



BEYOND COATINGS, BEYOND ASIA

PAINTING THE WAY FORWARD

NIPSEA | SUSTAINABILITY REPORT 2023



NIPSEA Group's Sustainability Report for 2023, our fifth consecutive edition, offers a comprehensive overview of our sustainability efforts across 27 geographical locations¹ from 1 January to 31 December 2023. Highlighting our strategies, performance, and initiatives concerning Environmental, Social, and Governance ("ESG") issues, the report addresses matters significant to our operations and stakeholders. Unless stated otherwise, all data and information pertain to 49 reporting units² spread across these 27 geographic locations. There are no restatements made in this report. This report was published on July 2024.

GRI Standards

This report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), which are globally recognised and provide a clear structure for companies to report on their economic, environmental, and social impacts. For more details and references, please see the GRI Content Index in the Appendix.

SASB Standards

Taking transparency a step further, we have integrated the Sustainability Accounting Standards Board ("SASB") Standards alongside the GRI Standards. This allows us to report on industry-specific sustainability factors that can financially impact our business. All disclosures reflect these combined standards. For a deeper dive, see the GRI Content Index and the SASB disclosure mapping table in the Appendix.

External Assurance

This report relies on internal data and information and has not undergone external assurance at present.

Feedback

At NIPSEA Group, we welcome opinions on ways we can enhance our sustainability reporting and practices. Please address any feedback or comments to the NIPSEA Group's Sustainability Steering Committee at sustainability@nipsea.com.sg. We are dedicated to continuous monitoring and open communication, ensuring long-term value creation for all stakeholders.

¹ The 27 geographic locations are Bangladesh; Brazil; China; Czech Republic; Egypt; France; Germany; Hong Kong, China; India; Indonesia; Kazakhstan; Korea; Malaysia; Mexico; Myanmar; Pakistan; Philippines; Singapore; Slovakia; Sri Lanka; Taiwan, China; Thailand; Türkiye; United Arab Emirates; United Kingdom; United States of America; and Vietnam.

² Reporting units are neither legal entities nor business units.

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A MESSAGE FROM THE GROUP CHIEF EXECUTIVE OFFICER

Dear Valued Stakeholders and Partners,

In the face of recent challenges such as supply chain disruptions, geopolitical conflicts, and mounting concerns over inflation and recession, the business landscape is increasingly more complex. Nevertheless, NIPSEA Group is unwaveringly committed to our long-term sustainability objectives. We maintain a steadfast dedication to the well-being of both the planet and its people.

Employees, communities, and customers are our focus. Guided by the five fundamental pillars of Environment & Safety, People & Community, Innovation & Product Stewardship, Governance, and Sustainable Procurement, we harness our robust resources to meet the diverse needs of our stakeholders.

Aligned with the GRI and SASB Standards, we maintain transparency in reporting our sustainability progress. From mitigating environmental risks to championing diversity and inclusion, ensuring workplace safety, and fostering community well-being, we strive to effectively communicate our sustainability endeavours to stakeholders. Through informed decision-making, we aim to catalyse positive change and drive towards a more sustainable future.

In addition to our sustainability commitments, I am delighted to showcase some significant achievements in FY2023. To date, we have successfully installed solar panels across 19 of our factories in China. These installations have contributed to an annual power generation output totalling 12.73 million kWh. This initiative has substantially reduced our reliance on fossil fuels, consequently decreasing our carbon footprint while enhancing energy security and independence. Furthermore, we are actively working towards enhancing our water conservation efforts, with a target to reduce our water intensity by 8% by 2025. Additionally, we have directed 35% of the waste generated towards reuse, recycling, and other recovery operations, underscoring our dedication to the circular economy and waste reduction.



WEE SIEW KIM
Group Chief Executive Officer

Developing our workforce remained one of our key priority areas. In FY2023, our employees benefitted from more than 550,000 training hours, averaging almost 19 hours per employee. This is part of our journey to building a future-proof workforce. Additionally, the Green Design Review implemented in 2023 drove an increase in revenue derived from sustainably advantaged products by 78.9%. This ensures that our products prioritise sustainability and that we are continuously reducing the environmental impact of our products and operations.

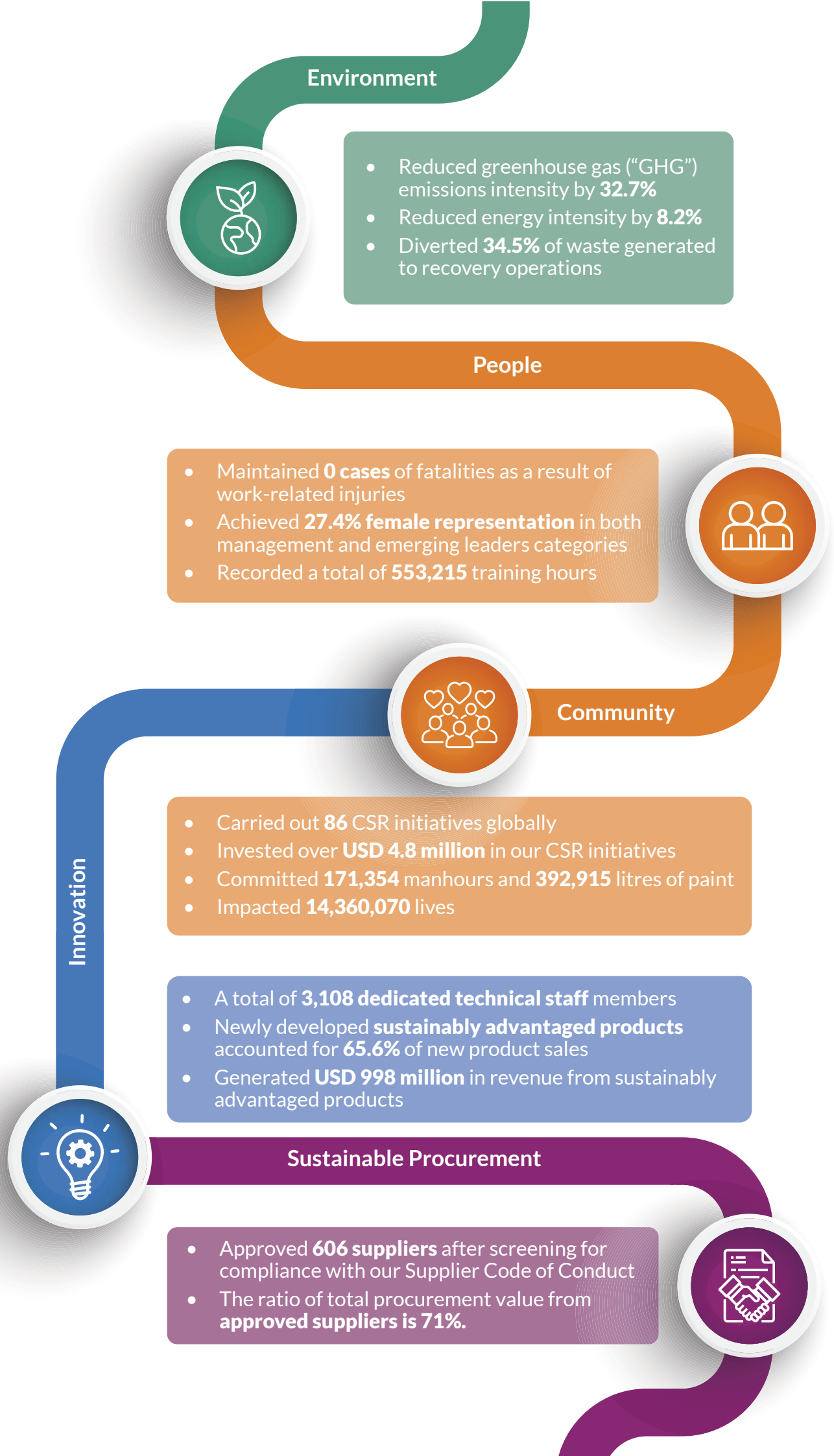
I am pleased to announce a commitment of over USD4.8 million to our CSR initiatives this year. With our global CSR vision, we aim to create a meaningful social impact in the communities where we operate through our 'Colouring Lives' initiative. Our approach lies in investing in localised programs and addressing socioeconomic challenges across our three key CSR pillars: Education, Empowerment, and Engagement. We continue to actively collaborate with local authorities, business partners, and NGOs to enhance the quality of life in regions where we operate, aligning with Sustainable Development Goals set forth by the United Nations.

