



Basic & New

NIPPON PAINT HOLDINGS

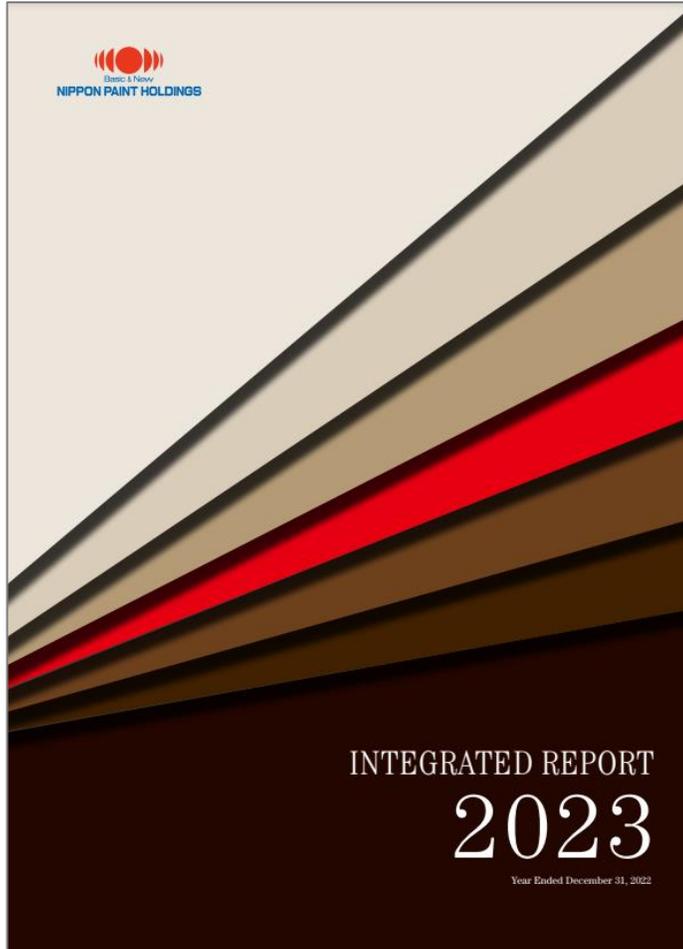
Integrated Report 2023 Briefing

January 19, 2024

Nippon Paint Holdings Co., Ltd. Investor Relations

The forward-looking statements in this document are based on information available at the time of preparation and involve inherent risks and uncertainties. Accordingly, the actual results and performance of Nippon Paint Holdings Co., Ltd. and Nippon Paint Group may differ significantly from the forward-looking statements. Please be advised that Nippon Paint Holdings Co., Ltd. and information providers shall not be responsible for any damage suffered by any person relying on any information contained herein.

The Aim of Today's Briefing

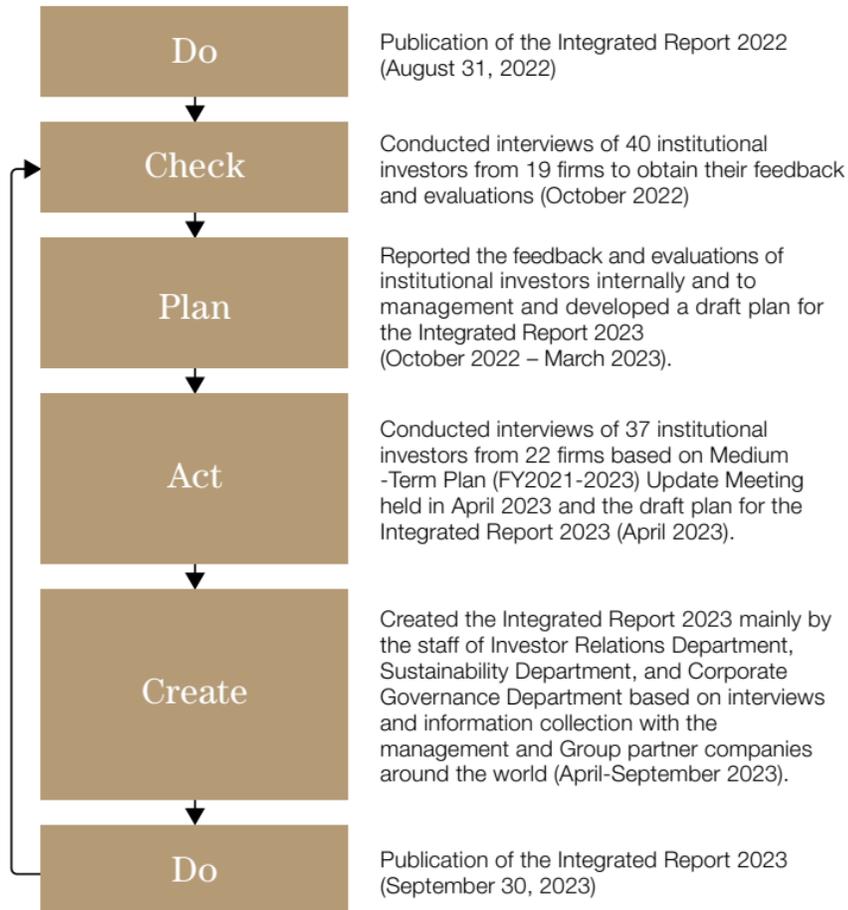


1. Deepen understanding of strategies focused on Maximization of Shareholder Value (MSV) through detailed explanations of the key elements in the Integrated Report 2023
2. Encourage active participation in understanding our unique business model, competitive advantage, and our approach to management, sustainability initiatives, and the dynamics of the business environment. The goal of these initiatives is to strengthen our management techniques and improve our future Investor Relations (IR) activities.
3. By conducting the aforementioned activities, we aim to maximize the Price-to-earnings ratio (PER) and gather insights for the development of the 2024 edition of the Report.

Production Process and Editorial Policy of Integrated Report 2023

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Integrated Report 2023 production process

