations (e.g. occupational safety and health) 	<ul style="list-style-type: none"> Identify each partner company's top safety risks, improvement priorities, and performance measures Agree common priority focus areas (e.g. fire and fatality prevention) and objectives for 2022/2023 and implement

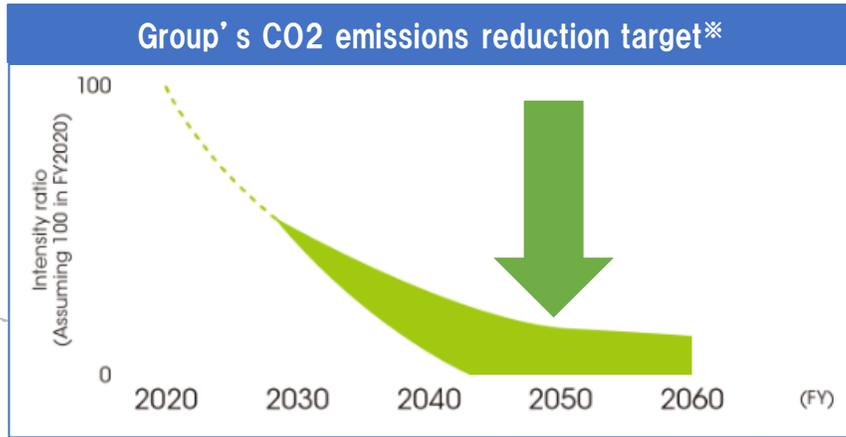
3-3. Progress & Further Plan of Materiality ②

Deepen our activities based on the progress made in FY2021

Materiality	Risk	Opportunity	Progress	Further plan
Diversity & Inclusion	<ul style="list-style-type: none"> Difficulty of securing human resources that satisfy diversity requirements with a decrease in the university graduated population Slowing of business activities that reflect diversity in customer needs 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Confirmed the difference of the situation by each country and region Disclosed the educational programs on a global basis 	<ul style="list-style-type: none"> Formulation of human rights policy Implementation of human rights risk assessment Global data aggregation for the human capital management disclosure
Growth with communities	<ul style="list-style-type: none"> Significant damage to the corporate brand if the company is not perceived as a corporate citizen by local communities Damage to the public image of the paint industry caused by inadequate activities oriented toward the local community 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Established "NIPPON PAINT Group Global Outreach Program" as common framework followed NIPSEA CSR NIPSEA established the concept "Colouring Lives" to have a bigger impact for the whole CSR activities as a group 	<ul style="list-style-type: none"> Promote quantification of activities Promote CSR activities and data aggregation under the NIPSEA's concept "Colouring Lives" globally
Innovation for a sustainable future	<ul style="list-style-type: none"> Significant hindering to future corporate earnings owing to inability to generate innovation due to slow response to new markets 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Aggregated the sustainable products globally in 2021 Developed the Anti-Viral Paint Products across the group Promoted open innovation with several 3rd parties Initiatives regarding Chemicals of concern/LCA^{※1} in some companies 	<ul style="list-style-type: none"> Define the sustainable product Develop and implement Green Design Review^{※2} Formulate strategy and roadmap Strengthen the control of Chemicals of concern Develop and leverage LCA^{※1} capability

3-4. Specific Initiatives for Net Zero CO2 Emissions

Identify specific issues and measures in each region toward net zero target



Dunn-Edwards (U.S.)

- Discussed scope, financials, and timeline for new corporate office to operate on generated renewable energy
- Committed to reducing energy usage at new corporate office through efficient lighting, EnergyStar™ equipment, and enhanced systems
- Committed to providing electric vehicle charging resources to select facilities within the next 4 years
- Committed to adopting software by Q2 2022 to track company-wide Scope 1, 2, and 3 emissions in order to achieve true metrics for net zero carbon* by 2050

Japan

- Agreed Japan targets of 37% carbon* reduction by 2030 from 2019 levels, plus net zero carbon* by 2050
- Purchase renewable energy in Japan. (100% renewable energy at Osaka headquarters in FY2021, approx. 7% of electricity used in Japan in FY2022. Afterwards, increase gradually)
- Consider energy-saving and use of renewable energy to reduce the impact of carbon taxes
- Implement energy-saving (ex: heavy oil to LNG)

NIPSEA Group (Asia)

- Formulated NIPSEA Green Plan 1.0, the movement to advance the agenda on sustainable development – Profit, People, Environment
- Carbon intensity (kgCO2/ton) reduced by 15% in 2021 mainly by the new solar projects and less energy consumption
- Installed solar panel in several plants in FY2021 and saved cost. Other plants follow
- Implemented the green production including batch cycle time reduction, maximization of batch size

DuluxGroup (Oceania)

- Achieved a 5% reduction in energy consumption and 5% reduction in carbon* emissions, our lowest levels on record
- Agreed DGL targets of 50% renewable energy consumption and 50% carbon* reduction by 2030, plus net zero carbon* by 2050
- Commenced development of detailed action plans to achieve the 2030 targets, with plans to be finalised early 2022
- Commenced pilot program of specialist energy efficiency studies at 2 factories to identify reduction opportunities

3-5. Specific Initiatives for Innovation

Anti-Viral Paint Products in the Nippon Paint Group that contribute to our business

2020 2Q

2020 3Q

2020 4Q

2021 1Q

▶ Singapore

VirusGuard+ Antiviral Coating



Target Virus: 229E/H1N1

▶ Malaysia

VirusGuard Anti-viral Coating



Target Virus: 229E/H1N1/Coxsackie A16

▶ Japan

PROTECTON series

- INTERIOR PAINT PREMIUM (PIAJ※1)
- INTERIOR WALL VK-200 (PIAJ/SIAA※1)
- INTERIOR WALL VK-200 FOR DIY (PIAJ※1)
- INTERIOR WALL VK-500 (PIAJ/SIAA※1)
- BARRIERX SPRAY (PIAJ/SIAA※1)
- INTERIOR WALL VK COAT
- FLOOR VK CLEAR
- CAR INTERIOR VK COAT



※1 Certification
SIAA (Society of Industrial-Technology for Antimicrobial Articles)
PIAJ (Photocatalysis Industry Association of Japan)

▶ China

ClearShield



Target Virus:
229E/FCV/H3N2/EV71/SARS-CoV-2

※2 Certification
CIAA (Chinese Industry alliance for Antimicrobial Materials and Products)



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