In FY 2023, NIPSEA Group significantly strengthened its commitment to supply chain sustainability by establishing Sustainable Procurement as a new pillar of our overall sustainability program, establishing clear accountability on the management of our supply chain and its resilience to sustainability risks. As a prelude to this new pillar, we started assessing our suppliers against environmental, social, and governance criteria defined in our Supplier Code of Conduct over the past year. We are targeting to screen the top 90% of our suppliers (by value) by FY 2025.

NIPSEA Group acknowledges that sustainability requires a steadfast and enduring effort. We maintain our dedication to utilising innovation to develop sustainable solutions. Our stakeholders, customers, employees, and communities motivate us to explore new horizons and contribute positively to the world. We intend to fulfil our obligations and commitments to our stakeholders and partners in our mission of Maximising Shareholder Value.

Thank you for your continued support.

2023 KEY HIGHLIGHTS



NIPSEA Group, formed in 1962 through a partnership between Nippon Paint, our parent company and Wuthelam Holdings Pte Ltd, has grown to become a coatings and construction solutions company serving various sectors in Asia. Our growth in the region has been substantial, with expansions into 27 geographical locations by the end of 2023. A new era for NIPSEA Group began in 2007 when we acquired consolidated subsidiaries across the Asia Pacific, enabling us to advance as the fourth-largest paint and coatings solutions company worldwide. Nippon Paint, established in 1881 by Mr. Moteki Jujiro and known for pioneering Japan’s first paint plant, has evolved into Asia’s leading coatings manufacturer. NIPSEA Group has been a wholly-owned subsidiary of Nippon Paint Holdings since 2021.

The NIPSEA Brand

At present, the NIPSEA Group holds a position of leadership in the industry on a global scale and is committed to pursuing sustainable growth by placing the needs of customers at the forefront. We are driven by the aspirations and requirements of the people we serve and as a collective, we harness our capabilities to deliver innovative solutions with compassion and prioritise our employees as an integral part of our organisation. At Nippon Paint, we draw inspiration from our customers and their needs remain the cornerstone of our endeavours.

60+ YEARS OF EXPERIENCE

in the paint & coatings industry

Headquartered in
Singapore



More than 135 NIPSEA
companies spread through
27 geographical locations.

Asia Pacific’s No. 1
Paint and Coatings
manufacturer



in terms of revenue

Over 29,000
employees



with 107 manufacturing
facilities and operations.

Our unyielding drive to focus on our customers and provide innovation that works best for all our stakeholders is demonstrated at NIPSEA Group, where we maximise value by pushing boundaries to deliver high-quality solutions.



Chapter 2

**OUR
APPROACH
SUSTAINABLE**



**CH TO
ABILITY**

NIPSEA Group’s approach to corporate sustainability is founded on a philosophy of “Mutual Prosperity”, which prioritises not only consistent financial performance but also environmental and social responsibility. By integrating ESG considerations throughout our operations, NIPSEA Group ensures long-term viability for both the company and the environment we operate within. This commitment extends beyond mere compliance. We leverage our diverse capabilities to create a meaningful impact on material ESG issues and position our group for long-term sustainable growth.

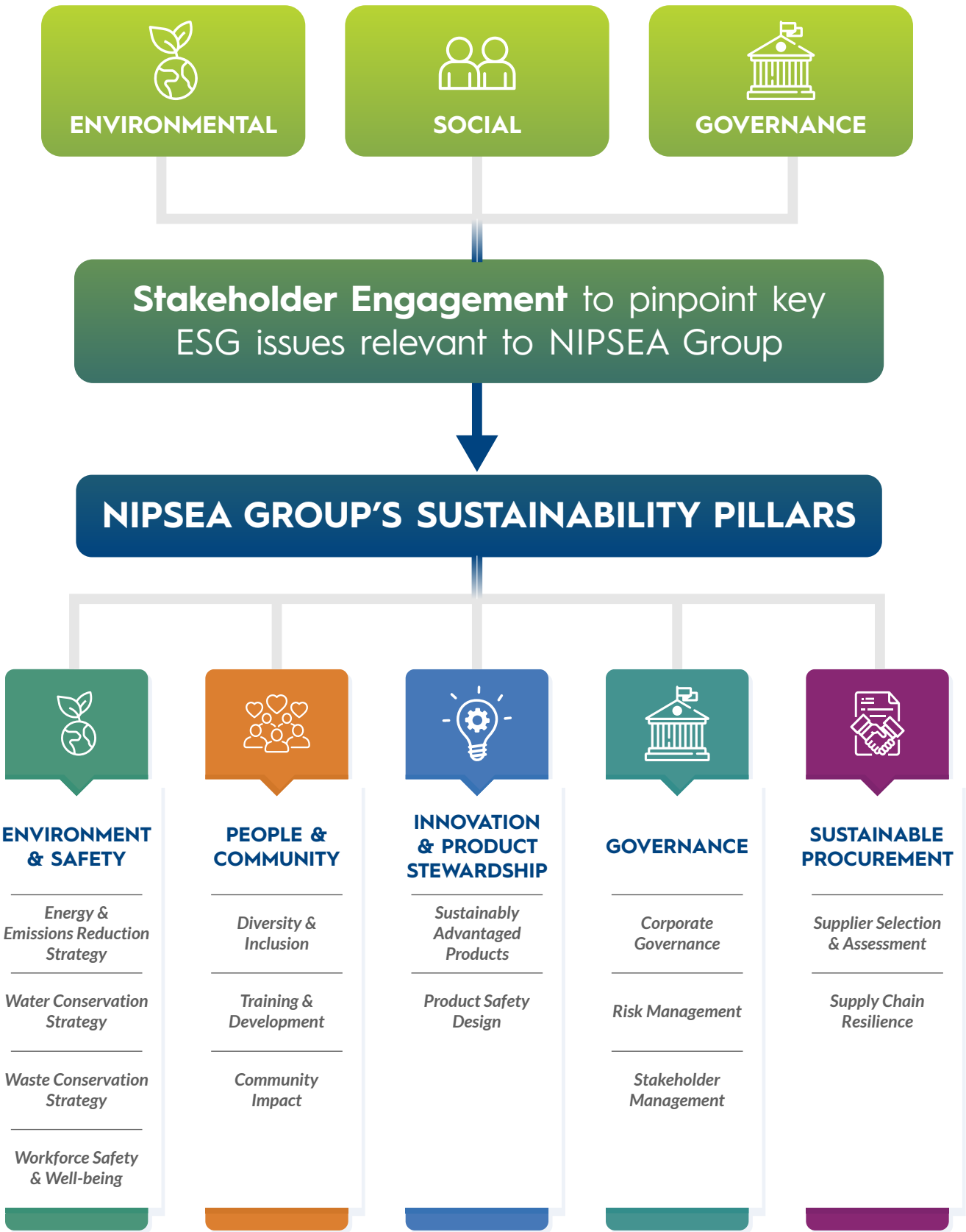
NIPSEA Group champions sustainability leadership from the very top. The Group Chief Executive Officer (“GCEO”) leads the company’s sustainability commitments, while our Sustainability Steering Committee oversees group-level initiatives. The Committee comprises heads of department from NIPSEA’s six core business functions: Marketing & Corporate Social Responsibility (“CSR”), Business Excellence, Human Resources (“HR”), Governance & Finance, Research & Development (“R&D”), and Procurement. This cross-functional composition ensures a holistic approach to sustainability is embedded throughout NIPSEA’s operations.