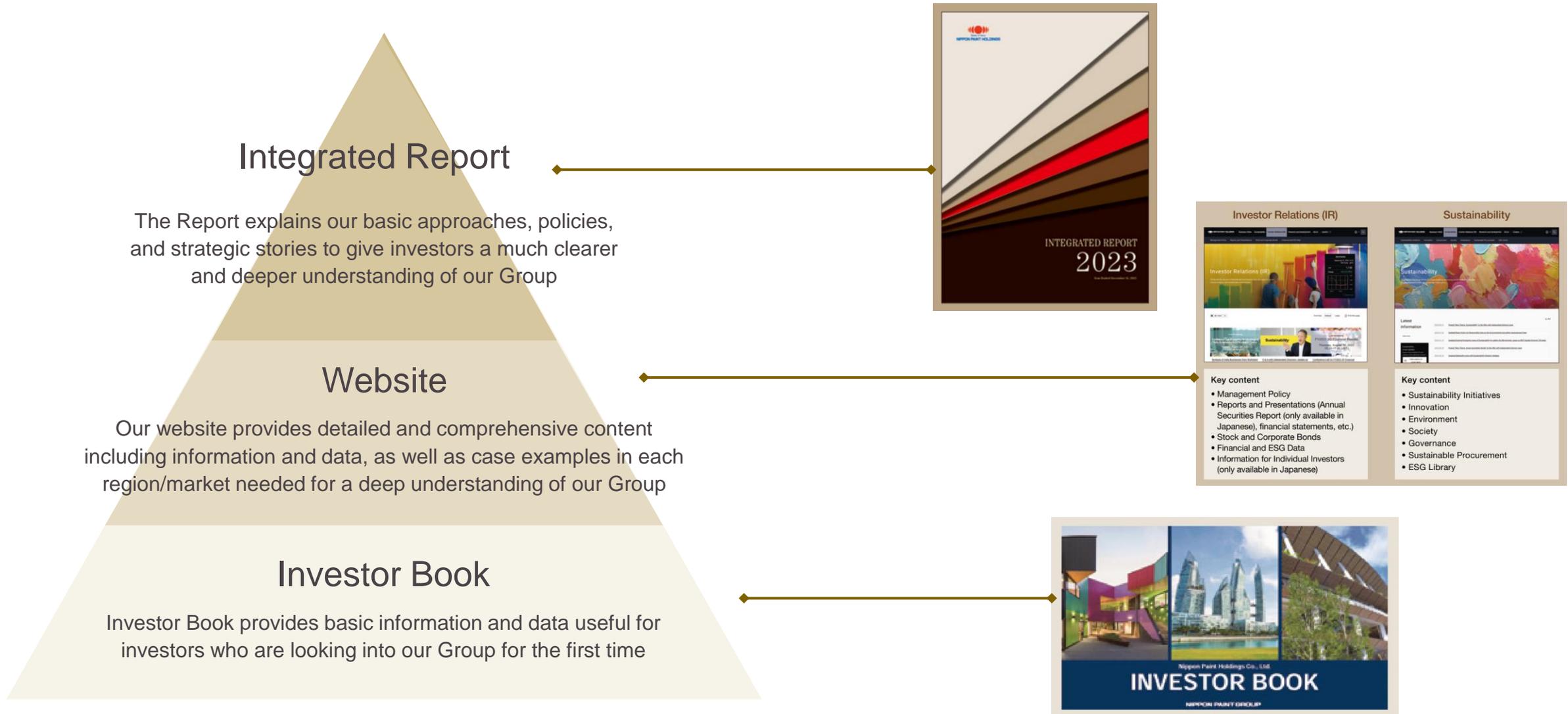


Editorial Policy

1. Convey our logical and rational strive to maximize shareholder value via inorganically skillful assembling of assets, and organically value enhancing management of assets
2. (i) Enhance recognition of our excellence in management talent and platform, leveraging our Asset Assembler model
(ii) Change the capital markets' view of our company from being a “China-related stock”

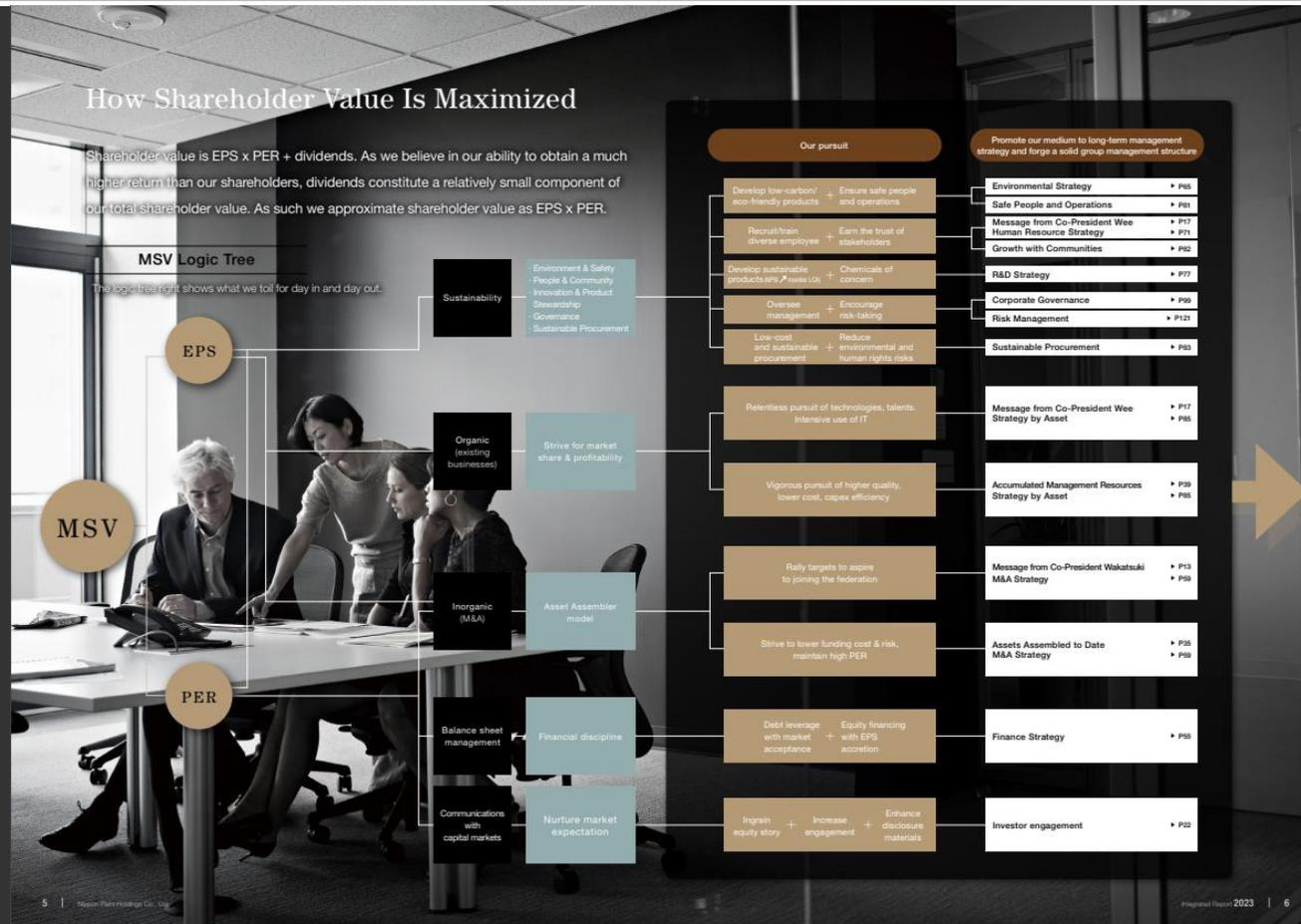
(For Reference) Information Disclosure Structure

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Structure of Integrated Report 2023

→ p. 5



The entire Report is designed to explain the “MSV Logic Tree” that shows how shareholder value is maximized

(For Reference) Evolution of Our Integrated Report

Phase	Initial phase	Development phase: Laying the groundwork as a paint company	Expansion phase: Highlighting our unique Asset Assembler (AA) model
Year	~2019	2020~2021	2022~2023
Design concept	Not defined	Enhancing our image as a global paint company with vibrant graphics and emphasizing our competitive edge in the paint and coatings industry	Position ourselves as a global enterprise transcending traditional business boundaries with intellectual, sophisticated, refined, and potential for growth as key words
Key points of enhancement	<ul style="list-style-type: none"> Added a financial section and Medium-Term Plan (MTP) pages to our CSR report A value creation model introduced Our Japan-focused Materiality and CSR objectives 	<ul style="list-style-type: none"> Inclusion of articles highlighting the societal functions of paint and our commitment to addressing social issues Our global Materiality Coverage of investor-interest topics (China business, corporate governance) 	<ul style="list-style-type: none"> MSV Logic Tree and Formula Clear explanation of our business model and competitive advantage The connection between MSV and sustainability Inclusion of investor-requested articles(feature articles on China business, M&A success case, roadmap for improving Japan Group profitability, human capital, etc.)
Key additions to content	<ul style="list-style-type: none"> Our value creation model ESG management pages 	<ul style="list-style-type: none"> Global business review section (SWOT analysis, management messages, strategies of partner companies) Partnership with the major shareholder Governance Discussions, Discussions by the Board of Directors, Committee Report (Nominating, Compensation, and Audit Committees) 	<ul style="list-style-type: none"> MSV Logic Tree Competitive advantage of our business model, medium- to long-term management strategy, asset management report Feature articles on M&A and roadmap for Japan Group profitability improvement
Page count	36~52	100~130	132~136
External evaluation	-	<ul style="list-style-type: none"> Selected for “Excellent Integrated Report” and “Most-improved Integrated Report” by GPIF’s Japanese equities asset managers 	<ul style="list-style-type: none"> Selected for “Excellent Integrated Report” and “Most-improved Integrated Report” by GPIF’s Japanese equities asset managers Selected for Best Practice Award in Integrated Report Award organized by Nikko Research Center Shortlisted for Best Practice Awards (Large Cap) organized by UK IR Society

Structure of Messages from Co-Presidents

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

Yuichiro Wakatsuki
Yuichiro Wakatsuki
Director, Representative Executive
Officer & Co-President

