

# Nippon Paint Medium-Term Strategy Update Briefing

**-Our Roadmap as Asset Assembler-**

April 3, 2025

# Appendix

# Sustainability Initiatives That Drive EPS and PER

Aim to achieve MSV by increasing the earnings and markets' expectations through sustainability activities

## MSV (EPS Maximization × PER Maximization)



3. Sustainability Teams Approaches and Actions

	Approaches for boosting EPS	Actions and Examples Leading to higher EPS												
Environment & Safety	<ul style="list-style-type: none"><li>•Reduced carbon emissions and increased renewable energy consumption</li><li>•Reduced waste generation, increased resource recovery (reuse, recycling), and increased sustainable water consumption</li><li>•Management of high-consequence safety risks to protect people, assets, and supply</li></ul>	<ul style="list-style-type: none"><li>•Solar system installations in DGL Pacific &amp; Europe and in NIPSEA China</li><li>•Renewable power purchase in DGL Europe and in Nippon Japan</li><li>•Various recovery and reuse projects for waste and water across all PCGs</li><li>•Implementation of high potential safety incident reporting across all PCGs</li></ul>												
People & Community	<ul style="list-style-type: none"><li>•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 business</li></ul>	<ul style="list-style-type: none"><li>•Senior Management in Japan Group playing multiple roles and taking initiatives for enhancing Group synergies and expanding market share</li><li>•NIPSEA Technology Leadership Council and Japan Segment Technology Leadership Team sharing and integrating Expertise and R&amp;D Strategy for more sustainable business</li></ul>												
Innovation & Product Stewardship	<ul style="list-style-type: none"><li>•Drive Sales of Sustainable Products</li><li>•Improve Productivity by introducing innovative process</li></ul>	<ul style="list-style-type: none"><li>◆Low temp. Fast curing platform Since launching the first project (Automotive) in 2016, over 30 projects have been launched and are still ongoing. Expect to see its significant business expansion till 2030. It will continue to foster sustainable business growth and deliver enhanced value to our customers;</li><li>◆LSI (Leveraging, Sharing, and Integration) To improve Nippon Paint Group efficiency by identify best practice products, projects, process from different NPXs, then encourage sharing, leverage and integration. For an instance, one Joint conference was held and many topics covers from sustainable feedstocks to applications and services, which enhance our future sustainable business</li></ul>												
Governance	<ul style="list-style-type: none"><li>•Board considers the discussion of the Group's growth strategy as a key issue and encourages timely and appropriate risk-taking by the management without slowing down the speed of decision making on management proposals</li><li>•Simple and efficient internal Control framework in the Asset Assembler Model (framework being enforced through Nippon Paint Group Global Code of Conduct, Basic Policies of Global Risk Management (GRM) and Global Basic Policies of Whistleblowing Hotline)</li></ul>	<ul style="list-style-type: none"><li>•Flexible use of off-site meetings, and others*, to enhance growth strategy discussions</li></ul> <p>*Almost doubled between 2023 and 2024</p> <div><p>&lt;Ratio of meeting (including meeting of BOD, Independent Directors, offsite and others)&gt;</p><table><tr><th>Year</th><th>BOD Meeting</th><th>Meeting of the Independent Directors</th><th>Offsite meetings, study session and others</th></tr><tr><td>2023</td><td>53%</td><td>23%</td><td>24%</td></tr><tr><td>2024</td><td>43%</td><td>16%</td><td>41%</td></tr></table></div> <ul style="list-style-type: none"><li>•Operation being sophisticated based on Control-Self-Assessment (CSA) in accordance with the GRM of each PCG</li></ul>	Year	BOD Meeting	Meeting of the Independent Directors	Offsite meetings, study session and others	2023	53%	23%	24%	2024	43%	16%	41%
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Sustainable Procurement	<ul style="list-style-type: none"><li>•Realize sustainable and optimized procurement cost and mitigate the risk of supply chain disruption</li><li>•It reduces the disruption and production cost, leading to stable MSV expectation</li></ul>	<ul style="list-style-type: none"><li>•Adopt a risk-based approach to supply chain management, aiming to improve processes by<ul style="list-style-type: none"><li>- promoting multi-sourcing and reducing reliance on single suppliers which mitigate the impact of natural disasters</li><li>- tracking high-risk and high-impact raw materials across the group using a standardized matrix</li></ul></li><li>•Conduct Supplier Sustainability Survey based on our Supplier Code of Conduct to identify suppliers that are compliant with our Code and those with weakness in certain areas</li></ul>												