In 2023, we reviewed our sustainability pillars to ensure alignment with the strategy of our parent company, Nippon Paint Holdings Co., Ltd. (“NPHD”)¹. At NIPSEA Group, we embrace a collaborative approach to sustainability by harnessing the expertise of our departmental leaders, who serve as strategic advisors for our ESG strategies, aiding in the identification of key ESG issues pertinent to NIPSEA Group.

¹ NIPPON PAINT HOLDINGS CO.,LTD. (nipponpaint-holdings.com)

Through this collaborative effort, we ensure alignment across our five sustainability pillars: Environment & Safety, People & Community, Innovation & Product Stewardship, Governance, and Sustainable Procurement. The last two pillars are new additions this year, compared to our prior sustainability reports.




STAKEHOLDER ENGAGEMENT




NIPSEA Group stays ahead of sustainability challenges and trends by actively engaging various stakeholders, including investors, customers, employees, suppliers, government and regulators, non-governmental organisations (“NGO”), and industry groups through various channels. The table below outlines the stakeholders and highlights the key engagement activities to foster stakeholder relationships – further descriptions of these activities can be found in the Stakeholder Management section on pages 89 to 91.



Stakeholders	Engagement Mechanisms	Frequency of Engagement
 <p>Our Investors</p>	<ul style="list-style-type: none"> • Designated points of contact for investor dialogue • Consolidation of investor opinions and suggestions • Individual investor meetings for broad appeal 	<ul style="list-style-type: none"> • Quarterly • Quarterly • Annually
 <p>Our Customers</p>	<ul style="list-style-type: none"> • Need matching through R&D Innovation Centres • Industry events for information-sharing • Customer tours and site audits 	<ul style="list-style-type: none"> • On a regular basis • On a regular basis • Annually
 <p>Our Employees</p>	<ul style="list-style-type: none"> • Workshops and briefings • Training programmes • Biennial employee engagement surveys and feedback 	<ul style="list-style-type: none"> • On a regular basis • On a regular basis • On a regular basis
 <p>Our Suppliers</p>	<ul style="list-style-type: none"> • Site audits • Supplier Selection Questionnaires • Elimination of suppliers involved in human rights abuses 	<ul style="list-style-type: none"> • As and when required • As and when required • As and when required
 <p>Government and Regulators</p>	<ul style="list-style-type: none"> • Engagement in global business activities • Compliance with laws and regulations • Collaboration with research centres 	<ul style="list-style-type: none"> • As and when required • As and when opportunities arise • As and when opportunities arise
 <p>NGOs and Industry Groups</p>	<ul style="list-style-type: none"> • Collaboration and partnerships • Stakeholder meetings • Skill-building workshops and trainings 	<ul style="list-style-type: none"> • As and when opportunities arise • As and when opportunities arise • As and when opportunities arise

In line with the revisions of our sustainability pillars, this year we also refreshed our material topics to a total of 14 material topics—increasing from 9 last year—to capture a more comprehensive view of NIPSEA Group’s sustainability performance. This list of material topics was reviewed by the Sustainability Steering Committee and Management. All the identified topics have been classified under the five sustainability pillars mentioned above and mapped to their corresponding GRI disclosures and SASB metrics in the table below.

Sustainability Pillar	Material Topics for FY2023	GRI Disclosures	SASB Accounting Metrics
 <p>Environment & Safety</p>	<p>Energy and Emissions Reduction Strategy</p>	<ul style="list-style-type: none"> • GRI 302-1: Energy consumption within the organisation • GRI 302-3: Energy intensity 	<ul style="list-style-type: none"> • (1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage renewable, (4) Total self-generated energy
		<ul style="list-style-type: none"> • GRI 305-1: Direct (Scope 1) GHG emissions • GRI 305-2: Energy indirect (Scope 2) GHG emissions • GRI 305-4: GHG emissions intensity • GRI 305-7: Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions 	<ul style="list-style-type: none"> • Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations • Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets
	<p>Water Conservation Strategy</p>	<ul style="list-style-type: none"> • GRI 303-1: Interactions with water as a shared resource • GRI 303-2: Management of water discharge-related impacts • GRI 303-3: Water withdrawal • GRI 303-4: Water discharge • GRI 303-5: Water consumption 	<ul style="list-style-type: none"> • (1) Total water withdrawn, (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress • Description of water management risks and discussion of strategies and practices to mitigate those risks
	<p>Waste Management Strategy</p>	<ul style="list-style-type: none"> • GRI 306-1: Waste generation and significant waste-related impacts • GRI 306-2: Management of significant waste-related impacts • GRI 306-3: Waste generated • GRI 306-4: Waste diverted from disposal • GRI 306-5: Waste directed to disposal 	<ul style="list-style-type: none"> • Amount of hazardous waste generated • Percentage of hazardous waste recycled


GRI-SASB MATERIALITY ASSESSMENT (CONT'D)

Sustainability Pillar	Material Topics for FY2023	GRI Disclosures	SASB Accounting Metrics
 <p>Environment & Safety</p>	<p>Workforce Safety and Well-being</p>	<ul style="list-style-type: none"> • GRI 403-1: Occupational health and safety management system • GRI 403-2: Hazard identification, risk assessment, and incident investigation • GRI 403-3: Occupational health services • GRI 403-4: Worker participation, consultation, and communication on occupational health and safety • GRI 403-5: Worker training on occupational health and safety • GRI 403-6: Promotion of worker health • GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships • GRI 403-9: Work-related injuries 	<ul style="list-style-type: none"> • Total recordable incident rate ("TRIR") and fatality rate for (a) direct employees and (b) contract employees • Descriptions of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks
 <p>People & Community</p>	<p>Diversity and Inclusion</p>	<ul style="list-style-type: none"> • GRI 405-1: Diversity of governance bodies and employees • GRI 401-3: Parental leave 	<ul style="list-style-type: none"> • Topic not featured in the SASB Standards for Chemicals Industry
	<p>Training and Development</p>	<ul style="list-style-type: none"> • GRI 404-1: Average hours of training per year per employee 	
	<p>Community Impact</p>	<ul style="list-style-type: none"> • GRI 413-1: Operations with local community engagement, impact assessments, and development programmes 	<ul style="list-style-type: none"> • Discussion of engagement processes to manage risks and opportunities associated with community interests
 <p>Innovation & Product Stewardship</p>	<p>Sustainably Advantaged Products</p>	<ul style="list-style-type: none"> • GRI 203-1: Infrastructure investments and services supported 	<ul style="list-style-type: none"> • Topic not featured in the SASB Standards for Chemicals Industry
	<p>Product Safety Design</p>	<ul style="list-style-type: none"> • GRI 416-1: Assessment of the health and safety impacts of product and service categories 	<ul style="list-style-type: none"> • Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact

Sustainability Pillar	Material Topics for FY2023	GRI Disclosures	SASB Accounting Metrics
 <p>Governance</p>	Corporate Governance*	<ul style="list-style-type: none"> GRI 2-9: Governance structure and composition GRI 2-10: Nomination and selection of the highest governance body GRI 2-11: Chair of the highest governance body GRI 2-12: Role of the highest governance body in overseeing the management of impact GRI 2-13: Delegation of responsibility for managing impacts GRI 2-15: Conflicts of interest GRI 2-16: Communication of critical concerns GRI 2-17: Collective knowledge of the highest governance body GRI 2-18: Evaluation of the performance of the highest governance body GRI 2-19: Remuneration policies GRI 2-20: Process to determine remuneration 	<ul style="list-style-type: none"> Topic not featured in the SASB Standards for Chemicals Industry
	Risk Management*	<ul style="list-style-type: none"> GRI 2-25: Processes to remediate negative impacts GRI 2-26: Mechanisms for seeking advice and raising concerns GRI 2-27: Compliance with laws and regulations 	
	Stakeholder Management*	<ul style="list-style-type: none"> GRI 2-16: Communication of critical concerns GRI 2-24: Embedding policy commitments GRI 2-29: Approach to stakeholder engagement 	
 <p>Sustainable Procurement</p>	Supplier Selection and Assessment*	<ul style="list-style-type: none"> To be aligned with GRI Disclosures in the following reporting period 	<ul style="list-style-type: none"> Topic not featured in the SASB Standards for Chemicals Industry
	Supply Chain Resilience*		

*New material topics in the reporting period

NIPSEA Group has been tracking medium-term sustainability targets covering 8 “High-Priority” material topics and corresponding 11 targets aligned with the United Nations Sustainable Development Goals (“UN SDGs”). These SMART – Specific, Measurable, Achievable, Relevant, and Time-Bound – targets were approved by the Sustainability Steering Committee in 2021 and have been guiding our sustainability efforts since then. During the next reporting period, we plan to formally review and update our targets, especially for the areas where we made the most impact, overachieving our current medium-term targets.

UNSDGs	Material Topics	Sub-categories	Targets	Progress
 7 AFFORDABLE AND CLEAN ENERGY	Energy and Emissions Reduction Strategy	Energy Intensity (GRI 302-3)	Reduce energy intensity by 8% by 2025 against a 2021 baseline, with a yearly reduction target of 2%.	Achieved - Interim target met: achieved an 8.2% decrease in 2023 compared to 2022.
		Emissions Intensity (GRI 305-4)	Reduce GHG emissions intensity (Scope 1 and 2) by 15% by 2025 against a 2021 baseline, with a yearly reduction target of 4%.	Achieved - Interim target met: achieved a 32.7% decrease in 2023 compared to 2022.
 6 CLEAN WATER AND SANITATION	Water Conservation Strategy	Water Intensity (non-GRI metric)	Reduce water intensity by 8% by 2025 against a 2021 baseline, with a yearly reduction target of 2%.	In progress - Interim target not met: water intensity remained unchanged for 2023 compared to 2022.
 8 DECENT WORK AND ECONOMIC GROWTH	Workforce Safety and Well-being	Number of Fatalities and Work-Related Injuries (GRI 403-9)	Achieve zero cases of recordable work-related injuries.	In progress - Target not met: 74 recordable work-related injuries, reduced from 101 cases in 2022.
		Occupational Health and Safety Management System (GRI 403-1)	Ensure that the OHS management system adheres to the latest versions of international OHS standards (i.e., ISO 45001:2018).	Achieved - All sites adhere to the latest OHS standards (ISO45001:2018).
 4 QUALITY EDUCATION	Training and Development	Average Hours of Training Per Year Per Employee (GRI 404-1)	Increase average employee training hours by 20% by 2025 against a 2021 baseline, with a yearly improvement target of 5%.	Achieved - average of 18.9 hours per employee has been achieved, meeting the target of 18 hours by 2025.

UNSDGs	Material Topics	Sub-categories	Targets	Progress
   	Community Impact	<p>Infrastructure investments and services supported (GRI 203-1)</p> <p>Dollar value of investments into community initiatives (non-GRI metric)</p>	<p>Make a meaningful impact on the lives of at least 10 million individuals across the 3 main pillars – Education, Empowerment, and Engagement – under the strategic CSR framework from 2019 to 2025.</p> <p>Invest at least USD5 million in CSR initiatives each year to make a meaningful impact across the 3 main pillars – Education, Empowerment, and Engagement – under the strategic CSR framework.</p>	<p>Achieved – More than 14 million lives were impacted in 2023 alone.</p> <p>In progress - Target not met; invested over USD4.8 million in CSR initiatives in 2023.</p>
	Diversity and Inclusion	Diversity of Governance Bodies and Employees (GRI 405-1)	Achieve 35% female representation in both management and emerging leaders categories.	In progress - Target not met; 27.4% female representation in both management and emerging leaders categories as of December 2023.
	Sustainably Advantaged Products	Infrastructure investments and services supported (GRI 203-1)	Develop a definition for “sustainably advantaged products” to classify products and services and establish a baseline for revenue generated from “sustainably advantaged products” in 2022.	Achieved - Generated USD997.89 million in revenue from sustainably advantaged products, representing a 79% increase from the baseline of USD557.81 million set in 2022.
	Product Safety Design	Assessment of the Health and Safety Impacts of Products and Services (GRI 416-1)	Assess the health and safety impacts of at least 80% of significant products and service categories by 2025.	Achieved - 100% of significant products and service categories assessed.

An architectural model of a modern building complex. The buildings are multi-story with balconies and rooftop gardens. The foreground shows a landscaped area with various trees, including palm trees, and a curved road. The background is a blurred cityscape with tall buildings.

Chapter 3

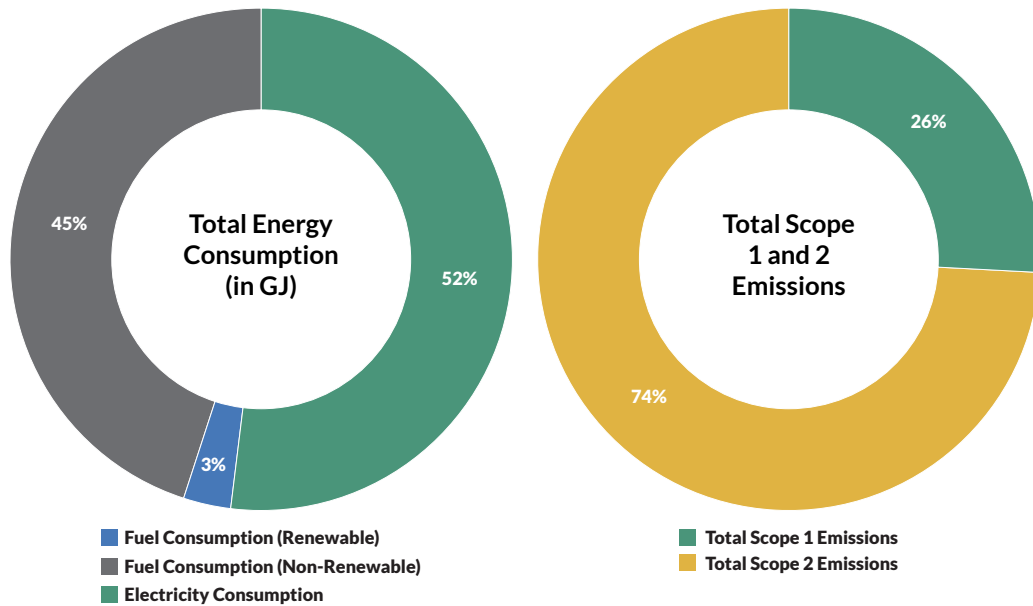
ENVIRONMENT & SAFETY



MENT

At NIPSEA Group, we recognise that our global scope of operations involves many interactions with the natural environment and people on the ground. Understanding this, we have placed environmental responsibility and workforce safety and well-being at the heart of how we create value by monitoring our impacts on the environment, identifying and implementing sustainability innovations and initiatives across our operations, and enforcing our Health, Safety, and Environment (“HSE”) Management Framework. Through our commitment to upholding ‘Mutual Prosperity’, NIPSEA Group endeavours to optimise its financial performance by adopting new technology and systems that minimise our impact on the environment and our stakeholders and increase the productivity and efficiency of our facilities while keeping our employees safe and well.