Messages from each Co-President, reflecting their unique roles and responsibilities within Co-President setup, aimed at achieving MSV

Maximization of EPS × Maximization of PER

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

Striving for continuous EPS growth by fostering a culture of embracing new challenges

Yuichiro Wakatsuki
Director, Representative Executive Officer & Co-President

Instilling capital markets with conviction towards our continuous EPS accretion

Message from Co-President Wakatsuki

→ p. 13



Key messages

Instilling capital markets with conviction towards our continuous EPS accretion

1. We derive our strength from our unwavering commitment to integrity in our pursuit of MSV
2. Significant achievements enabled by agile management decisions
3. MTP is only a milestone; aspirational management is anchored in our Group
4. Compelling advantage of our Asset Assembler model that gives us limitless growth potential
5. Sustainability as the fundamental premise for MSV
6. Transforming the demands of customers, suppliers, and society into viable business opportunities

Our Finance and M&A Strategies to Achieve MSV

→ p. 55



Finance Strategy

1. Conscious of our cost of capital
2. Finance strategy that drives our Asset Assembler model
3. Effective balance sheet management
4. Capital allocation approach

M&A Strategy

1. M&A basic policy
2. M&A selection process
3. A platform that drives growth of both existing businesses and acquired companies

ROIC of individual companies*1

	Year 1*2	Year 2	Year 3	Year 4
DuluxGroup (Pacific)	1.2%	3.2%	3.9%	5.3%
Betek Boya	3.5%	9.4%	11.8%	8.1%
PT Nipsea	3.7%	5.3%	-	-

*1 ROIC (IFRS): after-tax operating profit (after PPA amortization on intangible assets) / acquisition cost (including transfer consideration and subsequent capital increase, etc.)
After conversion into the Japanese yen using actual exchange rates

*2 ROIC for DuluxGroup (Pacific) is calculated based on four months' results and for Betek Boya six months' results

Message from Co-President Wee

→ p. 17



Key messages

Striving for continuous EPS growth by fostering a culture of embracing new challenges

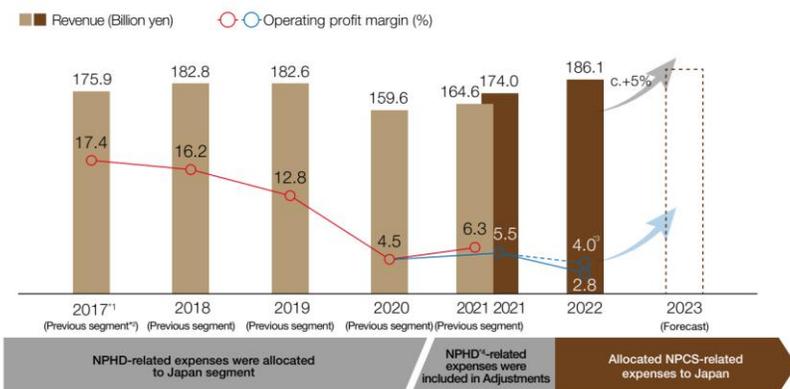
1. Solid growth despite headwinds
2. Striving for dominance in paint & coatings segment by competing and winning
3. Accelerating growth in China through innovation & diversification
4. New growth in adjacencies by capitalizing on our strengths
5. Fostering a culture of embracing new challenges and strong HR framework

Progress of Structural Reforms in Japan Group and Roadmap for Improving Profitability

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Operating performance of the Japan segment



¹ J-GAAP-based figures for 2017 (IFRS-based figures starting with 2018)
² Japan Group included marine business in Japan only under previous segment but also includes overseas marine business under new segment.
³ Excluding special retirement payment of c. JPY2.2 bn
⁴ Including the current NPC³

- 1. Progress and achievements of structural reforms**
 Forging ahead with cost structure reforms in order to regain the operating profit margin achieved during the fiscal year 2017-2018
- 2. Progress of reforms in the marine coatings and automotive coatings businesses**
 Aiming for growth as a global company through both short-term and long-term actions
- 3. Our path for reforming our culture and the mindset of our employees**
 Providing the value to customers by embracing the J-LFG culture
- 4. Developing leaders who can contribute to continuous EPS growth**
 Acting with courage by going beyond conventional ways of thinking in Japan

Asset Assembled to Date

→ p. 35

Message from the Management | **MSV - Our Scale Mission** | Our Mission to Long-Term Management Strategy for Achieving MSV | Our Management Structure for Achieving MSV | Corporate Information

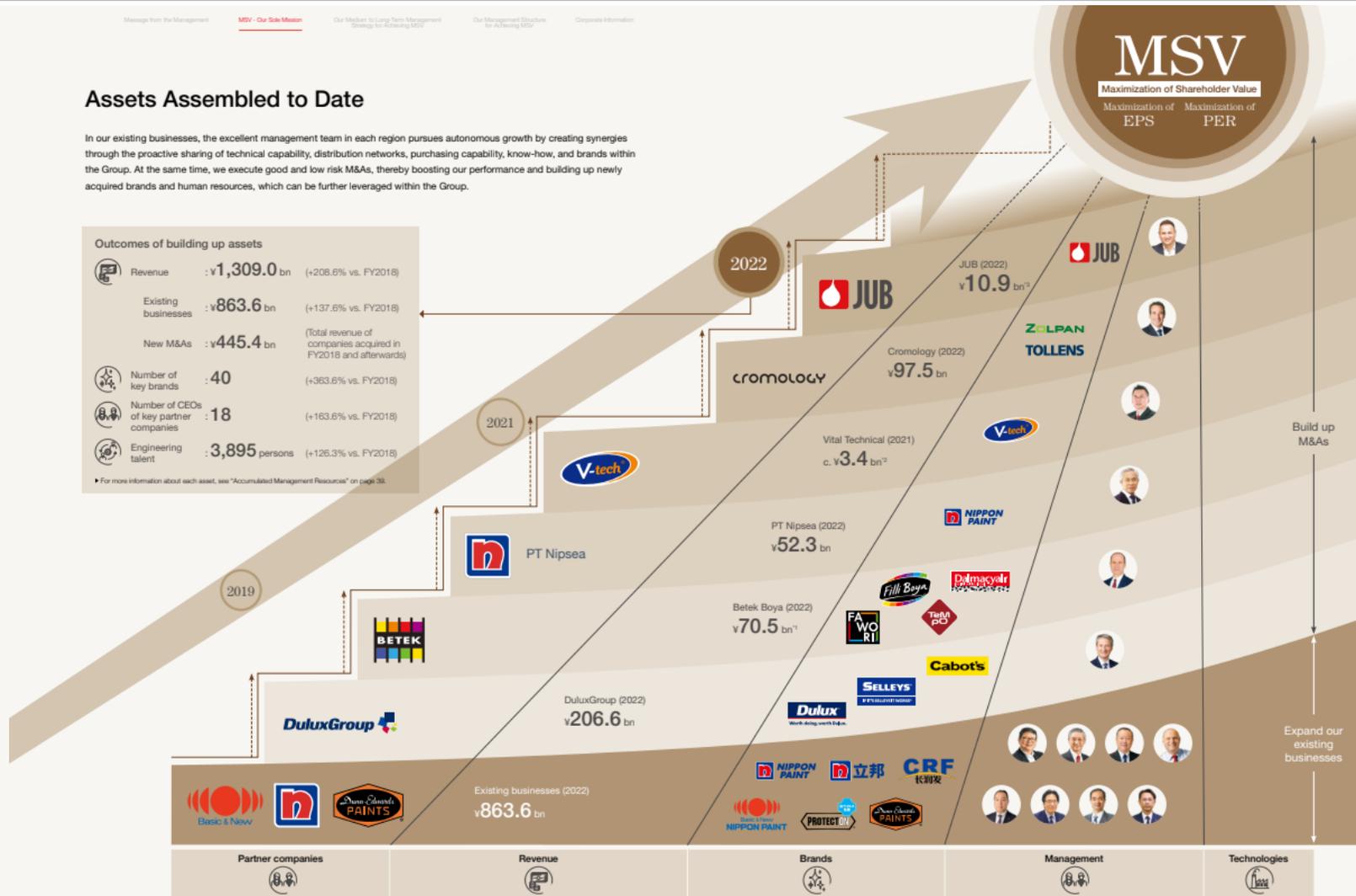
Assets Assembled to Date

In our existing businesses, the excellent management team in each region pursues autonomous growth by creating synergies through the proactive sharing of technical capability, distribution networks, purchasing capability, know-how, and brands within the Group. At the same time, we execute good and low risk M&As, thereby boosting our performance and building up newly acquired brands and human resources, which can be further leveraged within the Group.