\*PCG: Partner Company Group, referring to the group of companies by region and business



4. Roadmaps of Sustainability Teams

		Step1	Step2	Step3	Step4
Environment & Safety	Climate Change	◆2024 •Established collaboration group for understanding and improving carbon mitigation, such as: - Scope 3 footprint calculation and insights - Reduction opportunities and improvement initiatives - Engagement with PCG innovation and sourcing teams •Reviewed and action carbon disclosures (TCFD, IFRS/CDSB) as appropriate	◆2025 • Enable Carbon collaboration group for understanding and improving carbon mitigation, such as: - Scope 1 & 2 improvement - Scope 3 data approach & evolution - Scope 3 Improvement program in collaboration with procurement - Share of experience for data collection & reporting tools •NIPSEA Group: 15% Scope 1 & 2 reduction (2021 baseline) •DuluxGroup (Europe): GHG reduction targets to be established	◆-2030 •DuluxGroup (Pacific): 50% renewable electricity consumption and 50% Scope 1 & 2 reduction 2030 (2020 baseline) •Japan Group: 37% Scope 1 & 2 reduction 2030 (2019 baseline)	◆2050-2060 •Net zero carbon (Scope 1 & 2)
	Resources & Environment	◆2024 •Reviewed circularity best practice (waste, water) and identify improvement opportunities •Reviewed emerging nature-related disclosure standards (TNFD) and action as appropriate	◆2025 •Embed adopted reporting metrics and leverage from PCG initiatives and insights to promote learning and identify opportunities • Review emerging nature-related disclosure standards (TNFD) and action as appropriate	◆-2060 •Significantly improve the circularity of our supply chains (e.g. renewable resources, waste, water)	
	Safe People & Operations	◆2024 •Established process safety collaboration group •Supported implementation of high potential incident reporting and improvement action across PCGs	◆2025 •Enable 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)	◆-2060 •Enable effective control of high-consequence safety risks to reduce high-potential incidents and prevent all disasters and fatalities	
People & Community	DE&I	◆2024 •NIPSEA Group: - Continued to build a Strong Leadership Pipeline Across Regions - Developed future-ready leaders through our Group-level Leadership Development programs •DuluxGroup: 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: Diversity training for all levels, follow-up survey •Japan Group: - Initiated a development program targeting female employees - Introduced employee engagement survey	◆2025 •NIPSEA Group: 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: Drive gender balance - Embedding inclusion initiatives tailored to each country - By hiring, developing, and advancing talented women •Dunn-Edwards: Shape initiatives based on survey feedback (career growth) and shift committee from DEI to Engagement focus •Japan Group: - Continue improving the ratio of women in managing positions and resetting the mid-term target for the future - Continue employee engagement survey	◆2026- •NIPSEA Group: 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: Leaders in all countries, regardless of statutory requirements, track and address gender pay gaps. Ongoing focus on inclusion and belonging initiatives •Japan Group: Recruitment and training of women and, creation of an environment that draws out individual potential	
	Growth with Community	◆2024 •Developed Nippon Paint Group CSR Website •DuluxGroup: - Launched the 'Dulux Community Donations' portal - Significantly increased social media coverage of CSR projects and scaled-up the 'Colour your Club' program •Dunn-Edwards: Creation of Dunn-Edwards Foundation	◆-2025 •NIPSEA Group: Invest at least US\$5 million to support CSR initiatives each year •DuluxGroup: - Invest at least \$1.5M in CSR projects each year - Continue to increase the number of employee volunteer hours by at least 10% (Yoy)	◆2026- •NIPSEA Group: Invest at least US\$5 million to support CSR initiatives each year	