Energy and Emissions Reduction Strategy



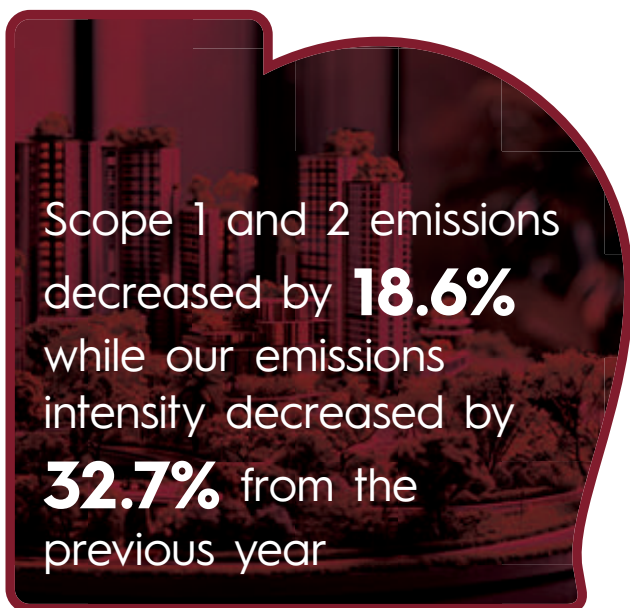
As a chemical manufacturing company, NIPSEA Group acknowledges the environmental impact of our energy-intensive operations on greenhouse gas (“GHG”) emissions. That is why the implementation of strategies and policies related to Energy and Emissions Reduction is a fundamental aspect of our operational framework. We are continuously exploring different methods of energy-saving measures as one of the seven core pillars of our Group-wide HSE Management Framework. This involves the careful design and implementation of energy-saving initiatives while rigorously monitoring and analysing all energy consumption levels, with a specific focus on factory-specific figures that represent HSE health indicators. These figures are reviewed against our goals and targets on a quarterly and yearly basis.

To effectively reduce Scope 1 and 2 emissions, we proactively implement various strategies which are seamlessly integrated into our Strong Manufacturing Practice (“SMP”) programme and approach emissions reduction and energy efficiency through initiatives such as process optimisation,

enhancing the energy efficiency of production, minimising waste generation, and exploring alternative energy sources such as solar power. To support the Group’s initiatives in transitioning to a low-carbon value chain, we manage our GHG emissions directly on a per-facility basis, using the ISO 14001:2015 Environmental Management Systems. We conduct an environmental impact control check for GHG emissions at each stage of the product’s life cycle to understand where we can reduce emissions intensity, such as by using battery-operated forklifts instead of diesel-powered ones.

We monitor the ambient air quality of our facilities over time to obtain insight on our overall emissions profile. Annually, we measure and collect information on ambient air quality, stack emissions, volatile organic compound (“VOCs”) levels, and chemicals emitted to provide a systematic and long-term assessment of pollutants. We have also installed air pollution control devices, such as wet scrubbers, dust collectors, and spray paint booths, to reduce the amount of chemical pollutants released into the air.

To further improve on our GHG monitoring and management, this year we have started carbon accounting exercise for our Scope 1, 2, and 3 emissions with Malaysia and Turkiye being the first geographies selected for the study. We have planned for all Scope 3 categories as described by the GHG Protocol – with the exception of processing of sold products and use of sold products – to be included in the carbon accounting exercise across all of our operating locations under NIPSEA Group by end 2024.



Scope 1 and 2 emissions decreased by **18.6%** while our emissions intensity decreased by **32.7%** from the previous year

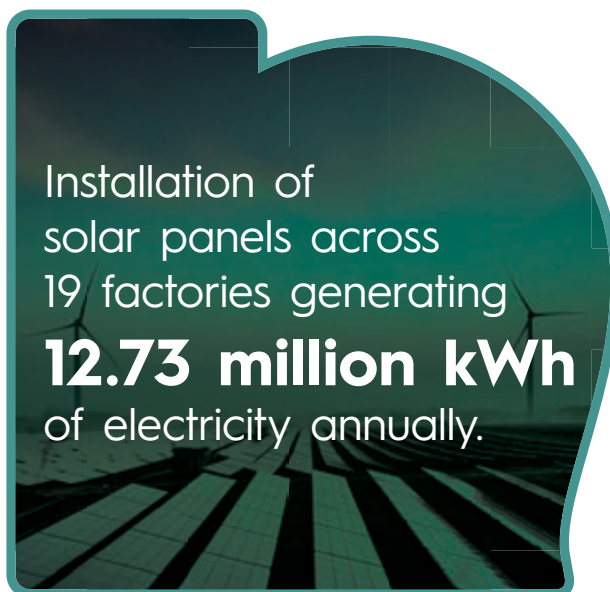
In 2023, our total energy consumption was 1,786,679 GJ, a 11.2% increase from 2022 levels, while our energy intensity measured 290.7 MJ/tonne, an 8.2% decrease from the previous year. Our Scope 1 and 2 GHG emissions decreased by 18.6% as compared with 2022, totalling at 198,264 tCO₂e, while our emissions intensity measured 32.3 kg CO₂e/tonne, a 32.7% decrease from the previous year. This was due to the reduction of Scope 1 and Scope 2 emissions from our China group. This reduction in Scope 1 and 2 GHG emissions and emissions intensity was achieved despite our total production output increasing by 21.2% compared to the prior year to 6,146,887 tonnes, which is a testament to the benefits of our emissions reduction efforts over the past year.

We are pleased to have achieved our yearly reduction targets of 2% and 4% for energy intensity and emissions intensity respectively by wide margins this year. We will continue to monitor our progress and strive to meet our overall goal of reducing our energy intensity by 8% and emissions intensity (Scope 1 and 2) by 15% by 2025 against a 2021 baseline.

Nippon Paint China's Installation of Photovoltaic Cells

Nippon Paint China has taken steps in driving our Group's transition to renewable energy sources. By installing photovoltaic panels in 19 factories, generating 12.73 million kilowatt-hours annually, we aim to gradually incorporate alternative sources of energy into our facilities. This first step paves the way for more ambitious goals in accomplishing our sustainability development agenda and embedding sustainable energy practices into our operations.

We intend to continue the initiative to install photovoltaic panels at additional locations across China's six factories in 2024.



Installation of solar panels across 19 factories generating **12.73 million kWh** of electricity annually.

Air Compressor & Dust Collector Energy Saving Project in Nippon Paint China

In line with our goals to further improve energy efficiency of our operations, we endeavour to tackle key issues identified in factories, including insufficient compressed air, high electricity bills per tonne of production, and excessive moisture in the compressed air. To address these challenges and achieve our goals of reduced energy consumption, lowered production costs, and increased compressed air supply, our project implemented a multi-pronged approach.