Outcomes of building up assets

Revenue	: ¥1,309.0 bn	(+208.6% vs. FY2018)
Existing businesses	: ¥863.6 bn	(+137.6% vs. FY2018)
New M&As	: ¥445.4 bn	(Total revenue of companies acquired in FY2018 and afterwards)
Number of key brands	: 40	(+363.6% vs. FY2018)
Number of CEOs of key partner companies	: 18	(+163.6% vs. FY2018)
Engineering talent	: 3,895 persons	(+126.3% vs. FY2018)

▶ For more information about each asset, see "Accumulated Management Resources" on page 33.



¹ After applying hyperinflationary accounting
² The earnings of Vital Technical are for nine months and converted to JPY at the exchange rate of MYR/JPY=26.61 yen
³ The earnings of JUB are for seven months

The Basis of Our Asset Assembler Model

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Three pillars of competitive advantage



Illustration of continued growth based on Asset Assembler model

Requirements for acquisition targets

- Stable earnings capacity
- Outstanding management team

Analysis of value creation components

- Valuation of acquisition targets
- Our funding mix (debt or equity financing)
- Low-cost yen-based financing is a prerequisite
- Debt financing is prioritized but equity financing remains an option assuming EPS accretive

Valuation of acquisition targets

Our funding mix

And/or

(Example)

Target Company: Net income of ¥50 billion

Acquisition PE Multiple: 10-15x (times)

EPS with Full Debt Financing: +c. ¥20*

EPS with Full Equity Financing: +c. ¥10*

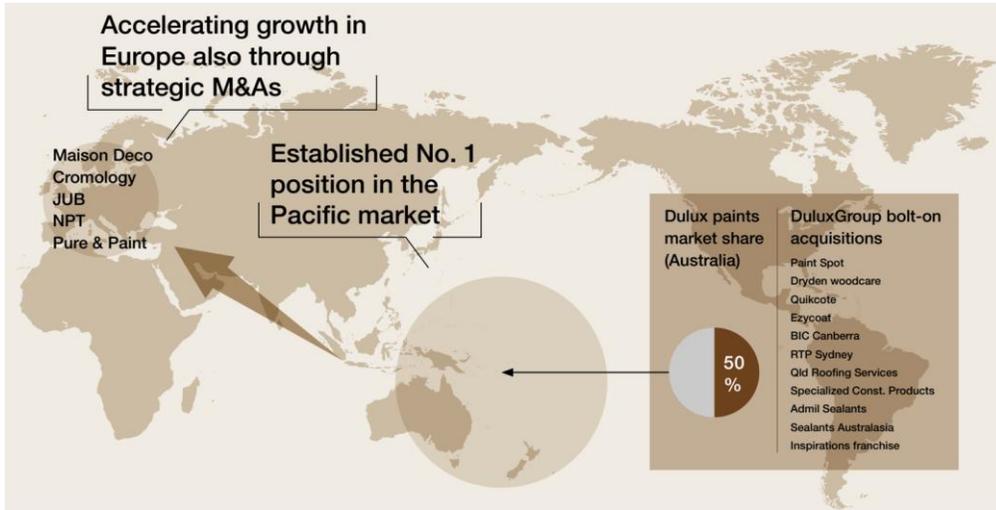
EPS Accretion with Debt and Equity Mix: +c. ¥15-20*

* These figures are subject to change based on factors such as interest rates, debt level of the acquired company, amortization of intangible assets and valuation of our shares used

Describe our strategy that enables Year 1 EPS accretion, even for large-scale acquisitions, and explain the uniqueness of our model underpinned by autonomous and decentralized management and exceptional management team

Feature Article(1): M&A Success Case

→ p. 61



What are the factors that enabled DuluxGroup to accelerate growth after joining Nippon Paint Group?

1. Already an excellent company before the acquisition
DuluxGroup has a long history of strong performance and resilient profit growth
2. Appeal of the Nippon Paint Group platform
DuluxGroup and Nippon Paint Group are a powerful combination
3. Accelerating growth by leveraging the Group platform
DuluxGroup has step changed its growth as part of the Group, with M&A as a key enabler
4. Establishing new strategic growth pillars as part of the Group
DuluxGroup will continue to seek profitable growth moving forward with the aim to maximize shareholder value

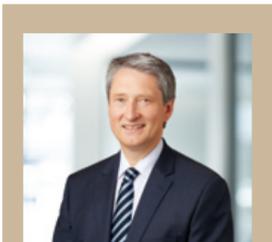
2022

Accelerated growth after joining Nippon Paint Group

Revenue: JPY 314.9 bn
Growth since the acquisition (FY2019) : +133.4%

Operating profit: JPY 29.7 bn
Growth since the acquisition (FY2019) : +87.0%

Market share (Australian paints): 50%
Growth since the acquisition (FY2019) : +2pp



Patrick Houlihan
DuluxGroup
Chairman and
Chief Executive Officer

Commentary about Our China Business

→ pp. 54, 85

Feature Article (2): High Growth Potential of the China Business

The Impact of China's Macroeconomic Data on the Earnings of Nippon Paint Group

Market Overview
The Current Situation in the China Market
The China market offers greater opportunities than advanced markets due to new demand and with market segments created one after another

What are the driving forces that keep NIPSEA in the leading position in the decorative paints market with strong growth potential?
Since its expansion into the Chinese market in 1992, NIPSEA has remained the leading company in the dynamically changing Chinese market. NIPSEA delivered resilient growth despite the challenging business environment during Medium-Term Plan (FY2021-2023) period, serving as the main growth driver of Nippon Paint Group. The section guides the reader through the competitive advantages and growth strategies that will allow the company to remain the leader in the decorative paints market in China with enormous growth opportunities.

Resources built up in China

- Pursuing optimization and transformation of organizations**
Nippon Paint China focuses on business success and continuous center of operational optimization and transformation. Based on the design, middle, and back office, it streamlines and optimizes various business process and headquarter functions.
- Advanced production system**
The new factory construction follows the principles of "smart manufacturing" and "Industry 4.0" aiming to create a digitally intelligent, green, and environmentally friendly benchmark factory. The fully automated sales paint production line utilizes a closed-pipe system for reduced toxicology, achieves a fully automated...
- Dominant distribution network**
In 2023, TUC will continue to expand its distribution network, absorb more resources, collaborate with distributors, secure high-quality distribution store resources, and simultaneously enhance the quality of distribution stores to increase their affinity and loyalty.
- High brand strength**
In 2023, NIPSEA officially entered China and has since grown into a renowned brand in the Chinese paint and coating industry. NIPSEA China has continuously been granted numerous brand awards...

The Impact of China's Macroeconomic Data on the Earnings of Nippon Paint Group

Stock market players are paying attention to the trends of macroeconomic data relevant to our Group's Chinese decorative paints business (TUC/TUB). As a result, NPHD stock price tends to fluctuate more on news flow rather than based on our earnings results.

Although there is some correlation between the performance in the TUC and TUB businesses and certain real estate market data, we believe that there is not a simple correlation between China's macroeconomic data and our Group's consolidated earnings results based on the following analysis: (1) Revenue growth in the TUC and TUB businesses has been outpacing the real estate market data almost over the entire period and (2) TUC revenue accounts for c. 17% of the consolidated revenue and TUB revenue accounts for c. 9%.

For your reference, the analysis of trends in the TUC/TUB business performance by NIPSEA China's management is provided below. Please note that NIPSEA China uses multiple indicators for benchmarking and uses the results of multifaceted analysis of these indicators in their marketing activities.