4. Roadmaps of Sustainability Teams

		Step1	Step2	Step3
Innovation & Product Stewardship	Sustainable Products	<p>◆2024</p> <ul style="list-style-type: none"><li>• Developed methodologies &amp; modeling of LCA (PCF<sup>*</sup>, software, database)</li><li>• IT Tool implementation for product sustainability scoring in system</li><li>• Sustainable products portfolio optimization</li><li>• DuluxGroup:<ul style="list-style-type: none"><li>- Developed recommendation for Scope 3 reduction target and roadmap</li><li>- Continued implementation of sustainable products sales and packaging roadmaps</li></ul></li></ul>	<p>◆2025-</p> <ul style="list-style-type: none"><li>• Implement the LCA tool into daily operations in Japan and China, with plans to extend its use to other regions, including Southeast Asia and the DuluxGroup business</li><li>• Optimize our sustainable product portfolio and drive sustainable business growth by engaging the entire value chain</li></ul>	<p>◆-2030</p> <ul style="list-style-type: none"><li>• Manage the performance of Sustainability Scoreboard of each PCG every quarter</li><li>• Promote creation of more innovative sustainable products</li><li>• Implement sustainable products and Scope 3 roadmaps</li><li>• DuluxGroup: Deliver 2030 Best in Class sustainable product sales target</li></ul>
	Chemicals of Concern	<p>◆2024</p> <ul style="list-style-type: none"><li>• Proceeded the CoC phasing out plan by regions and business units based on local status</li><li>• Continuously evaluated other CoC restriction requirements and implementing action plans</li><li>• DuluxGroup: Continued development of positions statement for 95% of CoC</li></ul>	<p>◆2025-</p> <ul style="list-style-type: none"><li>• Continue to proceed the CoC phasing out plan by regions and business units based on local status</li><li>• Continuously evaluate other CoC restriction requirements and implementing action plans</li><li>• DuluxGroup: Continue development of Group CoC position statements</li></ul>	<p>◆-2030</p> <ul style="list-style-type: none"><li>• Create sustainable products based on phase out plan</li><li>• Phase-out 4 heavy metals before the end of 2030 globally</li></ul>
	R&D	<p>◆2024</p> <ul style="list-style-type: none"><li>• Initiated and drove flagship projects in Sustainability</li><li>• Created sustainable project portfolio and drove sustainable business growth</li></ul>	<p>◆2025-</p> <ul style="list-style-type: none"><li>• Throughout the entire value chain, we are committed to reducing carbon emissions and delivering additional value to our customers<ul style="list-style-type: none"><li>- Developing bioplatforms on the upstream side</li><li>- Developing low-temperature fast-curing solutions and long-life platforms on the customer side</li></ul></li></ul>	<p>◆-2030</p> <ul style="list-style-type: none"><li>• Drive innovation towards UN SDGs and carbon neutrality</li></ul>
	Product Stewardship	<p>◆2024</p> <ul style="list-style-type: none"><li>• Monitored, recorded and communicated the change of global regulations</li><li>• Assessed raw materials introduction, registered new substance and ensured SDS and GHS label generation, registration hazard chemical permits correctly and precisely</li><li>• Responded to customers requests, i.e., RoHS, IMDS etc.</li></ul>	<p>◆2025-</p> <ul style="list-style-type: none"><li>• Continue to monitor, record and communicate the change of global regulations</li><li>• Continue to assess raw materials introduction, register new substance and ensured SDS and GHS label generation, registration hazard chemical permits correctly and precisely</li><li>• Continue to respond to customers requests, i.e., RoHS, IMDS etc.</li></ul>	<p>◆-2030</p> <ul style="list-style-type: none"><li>• Implement inquiry management database Inquiry response training</li><li>• Training for customers and business partners</li><li>• DuluxGroup: Implement packaging roadmaps</li></ul>