This involved optimising the air compressor pressure belt by adjusting loading and unloading pressures, modifying the gas storage tank and pipeline system to minimise pressure loss, and

significantly revamping the central dust collector. The central dust collector utilised frequency conversion technology and incorporated pressure detection equipment to automatically adjust motor speed based on real-time pressure settings.

As a result, our air compressor electricity bill saw a 19% year-on-year reduction following the modifications and the dust collector’s electricity bill witnessed 23% year-on-year decrease. These results not only demonstrate the project’s effectiveness in achieving energy savings and cost reduction goals, but also highlighted its success in resolving operational challenges related to compressed air.

Electricity Reduction Project in Nippon Paint Malaysia

Nippon Paint Malaysia is taking a proactive approach to energy efficiency with our ongoing electricity consumption reduction project. By implementing the Plan-Do-Check-Act (“PDCA”) cycle methodology, this action plan lays out a comprehensive strategy to optimise energy usage across the organisation, promoting not only cost savings but also aligning our staff with our emissions reduction goals. By replacing conventional air conditioners with innovative variable refrigerant volume (“VRV”) systems and strategically installing inverters in process rooms, we aim to achieve significant reductions in electricity consumption.

In addition to the hardware upgrades, the project initiatives also included updating signages to promote electricity savings as well as implementing zoning for lights and air conditioners. This emphasises the importance of employee awareness and empowerment in contributing to the Group’s sustainability goals.

As a result of this project, Nippon Paint Malaysia saw a 17% decrease in energy intensity compared to 2022. We are inspired to create more opportunities to optimise on our energy usage and further align our facilities with the Group’s energy and emissions reduction agenda.

ACTION PLAN	
Plan	<ul style="list-style-type: none"> • Convert conventional air-conditioners to VRV systems, enabling individual climate control settings for each zone to adapt to the needs of different commercial building settings. • Water-Based (“WB”) and Solvent-Based (“SB”) Process Room to install inverters to reduce electricity usage. They list out main equipment with high kWh and manage usage effectively. • Update/maintain signages on electricity savings at all heavy traffic flow areas (e.g., meeting room, toilets, etc.). • Maintain zoning of lights & air conditioners for effective control. • All machines are installed with frequency inverter to prevent power surge. • Install transparent roofs at selected locations at production/warehouse (no lights required during the daytime).
Do	<ul style="list-style-type: none"> • Collect data on electricity usages from Finance, take readings at kWh meter at Admin Office, Lot 2A, and production tonnage from Production. • Prepare & update report for continuous monitoring. • Canteen operators switch on the lights from 6:30 AM on weekdays while on-duty officers will switch on lights in certain zones at night. • Each department is responsible to ensure lights are switched off during break, OT, and before going back. • Switch off air conditioners after 5:15 PM • Switch on air conditioners at individual department during OT instead of switching on centralised air-conditioners. • Set air conditioners at 24°C.
Check	<ul style="list-style-type: none"> • Compile data measure and review the effectiveness of control.
Action	<ul style="list-style-type: none"> • Review plan.

Water Conservation Strategy

Our product's reliance on water as a raw material necessitates a strong focus on water conservation efforts throughout our operations. To address NIPSEA's facility water usage, we implement a combined approach of water consumption management and integration of wastewater treatment filtration technology.

As part of our facilities' water management system, we continue to conduct routine inspections on our pipes to identify any leaks and promptly replace aging pipes as part of our proactive maintenance strategy. Additionally, we have installed water-saving taps equipped with either spring-loaded mechanisms or sensors to reduce any residual water loss. These measures help our facilities conserve water as well as contribute to the efficient and sustainable management of our water resources.

We implement the usage of soil testing and spill kits to gain a deeper understanding of our wastewater quality. Understanding the current state of our resources allows us to adapt and implement a host of water treatment methodologies based on our facilities' overall needs. It is important to note that some of our regional groups maintain in-house wastewater treatment, whereas others may engage third parties to do so as required.

Discharge Treatment Requirements by Wastewater Type

At NIPSEA, we recognise the importance of responsible wastewater management for protecting our environment and communities. Guidelines on discharge treatment requirements by wastewater type are being implemented to showcase our commitment to sustainable practices and outlines the wastewater treatment guidelines we adhere to:



WASTEWATER THAT CANNOT BE REUSED OR RECYCLED

Such wastewater is disposed as industrial waste and collected by a licensed collector for further treatment in accordance with local laws.



WASTEWATER THAT REQUIRES TREATMENT BEFORE DISPOSAL

Wastewater from lab basins is first treated in a dilution tank and tested by a third-party assessor, before it can be released as public sewage.



WASTEWATER THAT CAN BE DISPOSED DIRECTLY

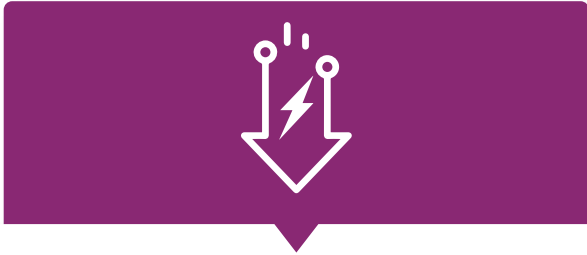
Wastewater from toilets and wash basins are linked directly to public sewage.

The NIPSEA Group is committed to sustainable operations and has identified water conservation as a critical area of focus. To this end, we will be implementing a Group-wide, per-facility basis water audit to deepen our understanding of how our water resources are managed within the Group and identify areas of further improvement. Focal points include water usage practices, statistical data on water consumption, and fugitive leaks within water supply systems to prevent significant yet untraceable water losses.

In addition, we have collaborated with our industry partners in working towards achieving zero discharge to the environment through better wastewater recycling systems. We are also co-developing various initiatives aimed at enhancing wastewater treatment activities, reusing treated wastewater, and improving the sanitation of the wastewater that exits our plants.

Discharge Treatment Requirements by Wastewater Type (cont'd)

In 2023, our total water consumption significantly increased by 54.6%, totalling 3,001 megalitres with a consumption intensity of 488 litres/tonne, representing a 27.4% increase from the prior year. Due to the increase in production output by 21%, we did not achieve our yearly reduction target of 2% for water consumption intensity. To ensure we stand by our commitment, we will enhance our water conservation efforts to achieve our overall goal of reducing our water consumption intensity by 8% by 2025 against a 2021 baseline. To lay the groundwork for future initiatives, we have initiated preliminary measures in reducing our water usage and incorporated new filtration technologies and inter-facility water management practices:



REDUCING USAGE

Feedback System

Internal communication and reporting systems are in place for employees to report any ideas or suggestions for improvement.

Self-Initiated Campaigns

Individual organisations are encouraged to initiate self-starter wider saving campaigns.

Use of Management Systems and Regulations

Under ISO14001:2015 and local laws such as the Sewerage and Drainage (Trade Effluent) Regulations in Singapore, we monitor aspects such as machinery life cycle and water usage at consumption points across operation processes. Infrastructural areas that can improve water efficiency are identified and rectified on a priority basis.



ENCOURAGING REUSE AND RECYCLE

Leveraging Technology

We adopt technology that uses ultra-violet light and reverse osmosis to filter Effluent Treatment Plant (“ETP”) water to be reused. Sewage Treatment Plant (“STP”) water is also recycled via the same process and used for gardening purposes.