The trends of TUC/TUB businesses based on comment from NIPSEA China's management

TUC revenue growth has been significantly outpacing growth of commercial and residential property sales areas
One of the strengths of NIPSEA China's TUC business is its dominant market share and the leading position in the Tier 0 as well as Tier 1-2 cities. These metropolitan areas are characterized by a higher percentage of commercial and residential property sales areas and quicker market recovery compared to Tier 3-6 provincial cities. Due to these reasons, TUC revenue growth tends to be higher than growth of property sales areas.

TUB revenue growth has been outpacing the new residential construction areas
Since March 2020, TUB revenue growth has constantly been outpacing growth of new residential construction areas. This strong performance is attributable to (i) working with more financially stronger real estate developers, (ii) growing contribution from non-real-estate developers e.g. healthcare, industrial, infrastructure (iii) growing contribution from decoration companies and contractors and (iv) pushing non-paint segment growth e.g. substrates and construction chemicals.

We expect that the TUB business will remain on a steady growth track due to the arrival of the era of stock housing and by focusing on the development of six key channel businesses. (See page 85.)

TUC (YoY)
TUC sales growth, TUC sales growth, China GDP

TUB (YoY)
TUB sales growth, New construction starts (area), China GDP

The percentage of the China business (TUC/TUB) in the Group's business portfolio

The impact of macroeconomic data on the China business (TUC/TUB)

Provide a comprehensive explanation of China's uncertain market outlook and the competitive advantage of our businesses

NIPSEA China's management team explains our thoughts and interpretation given that our stock tends to fluctuate more on news flow rather than based on our earnings results

Commentary about Sustainability

→ pp. 41,108

Sustainability as the Prerequisite for MSV

Discussions by the Board of Directors

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.

Key points	ESG Statement (August 2020 - February 2023)	Basic Policy on Sustainability (March 2023-)
Positioning of MSV	The policy states that progress with a sustainability improvement plan will create new business opportunities and help achieve MSV.	The policy states that MSV is the goal of sustainability.
Business model	The sustainability policy was created for the paint and coatings business and articulates actions for accomplishing goals.	Formulated to align with our Asset Assembler model and autonomous and decentralized management
Procedure for establishment of the Basic Policy on Sustainability	Discussions about a sustainability policy took place mainly at the ESG Committee (at that time) and the results of these discussions were reported to the Board of Directors. (August 2020)	The proposed Basic Policy on Sustainability was discussed by the Directors and approved. (March 2023)

Discussions by the Board of Directors

Advancing sustainability in harmony with Asset Assembler Model

Sustainability discussions are important for Nippon Paint Group to stay competitive for many years – following the revision of the Basic Policy on Sustainability in March 2023, the Board of Directors had a fresh discussion on our Group's approach to sustainability initiatives. This page features excerpts of the discussion.

Identifying issues involving target setting and other matters

○ **Comment from a Director**
I would like to start a discussion about the pros and cons of having a shared vision and targets across the Group. How can we incorporate the cross-sectional perspectives into our sustainability initiatives regarding climate change and other relevant themes?

○ **Comment from a Team Leader**
A unique aspect of Nippon Paint Group is that each partner company operates its business in its respective market, which significantly affects its business structure and results. For instance, carbon emissions from energy sources and power generation rates across the regions in which each partner company operates. Energy sources pose challenges for climate change initiatives at each partner company. Therefore, it is very appropriate to take sustainability targets to the characteristics of each region and business.

We establish movement targets for each area within every partner company. These targets are determined by considering the level and maturity of the markets in which our Partner Company Group conducts their businesses. For instance, it is rational and reasonable to set different targets involving global warming gas emissions for partner companies in regions where renewable energy is readily available versus regions where widespread use of renewables are yet to come. Important factors that will affect target setting for partner companies are policy objectives in countries where they operate, whether they need to aim for net-zero emissions by 2050 or by 2060, and the possibility of carbon trading in the future. It is also essential to consider the influence of customer behavior based on policy targets and any subsequent changes. We assess the achievements and specific initiatives for target achievement at each partner company based on the significance of their businesses. It is essential that we disclose information that is of great interest to stakeholders, including customers and investors. Furthermore, we must prepare for the disclosure of information that may be subject to mandatory reporting on a consolidated basis.

○ **Comment from a Director**
In an information disclosure strategy, a vital aspect involves understanding our direction and aligning it with the expectations of society and investors. Since NPGC aims to increase its assets, it is important to strike a balance between sustainability initiatives and our ambitions. When determining the necessary and the ideal form of information disclosure, we must take this balance into account.

We may need to disclose certain indicators requested by stakeholders. Therefore, it is essential to stay vigilant and attentive to their requirements. This approach allows our company to clearly respond to possible changes in circumstances.

○ **Comment from a Director**
We must avoid falling into decisions without proper planning. It is crucial to carefully assess the potential consequences of disclosure on a consolidated basis and setting targets from the top-down, as this could negatively impact our businesses. The headquarters shouldn't impose various requirements from external sources on partner companies in a centralized manner. However, we must remain vigilant and take measures, such as closely monitoring the moves of global competitors.

Identifying issues involving procurement (1)

○ **Comment from a Director**
Does our Group have a wide-ranging supplier base? For instance, are there any potential risks of our procurement being impacted by issues concerning child labor during raw material production or concerning conflict minerals?

○ **Comment from a Team Leader**
Conflict minerals, such as mica, are the main concerns of our Group. Mica is normally used as a raw material for coatings for automobiles and motorcycles with high-glossing colors. In order to replace this material with an alternative, we will need to work from the product development phase. So, we will have to work with the Innovation & Product Development Team.

From the standpoint of developing alternative raw materials, we are experiencing a rise in customer inquiries about low-carbon raw materials and moving processes from suppliers. The trend stems from a growing emphasis on the product life cycle impact. I believe that fostering collaborations between the Procurement Team and the Innovation & Product Development Team is of utmost importance.

I believe that the risk of child labor involvement among our Group's suppliers is very low.

Identifying issues involving procurement (2)

○ **Comment from a Director**
What measures are we implementing to mitigate risks related to cross-border procurement, including the utilization of alternative raw materials?

○ **Comment from a Team Leader**
In the event of procurement challenges concerning raw materials, we normally investigate the availability of alternative materials through regular transactions. Accordingly, we regularly update the list of suppliers. During the pandemic, we reviewed the possibility of procuring raw materials from different regions, such as procuring raw materials that were previously obtained from China, from India, and other suitable regions.

Other discussion (selected partial excerpts)

○ When engaging in identity discussions, the primary emphasis is on Japan's general balance. However, we need to select topics of discussion based on regional characteristics. In regions where identity discussions include broader themes, such as LGBTQ, we should embrace such subjects. In regions where identity backgrounds are not as diverse, we should take a cautious approach, we should be mindful of our status.

Regarding the management of chemical substances, we are identifying products that contain chemicals of concern and adopting a phased approach to discontinue their use. It is important to have a united perspective when determining the timing and extent of alternatives, taking the account factors such as market demand and other relevant considerations.

Our ongoing focus remains on addressing governance issues by enforcing important commitments, including anti-bribery measures, and introducing a governance assessment index to assess governance.

The Sustainability Teams are being made active that are aligned with our Asset Assembler model while also considering and respecting regional characteristics and business needs.

The Board of Directors finds the promotion of sustainability by the five Sustainability Teams highly encouraging, as it serves as an effective means of enhancing communication among partner companies, employees, and investors.

- ✓ Our approach that sustainability is the prerequisite for MSV has been thoroughly discussed in multiple Board meetings (discussed in “Discussions by the Board of Directors”)
- ✓ The link between sustainability and EPS/PER is illustrated in the MSV Logic Tree
- ✓ Clearly explain that we link sustainability initiatives with business operations for identifying business opportunities and reducing vulnerability to business risk
- ✓ Explain key points of the Basic Policy on Sustainability formulated in March 2023

Environmental Strategy

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Climate-related scenario analysis

	Risks	Opportunities
1.5°C	Regulatory changes and impacts, such as carbon pricing and greenhouse gas emission reduction targets. *1	Market growth for sustainable products (e.g. low-carbon, improved performance). *2
	Increased supplier costs from climate adaptation and decarbonization actions.	Development of new products and services to capture climate-related business opportunities.
	Changes in customer and consumer expectations and behavior during the transition to a low-carbon future.	-
4°C	Increased extreme weather events (e.g. floods) and climate impacts (e.g. water stress) impacting operations and supply chain.	Market growth for sustainable products (e.g. low-carbon, improved performance in temperature extremes).
	Product claims and brand damage due to performance deterioration (e.g. temperature extremes).	Development of new products and services to capture climate-related business opportunities.