\* Product Carbon Footprint

4. Roadmaps of Sustainability Teams

		Step1	Step2	Step3
Governance	Board of Directors Governance	<p>◆2024</p> <ul style="list-style-type: none"><li>•Enrichment of discussion on growth strategy</li><li>•Improvement of the operational efficiency of Board meetings</li><li>•Thorough engagement in succession planning</li><li>•Further fine tuning of the "Audit on Audit" framework</li></ul>	<p>◆2025</p> <ul style="list-style-type: none"><li>•Enrichment of discussion on growth strategy</li><li>•Thorough engagement in succession planning</li><li>•Further upgrading of the “Audit on Audit” framework</li></ul>	<p>◆-2026</p> <ul style="list-style-type: none"><li>•Further sophistication of growth strategy discussions</li><li>•Enhance and implement succession plans</li></ul>
	Execution Governance	<p>◆2024</p> <ul style="list-style-type: none"><li>•Proactive improvement tailored to the situation of each PCG through voluntary self-inspections by CSA (Control Self-Assessment) List</li><li>•Operating and enhancing the effectiveness of internal reporting channels tailored to the situation of each PCG</li><li>•Strengthening collaboration within the Sustainability Team to respond to changes in social demands such as "human capital" and others</li></ul>	<p>◆2025</p> <ul style="list-style-type: none"><li>•Effectively utilise the CSA list as a tool for voluntary inspections and promote the penetration of an autonomous, exhaustive risk identification to countermeasure implementation system in each PCG</li><li>•On the Whistleblowing Hotline, share best practice from each PCG to ensure more effective and efficient operation</li><li>•Extend and brush up various measures and initiatives to new AOCs joining the Group in order to maintain and improve governance and internal controls across the Group</li></ul>	<p>◆-2026</p> <ul style="list-style-type: none"><li>•Verify effectiveness and refine<ul style="list-style-type: none"><li>-risk management system</li><li>-whistleblowing hotline</li></ul></li><li>•Upgrading the governance framework (Including compliance and risk management) to respond to changes in social demand</li></ul>
Sustainable Procurement	Strengthen Internal Mindset and Enhance Understanding of Sustainable Procurement	<p>◆2024</p> <ul style="list-style-type: none"><li>•Supported Group Environment, Health, and Safety (EHS) to compile Scope 3 for the NIPSEA group progressively</li><li>•Improved understanding of Scope 3/ESG among the group's procurement through training</li><li>•Developed supplier ESG audit program with NIPSEA China</li></ul>	<p>◆2025</p> <ul style="list-style-type: none"><li>•Conduct supplier ESG assessment</li><li>•Develop supplier ESG engagement framework<ul style="list-style-type: none"><li>- Supplier awareness/training workshop</li><li>- Supplier ESG audit program</li></ul></li><li>•Compile RM Life-cycle Assessment (LCA) data</li><li>•Support compilation of Scope 3 carbon emission</li><li>•Update country &amp; region of origin of RM in the SAP system (for climate risk assessment)</li></ul>	<p>◆2026-</p> <p>Continue to strengthen internal mindset for sustainable procurement</p>
	Sustainable Procurement Actions with Suppliers	<p>◆2024</p> <ul style="list-style-type: none"><li>•Conducted supplier questionnaire (94% by value)</li><li>•Engaged suppliers to provide primary data to improve Scope 3 data quality</li></ul>	<p>◆2025-</p> <ul style="list-style-type: none"><li>• Strengthen internal capabilities, reduce GHG emissions, and conduct due diligence to ensure supply chain sustainability</li><li>• Collaborate with key suppliers to innovate sustainable products and processes via the Global Key Account Management (GKAM) strategy<ul style="list-style-type: none"><li>- define our supplier assessment methodology</li><li>- engage suppliers on defining lower carbon feedstocks and raw material</li><li>- set expectations for supplier GHG emissions reductions</li></ul></li></ul>	