Coordination Amongst Facilities

We facilitate close cooperation across different production plants to enable cross-production recycling activities. For example, the wastewater of the binder production facility can be used as raw water for the formation of certain water-based paints.

BETEK (Turkiye)’s Ongoing Water Mobilisation Projects

Nippon Paint’s Gebze II facility’s ongoing water mobilisation project reduced water usage while implementing innovative methods for resource management, particularly in our garden irrigation and lavatories. Through conducted trial studies, the facility successfully identified ways to filter and reuse various water types, including polymer wastewater, water-based paint, and rainwater within our facilities.

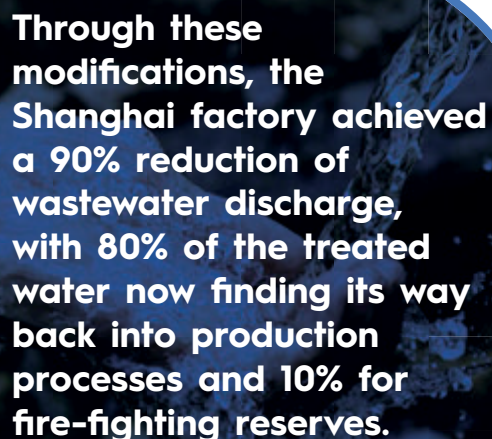
The project also included advancements in the facility’s reverse osmosis system with upgrades to its filtration membranes and driver. After implementing these changes, we boosted the facility’s operational capacity and achieved a 70% efficiency on water management. Water usage also decreased to 43.1 litres from 60.4 litres of raw water per cubic metre of production prior. To ensure that we continue improving our approach at water conservation, we established a Water Mobilisation Committee to oversee all water-saving initiatives in BETEK as NIPSEA closely monitors progress in the facility.

Shanghai Factory Water Purification System Modification Project

The Shanghai factory's water purification system modification project successfully met quality assurance requirements for water production conductivity while minimising wastewater discharge. With raw water conductivity at around 600 micro-Siemens per centimetre ($\mu\text{S}/\text{cm}$), well above the 350 $\mu\text{S}/\text{cm}$ mandated for production use, the project aimed to bring both raw and wastewater conductivity within the acceptable range.

By installing inline static mixers that ensured thorough mixing of water treatment agents within both the raw water and wastewater streams, we were able to meet QA requirements for water use. Furthermore, the project team installed four-cubic-metre water storage tanks and dedicated cleaning water pipelines to facilitate the cleaning of the facility's equipment.

Through these modifications, the Shanghai factory achieved a 90% reduction of wastewater discharge, with 80% of the treated water now finding its way back into production processes and 10% for fire-fighting reserves.



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Vital Technical Private Limited (VTSB) – Rainwater Harvesting System

The NIPSEA Group is taking a sustainable approach to water conservation with our Rainwater Harvesting System. This system collects and stores rainwater in three 1,000-gallon tanks to flush toilets throughout the factory. This not only reduces reliance on precious freshwater resources but also adapts its input into our facilities based on the total number of employees present in the factory. By utilising rainwater, the system alleviates pressure on municipal water supplies and contributes to water conservation efforts, mitigating the risk of water scarcity in the long run. This initiative resulted in reduction of the factory's water consumption intensity by 5% in 2023, from the year prior.

Nippon Paint Industrial Use Coatings (“NPT IU”) - Wastewater Filtration System

NPT IU was able to circulate its wastewater back into its operations by creating a filtration method based on sedimentation technology. Sourced from wastewater generated from our F1 and F2 catalytic electrodeposition (“CED”) resin plants, this approach allows us to reuse 100 cubic metres of water each month for the circulation water curtain in spray booths across all operational and support departments, thus reducing our reliance on freshwater resources.

Waste Management Strategy

NIPSEA Group’s high volume production facilities in the regions where we operate naturally result in large amounts of by-product, majority of which is chemical waste. To manage both hazardous and non-hazardous waste from our operations effectively, we focus our actions across four areas: Disposal Treatment, Product Labelling, Employee Awareness, and Checks and Awareness.

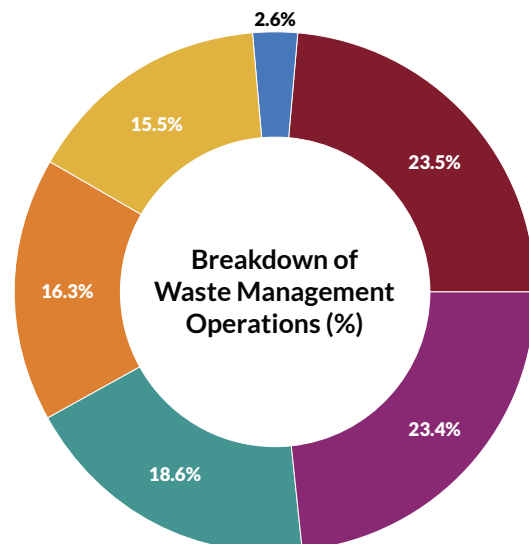
Disposal Treatment	Depending on the type of waste, different treatments are accorded. Recyclable materials such as metal and wooden pallets are reused and recycled by third-party contractors or done in-house. Other types of waste that cannot be recycled will be sent to landfills, composted, or incinerated.
Product Labelling	We provide clear labelling on our end products that advises the proper disposal method after the product has left our premises. This is in addition to minimising waste generation throughout the product development cycle.
Employee Awareness	We design programmes that promote a Reduce, Reuse, and Recycle mindset at work to cultivate a circular mentality amongst our employees.
Checks and Awareness	Under ISO:14001 and local waste disposal laws regulation, we conduct impact assessments to identify and track sources of waste generation to put in place procedures to manage them efficiently.

To support our initiatives in reducing our waste generation, we emphasise the reuse of our operation’s residual materials by reprocessing them into our production. We implement recycling programmes to divert paper, plastic, and metal waste from entering waste streams.

In support of our aim to drive meaningful waste reduction, we will be launching actionable programmes with clear objectives and measurable steps. Continuous monitoring will help us identify areas of improvement and foster a culture of continuous improvement. We plan to establish internal targets to track progress and ensure accountability on our journey towards achieving sustainable waste management practices.

In 2023, we generated 63,763 tonnes of waste material, of which 34.5% was directed towards reuse, recycling, and other recovery operations. The remainder was directed to disposal through incineration, deposits at landfills, waste sorting, fuel blending and disposal by the municipality.

34.5% of waste generated was directed for reuse, recycling and other recovery operations.



■ Incineration ■ Recycling ■ Other recovery operations
■ Landfill ■ Reuse ■ Other disposal operations

Waste Reduction Initiative in Nippon Paint Industrial Use Coatings (“NPT IU”)

At NPT IU’s Powder Paint plant, we minimised hazardous waste by narrowing the gaps between internal parts of grinding machines. In doing so, we achieved a monthly reduction of 4 tonnes of dust paint. This improvement benefits the environment and promotes a safer workplace for our employees.

Workforce Safety & Well-being

At NIPSEA Group, we prioritise the well-being of our employees by fostering a safe and healthy work environment. In safeguarding their health and security, we make sure that the core values of our HSE Management Framework are reflected across all areas of our operations. Founded on our “Dare to Care, Care to Know, Know to Prevent” mindset, this framework also serves as the foundation for safety standards within our organisation and apply to all interactions with suppliers, customers, and third parties. Our Senior Management chairs the occupational health and safety committees, which oversee the management of workplace safety.