*1 Based on the net zero scenario (IEA), the carbon price (impact on our Group) is estimated to be JPY4.3 billion in 2030 and JPY7.4 billion in 2040 (Assumptions: carbon price of USD130 for Advanced economies and USD90 for Selected emerging market and developing economies in 2030; and USD205 for Advanced economies and USD160 for Selected emerging market and developing economies in 2040. The exchange rate is the actual rate for FY2022 (USD/JPY =132.1).)
Our Group plans to avoid this impact through emission reductions and other initiatives.

*2 In the automotive coatings business of Japan Group, we expect sales of low-carbon products, including low-temperature baking products, to increase about threefold from 2023 to 2025.

Targets by Partner Company Group

PCG	current targets		2022 progress & 2023 plans
	GHG emissions (Scope 1 and 2) reduction	Energy consumption	
NIPSEA Group	2025: 15% reduction 2060: Net zero	2025: 8% reduction of energy consumption	<ul style="list-style-type: none"> Individual sites continued to progress with initiatives to achieve the 2025 targets, including solar installations at 8 factories in China and a further 13 factories planned in 2023. Scope 3 footprint to be calculated in 2023.
DuluxGroup (Pacific)	2030: 50% reduction 2050: Net zero	2030: 50% renewable electricity consumption	<ul style="list-style-type: none"> Developed action plans to achieve 2030 targets and commenced implementation, which will continue in 2023, including site energy efficiency plans, solar installations, preparation for renewable power purchase, and preparation for fleet electric vehicle transition. Climate risks and opportunities analysis completed, together with ongoing development of business continuity plans for critical supply chains. Scope 3 footprint calculated for fourth year, with reduction analysis to be completed and potential reduction target determined in 2023.
DuluxGroup (Europe)	-	-	<ul style="list-style-type: none"> Cromology commenced 100% renewable power purchase in all European countries. JUB commenced large solar installation at Serbia plant, with planned completion in 2023. Carbon and energy reporting to be implemented and potential targets developed in 2023.
Japan Group	2030: 37% reduction 2050: Net zero	-	<ul style="list-style-type: none"> Renewable power purchase commenced, with levels to be increased in coming years. Scope 3 footprint calculated for third year.
Dunn-Edwards	-	-	<ul style="list-style-type: none"> Scope 1 and 2 reporting to be implemented in 2023 and reduction targets to be considered in the future.

Provide enhanced disclosure in accordance with TCFD and report on KPIs and progress at each Partner Company Group (PCG)

R&D Strategy

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Roadmap

	2022	2023	~2027
Sustainable Products	<ul style="list-style-type: none"> NIPSEA Group: Redefined sustainable products NIPSEA Group, Japan Group: Developed Sustainability Scoreboard DuluxGroup: Established sustainable products targets and developed roadmaps for ANZ^{*1} businesses 	<ul style="list-style-type: none"> Life Cycle Assessment (LCA) of selected products can be calculated at each Partner Company DuluxGroup: Develop GHG emissions (Scope 3) reduction roadmap 	<ul style="list-style-type: none"> Manage the performance of Sustainability Scoreboard of each partner company every quarter Promote creation of more innovative sustainable products DuluxGroup: Implement sustainable products and GHG emissions (Scope 3) roadmaps
Chemicals of Concern	<ul style="list-style-type: none"> Each Partner Company responded to US Environmental Protection Agency (EPA) and REACH DuluxGroup developed position statements for 50% of high concern CoC Dunn-Edwards: Incoming Chemical Management / Selection per Chemicals of Concern 	<ul style="list-style-type: none"> Consider the phase out plan of Chemicals of Concern in each partner company NIPSEA Group: Focus on 4 hazardous heavy metals^{*2} DuluxGroup: Complete position statements for 75% of CoC and develop a structured program of CoC in Europe 	<ul style="list-style-type: none"> Create sustainable products based on phase out plan
R&D	<ul style="list-style-type: none"> Developed Green Design Review 	<ul style="list-style-type: none"> R&D activities for sustainable products from Partner Companies beyond Japan and NIPSEA Group, e.g. DuluxGroup, Dunn-Edwards, etc. 	<ul style="list-style-type: none"> Drive innovation towards UN SDGs and carbon neutrality
Product Stewardship	<ul style="list-style-type: none"> DuluxGroup established packaging recycled content targets and developed roadmaps for ANZ businesses 	<ul style="list-style-type: none"> Identify inquiry items Stakeholder questionnaire NIPSEA Group: Reinforce PS&RA^{*3} team DuluxGroup: Implement Product Vision to help with formulation management & regulatory tracking 	<ul style="list-style-type: none"> Implement inquiry management database Inquiry response training Training for customers and business partners DuluxGroup: Implement packaging regulatory tracking

*1 Australia and New Zealand
 *2 Lead, Chromate (Cr6+), Cadmium, and Mercury
 *3 Product Stewardship & Regulatory Affairs

Sustainable product data

New Product Sales Index (NPSI)



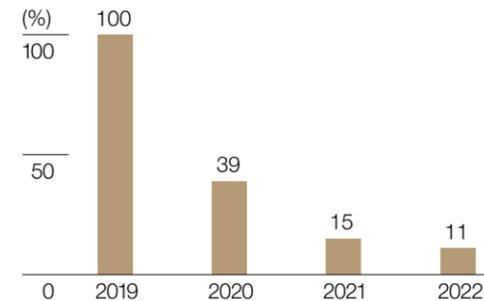
Sustainability product sales ratio of the new product sales



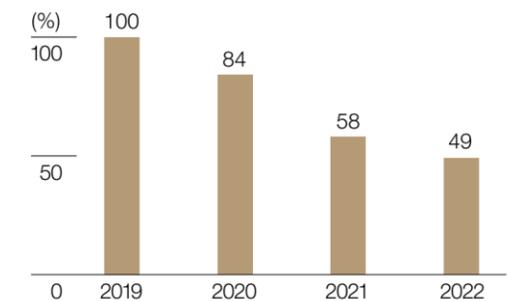
Sustainability product development project ratio in R&D expenses



UV-328 usage (2019=100)



MCCP usage (2019=100)



Provide the roadmap of each PCG to 2025 and explain our lines of sustainable products and management of chemicals of concern using data

Human Resource Strategy

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Roadmap

	2022	2023	~2025
NIPSEA	<ul style="list-style-type: none"> - Kicked off D&I Week to raise employee awareness - Implemented Global CSR Framework 	<ul style="list-style-type: none"> - Launching D&I Policy - Encourage countries to own the roadmap towards achieving 35% female representation in both management & emerging leader category - Weave D&I into Employee Engagement campaigns 	<ul style="list-style-type: none"> - Initiated the NIPSEA Female Mentorship Program - Implementation of roadmap towards the goal of achieving 35% female representation in both management & emerging leader category - Monitor progress towards the goal
DuluxGroup	<ul style="list-style-type: none"> - Revised draft D&I framework and strategy, encompassing dimensions beyond gender (indigenous reconciliation; disability; cultural diversity) - Regular reporting to the CEO and the Executive Team on our progress against our diversity ambition 	<ul style="list-style-type: none"> - Promote our Employee Value Proposition to all employees, but particularly to women in Supply Chain and Sales - Engage each of our Strategic Business Units to develop their own Diversity, Inclusion and Belonging strategy and actions 	<ul style="list-style-type: none"> - Meaningful actions to sustain our momentum toward gender balance, particularly in leadership - Meaningful internal programs to foster inclusion
Dunn-Edwards	<ul style="list-style-type: none"> - Launched DEI Training 	<ul style="list-style-type: none"> - Launched phase 2 of DEI curriculum for all employees - Share DEI curriculum with NPHD People and Community DEI Committee - DEI committee building company-wide interactive activity for April's celebration of diversity, highlighting the diversity that exists within Dunn-Edwards 	<ul style="list-style-type: none"> - Continuously review and adapt company policies to ensure that all charter objectives are met
Japan Group	<ul style="list-style-type: none"> - Kicked off D&I Committee Japan. Launched activities to support the skill development and active participation of women employees, revitalize the organization and accelerate business growth 	<ul style="list-style-type: none"> - Developed action plans towards 2025 - Act on Promotion of Women's Participation & Career Advancement in the Workplace 	<ul style="list-style-type: none"> - Increase the ratio of women in managerial positions to 10% - Selects and trains the next generation of women leaders from non-managerial positions for their skills and career building

Human resource strategy of Japan Group

EPS improvement	KPI	Human resources and organizations that embody J-LFG (OUTPUT)	Human capital investment (INPUT)
Business expansion	D&I indicators	<ul style="list-style-type: none"> Active participation of diverse human resources Stable supply of young talented human resources Improve the inequality of human resource distribution among age groups/reduce gaps in age groups 	<ul style="list-style-type: none"> Aggressive recruitment (new college graduate recruitment, mid-career recruitment) Restart of new college graduate recruitment for FY2025 Strategic mid-career recruitment
	Ratio of women in managerial positions	<ul style="list-style-type: none"> Create a culture of encouraging employees to take on a challenge Supporting proactive actions by employees and increase work fulfillment Improve employees' awareness of management participation 	<ul style="list-style-type: none"> Fair evaluation, compensation, and rewarding systems Revise the bonus system Introduce J-LFG Awards, Reward
Profitability improvement	Engagement indicators	<ul style="list-style-type: none"> Talent management Enhance the pipeline of talent Stable supply of successors to key positions Utilize the talent management system (visualization of human resources) 	<ul style="list-style-type: none"> Autonomous growth and supporting frameworks Reinforce OJT program Reinforce 1-on-1 meetings Enhance selection-based training/elective training programs
	Employee satisfaction level	<ul style="list-style-type: none"> Increase job satisfaction and work fulfillment Work styles suited to different life styles Work styles with high productivity 	<ul style="list-style-type: none"> Create a comfortable work environment Reinforce healthcare support Enhance mental health education Promote the use of paid leave Prevent working long hours

Provide the roadmap to 2025 and explain our human resource development approach essential for achieving MSV by using initiatives in Japan Group as an example

Five features of our corporate governance structure

- 1 Thorough protection of the interests of minority shareholders while sharing the common objective of MSV with the major shareholder
- 2 Enhanced Board effectiveness under the leadership of Independent Directors
- 3 Succession planning with a focus on substance rather than formalism
- 4 Compensation structure that effectively contributes to achieving MSV
- 5 Audit structures that respond to the increasing globalization of operations



Main initiatives in FY2022

The Board worked on the following four initiatives to further improve its effectiveness. As a result, we accomplished further separation of the oversight and execution responsibilities, and established a more sophisticated monitoring model. In addition, the deepened common understanding of the role of our Board that pursues MSV has elevated our Board meeting discussions to an even higher level

1. Enrichment of discussion on growth strategy
2. Improvement of the operational efficiency of Board meetings
3. Further contribution of Independent Directors
4. Enhancement of the functions of The Secretariat of Board of Directors



Masayoshi Nakamura
Lead Independent Director and Board Chair

Supporting bold and timely risk-taking by the management team

- ✓ Risk-taking is vital to our pursuit of MSV
- ✓ Committed as the Lead Independent Director and Board Chair to mobilizing the collective knowledge and experience of the nine Directors to guide our Board through deliberations and decision-making
- ✓ The Board will make every effort to thoroughly fulfill our duties toward the Group's achievement of persistent value creation under our Asset Assembler model, and to ensure protection of minority shareholders' interests

To facilitate understanding of our corporate governance, he contributes a message to the Report as well as actively engaging with the capital markets (via small meetings and “Q&A with Independent Director” on our website)



Goh Hup Jin
Chairman

Nippon Paint's appeal as an Asset Assembler

- ✓ Confident in the pursuit of MSV, with decisions and discussions being conducted comprehensively in line with MSV principles
- ✓ Competitive advantage of Asset Assembler model
- ✓ The advantage we enjoy in funding M&A
- ✓ As the major shareholder and Chairman of the Board, support and commit to the current management decision of Nippon Paint in pursuit of MSV

Mr. Goh's annual message in the Report, as the major shareholder and Chairman of the Board, communicates the most crucial message he wants to convey to the capital markets at that time

Committee Report

→ pp. 109,111,113

Nominating Committee Report

Nominating Committee Report

Ensuring the effectiveness of the Board of Directors in order to contribute to MSV

As a member of the Board of Directors, I have been actively engaged in ensuring the effectiveness of the Board of Directors in order to contribute to MSV. I have been particularly focused on identifying and recommending candidates who possess the skills and experience necessary to drive the company's growth and success.

Overview and main activities

Chairman: Masahiro Yamamoto (Chairman)

Members: Masahiro Yamamoto (Chairman), Masahiro Yamamoto (Member), Masahiro Yamamoto (Member)

Main activities:

- 1. Identification and recommendation of candidates for the Board of Directors
- 2. Evaluation of candidates' qualifications and independence
- 3. Recommendation of candidates to the Board of Directors
- 4. Monitoring and evaluation of the Board of Directors' effectiveness

Key reports to the Board of Directors:

- 1. Report on the activities of the Nominating Committee
- 2. Report on the identification and recommendation of candidates
- 3. Report on the evaluation of candidates' qualifications and independence
- 4. Report on the recommendation of candidates to the Board of Directors

Compensation Committee Report

Compensation Committee Report

Our roles to attract and train excellent talent

As a member of the Compensation Committee, I have been actively engaged in ensuring the effectiveness of the Board of Directors in order to contribute to MSV. I have been particularly focused on identifying and recommending candidates who possess the skills and experience necessary to drive the company's growth and success.

Overview and main activities

Chairman: Masahiro Yamamoto (Chairman)

Members: Masahiro Yamamoto (Chairman), Masahiro Yamamoto (Member), Masahiro Yamamoto (Member)

Main activities:

- 1. Identification and recommendation of candidates for the Board of Directors
- 2. Evaluation of candidates' qualifications and independence
- 3. Recommendation of candidates to the Board of Directors
- 4. Monitoring and evaluation of the Board of Directors' effectiveness

Key reports to the Board of Directors:

- 1. Report on the activities of the Compensation Committee
- 2. Report on the identification and recommendation of candidates
- 3. Report on the evaluation of candidates' qualifications and independence
- 4. Report on the recommendation of candidates to the Board of Directors

Audit Committee Report

Audit Committee Report

Contributing to MSV by enhancing the effectiveness of the "Audit on Audit" system

As a member of the Audit Committee, I have been actively engaged in ensuring the effectiveness of the Board of Directors in order to contribute to MSV. I have been particularly focused on identifying and recommending candidates who possess the skills and experience necessary to drive the company's growth and success.

Overview and main activities

Chairman: Masahiro Yamamoto (Chairman)

Members: Masahiro Yamamoto (Chairman), Masahiro Yamamoto (Member), Masahiro Yamamoto (Member)

Main activities:

- 1. Identification and recommendation of candidates for the Board of Directors
- 2. Evaluation of candidates' qualifications and independence
- 3. Recommendation of candidates to the Board of Directors
- 4. Monitoring and evaluation of the Board of Directors' effectiveness

Key reports to the Board of Directors:

- 1. Report on the activities of the Audit Committee
- 2. Report on the identification and recommendation of candidates
- 3. Report on the evaluation of candidates' qualifications and independence
- 4. Report on the recommendation of candidates to the Board of Directors

- ✓ The Chairperson of each Committee outlines the progress in addressing identified issues and explains future policies
- ✓ Additionally, offer a summary, outline the roles, and describe the key activities from the past year that were not covered in the Corporate Governance Report
- ✓ Clarify the fundamental strategy and primary areas of concentration for each committee
 - 【Nominating】 Our approach concerning the composition and skills of the Board of Directors, identifying future management talent and an environment where people can upgrade their skills (strengthening human capital, selections and dismissals)
 - 【Compensation】 Compensation decision-making policy for Executives, Compensation Committee that contributes to achieving MSV while protecting minority shareholders, evaluation and compensation of the Representative Executive Officers & Co-Presidents
 - 【Audit】 Supervision of the group-level internal audit activities by the Audit Department, coordination with Accounting Auditor, local audit firms, and corporate auditors

Governance Discussions

→ p. 115

Masayoshi Nakamura (Board Chair) × Masataka Mitsuhashi (Audit Committee Chairperson)

The ideal form of the group audit system to pursue MSV based on Asset Assembler model

The ideal form of the group audit system to pursue MSV based on Asset Assembler model

What is the effective and efficient implementation of group audits based on respect for autonomy of partner companies (PCs), which we aim for as a group business group? Independent Director Masayoshi Nakamura (Board Chair) and Masataka Mitsuhashi (Audit Committee Chairperson) took turns on discussions held separately by the Board of Directors and the Audit Committee regarding the appropriate approach to group audits of NPWD and changes in the audit system for group audits. The focus of discussion in this dialogue was the ideal form of group audits that contributes to MSV and the challenges that must be overcome.

1 Transition from the Board of Corporate Auditors to the Audit Committee

Chairman: To date, there are nine NPWD entities in our corporate governance structure. In a Company with a Board of Corporate Auditors, the Board of Corporate Auditors is responsible for monitoring the Company's financial statements and other matters. However, in a Company with an Audit Committee, the Audit Committee is responsible for monitoring the Company's financial statements and other matters. In this regard, I would like to hear your views on the transition from the Board of Corporate Auditors to the Audit Committee.

Chairman: In a Company with a Board of Corporate Auditors, the Board of Corporate Auditors is responsible for monitoring the Company's financial statements and other matters. However, in a Company with an Audit Committee, the Audit Committee is responsible for monitoring the Company's financial statements and other matters. In this regard, I would like to hear your views on the transition from the Board of Corporate Auditors to the Audit Committee.

From the corporate governance perspective, because Corporate Auditors do not have the right to request the Board to call a general meeting of the Company, it is difficult for them to exercise their supervisory functions. In addition, the Audit Committee has the right to request the Board to call a general meeting of the Company, which is more effective for supervising the management. In this regard, I would like to hear your views on the transition from the Board of Corporate Auditors to the Audit Committee.

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Transitions in the Group management structure/model and design concept of Group audit framework

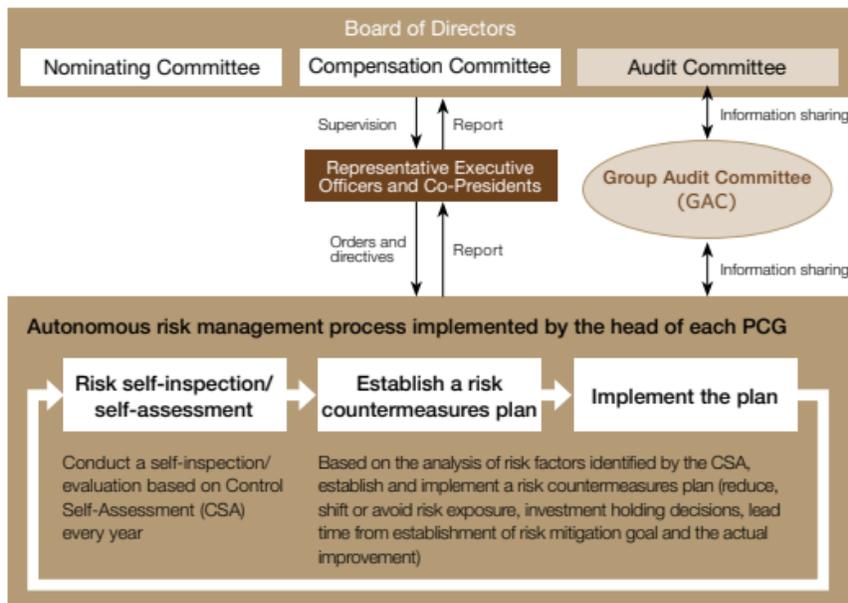
	FY2019	FY2020	FY2021	FY2022	FY2023
Organizational structure	Company with the Board of Corporate Auditors	Company with Three Committees (Nominating, Compensation, Audit)			
Group management structure	Centralized management	Spider web management	Autonomous and decentralized management		
Business model	World Headquarters (WHQ)/ Regional Headquarters (RHQ) model	Asset Assembler model			



Risk Management

→ p. 121

The group risk management process



As an Asset Assembler based on mutual trust with PCGs, we have a risk management system in place that has, as its core components, the internal control systems operated autonomously by every PCG

Risk heat map

High risk sensitivity items in FY2022	Change in risk sensitivity (vs FY2021)	Description of risk and major countermeasures
Risk related to human capital	Slightly higher	<p>Succession for management teams of the Group (Actions)</p> <ul style="list-style-type: none"> Planning and taking actions on succession plans based on the future business plans of individual PCGs Co-Presidents supervise succession plans for key management personnel of each PCG as an important management issue and Co-Presidents provide information about these plans to the Nominating Committee and Compensation Committee.
Risk related to business continuity plan	Slightly higher	<p>BCP concerning the drastic increase in raw materials costs worldwide, foreign exchange fluctuation, political instability, the pandemic, natural disasters, IT security, etc. (Actions)</p> <ul style="list-style-type: none"> Each PCG created and updated its BCP, conducted necessary drills and education programs for its employees to promptly respond to various risks such as natural disasters, changes in geopolitical situations, foreign exchange impact, IT security risk, etc.
Compliance Risk	Higher	<p>Risk factors such as information leakage and misconduct of employees, which are becoming more serious social issues (Actions)</p> <ul style="list-style-type: none"> We have established "Nippon Paint Group Global Code of Conduct" to set out standards/requirements of compliance/ethics rules and Sustainability that applies to global group companies. And as a part of risk management activities, all PCGs are using autonomous risk self-inspections, self-assessments and other activities for monitoring compliance with the Global Code of Conduct. Through the Whistleblowing Hotline of PCGs as well, reports have been made of compliance problems. PCGs that experienced such reporting are taking appropriate actions including employee training programs.
Supply chain risk	Significantly higher	<p>More efficient management of inventory and logistics, stricter credit management, etc. (Actions)</p> <ul style="list-style-type: none"> To reduce risk in product supply arising from the dramatic increase in raw material costs and the change in raw material supply chain, each PCG is swiftly and appropriately taking actions by changing its raw materials, its product mixes, raising product prices and increasing the efficiency of logistics. Converting risks to opportunities by taking actions in every process to avoid or mitigate the risks and by optimizing the supply chain.
Risk involved in international taxation	Significantly higher	<p>International taxation and other issues associated with closer ties among our Group's brands, technologies, etc. (Actions)</p> <ul style="list-style-type: none"> We have started to rebuild the framework for proper international transactions based on the tax rules and guidelines of individual countries.

In Conclusion

Central topics for consideration in the Integrated Report 2024

- ✓ Present a further approach to the maximization of PER
- ✓ Offer a more clear description of the competitive advantage of Asset Assembler model
- ✓ Present our company from diverse viewpoints, moving beyond the perception of being China-focused
- ✓ Update on the progress of individual assets companies
- ✓ Present an article that includes case studies demonstrating the connection between sustainability and EPS/PER
- ✓ Showcase the strengths of our talent, which forms the foundation of our unique business model and strategies
- ✓ Provide a more clear explanation of our strategy towards capital efficiency
- ✓ Present further explanation surrounding Scope 3 emissions with an expanded boundary of disclosure
- ✓ Make the Report more concise to save readers' time
- ✓ Arrange content for dissemination through the company's website, Investor Book, and the Integrated Report, adding numerous case studies and aiming it at the specific target audience