Dare to Care	Employees having the courage to speak up when we see an unsafe act or event around us to avoid a potential incident.
Care to Know	Employees having a caring attitude to enrich and heighten their individual HSE knowledge, improving the culture of safety across the Group.
Know to Prevent	Employees having the awareness and proactiveness to surface inherent risks or hazards which may result in an incident if left undetected.

To further drive our commitment to workforce safety and well-being, our disciplinary rules set clear expectations for safety protocols as well as the appropriate consequences for violations. This proactive approach fosters the culture of safety by deterring risky behaviour and a sense of accountability among all employees. Consistent enforcement and corrective measures ensure everyone understands their role in maintaining a safe and supportive work environment.

Our NIPSEA Safety and Sustainability Council (“NSSC”), formed in FY2020, was established to conduct safety audits and ensure that safety standards are upheld across all Group factories, monitors safety targets, work plans, and shares updates on best practices. The Group hosts quarterly NSSC meetings to strengthen our commitment to safety and sustainability. These provide an avenue for each entity to share their experiences in mitigating risks, lowering work-related incidents, and creating a safer and more sustainable workplace for their employees. Each entity also takes turns in leading safety training sessions, which focus on a specific safety theme each quarter.

Preventing Work-Related Incidents

Our Occupational Health and Safety (“OHS”) system focuses on preventing safety and hygiene hazards that may arise from important manufacturing and operational activities. These include chemical use and storage, production of paints and allied products, waste disposal, and the use of forklift trucks in factories.

All employees are expected to adhere to our safety standards in every aspect of our operations, supported by our compliance to international safety management systems such as ISO 45001:2018. Entities in the Group without ISO certification follow our Group safety management systems in the meantime.

Additionally, we strive to cover these five critical areas in our safety regulations and protocols:

1. *Raising awareness on the importance of health and safety measures*

The Group prioritises a culture of health and safety by utilising various communication channels to keep employees informed. This includes clear roles and responsibilities of top management, the HSE committee, department heads, and employees. We empower our workforce through comprehensive training programmes and regular workshops, which cover crucial topics like chemical and PPE safety, safe machine operation, and lifesaving first-aid techniques delivered by qualified professionals—both internal and external. To address specific needs, customised training calendars are developed annually for each site based on competency assessments, work activities, and current safety standards. Furthermore, select sites boast well-equipped occupational health centres with trained first-aid providers on hand to deliver immediate medical attention in emergencies.

2. *Objective and target setting on key HSE performance indicators (“KPIs”)*

We keep track of our objectives and targets by preparing and monitoring them on a regional database, ensuring that all business units are on track with our internal KPIs. This also includes references to industry best practices and recommended ways forward to tackle any general difficulties.

3. *Regular reviewing of HSE performance*

HSE performance across NIPSEA Group is evaluated in our Quarterly Group Safety and Sustainability meetings to allocate responsibilities and identify any areas that require further attention.

4. *Resource planning for HSE implementation, maintenance, and improvement*

As a priority, we allocate budgets into special talents, human resources, and research & development to ensure that our HSE performance is managed efficiently and continuously improving. We reserve financial resources to conduct activities such as safety inspections, permit-to-work systems, training programmes, safety checklists, response plans, and investigations.

5. *Availing grievance mechanisms*

In aligning with Union requirements, we prioritise clear and open communication among our workforces. Employees have multiple avenues to raise concerns including email, direct contact with the safety department, and reporting near-misses or unsafe conditions. Until the appropriate precautionary measures are implemented, their right to stop their work if they feel unsafe is fully supported.

	All Employees (Including Contractors)	Contractors Only
Number of fatalities as a result of work-related injury	0	0
Rate of fatalities as a result of work-related injury per 200,000 hours worked	0.00	0.00
Number of high-consequence work-related injuries (excluding fatalities)	0	0
Rate of high-consequence work-related injuries (excluding fatalities) per 200,000 hours worked	0.00	0.00
Number of recordable work-related injuries	74	15
Rate of recordable work-related injuries per 200,000 hours worked	0.27	0.33



Successfully reduced the number of recordable work-related injuries from 104 to **74**.

Additionally, we provide employees with the knowledge and tools to work safely. This includes a robust HSE management framework, a user-friendly Laboratory HSE Handbook, and regular training on handling hazardous chemicals. In addition, we actively monitor our factory compounds to ensure they meet all local regulations. We also provide personal protective equipment (“PPE”) along with comprehensive training on proper use, including respiratory protection with dust masks and gas masks.

Our commitment to employee safety is paramount and we are further developing ways to ensure their safety in our facilities. We strive to continuously improve our OHS management system to ensure a safe and healthy working environment for all employees.

Improving Health and Wellness at the Workplace

We prioritise the health and wellness of our employees’ physical and mental health. Our Employee Total Wellness programmes aim to cover multiple topics in our e-courses and workshops, such as mental health and physical wellness. We also ensure that NIPSEA Group promotes a positive working environment through our recreational clubs, a space for employees to unwind and connect through sports, arts, music, and our CSR-related events.

Medical services are available to our employees, including health counselling and an annual in-house health check-up. Employees can also seek treatment at a list of panel clinics and select groups working with hazardous chemicals to receive regular health check-ups.

In addition, NIPSEA Online Incident Reporting System allows employees to instantly report incidents via a user-friendly web interface or a mobile app. These reports are automatically routed to NSSC members for prompt action. Additionally, the system facilitates valuable trend analysis, enabling us to proactively identify and address potential safety risks.

Taking Proactive Corrective Action

To ensure that safety hazards do not escalate in scale and affect other aspects of our operations and employees, OHS teams are quick to commence investigations into any reported incident. Employees stepping forward to report the incident are protected from penalties. Any findings are communicated by the Safety Committee on a monthly basis to implement precautions to avoid future recurrences.

Our Safety Committee, comprised of both management and employee representatives, facilitates collaborative discussions to address concerns and prevent incidents. Learnings from these discussions are shared broadly through bi-annual town halls and integrated as case studies in HSE training materials. In our activities, we manage workplace hazards by effectively and simultaneously tracking and monitoring performance, operational control, and compliance to standards through diverse processes. These include:

<p>Monitoring Activities</p>	<p>This includes hazard assessments, evaluations, line and professional self-assessments, peer reviews, third-party validation testing, and internal audits. Additionally, the assessment of control postures and subsequent reports generated help inform us of key measurements, process owners, control points, validation testing, and action plans for any corrective actions required.</p>
<p>Conducting Risk Assessments</p>	<p>Persons leading safety-related activities are trained by certified training institutions to assess workplace risks using a 5x5 risk scoring matrix or a Fine-Kinney method. In response to these assessments, action plans are developed to tackle considerable risks for compliance obligations while leveraging opportunities for continual improvement.</p>
<p>Encouraging Employee Participation</p>	<p>At NIPSEA Group, we advocate a consultative approach in encouraging employees to openly voice safety concerns or propose ideas to enhance existing HSE policies or programmes. Their feedback is mostly garnered through channels such as an annual employee survey, safety suggestion boxes, open discussions on social media platforms, or notice boards.</p>
<p>Conducting External and Internal Audits</p>	<p>We carry out a NIPSEA Group corporate-guided safety diagnosis and engage third-party companies to conduct surveillance audits to ascertain that our OHS standards are regularly re-certified.</p>

A group of diverse people's hands reaching out and touching over a world map. The hands are of various skin tones and are wearing different colored sleeves (brown, green, black, yellow). The background is a world map with a blue and green color scheme. The hands are arranged in a circle, with some hands reaching from the top and others from the bottom. The overall image conveys a sense of global unity and community.

Chapter 4

PEOPLE & COMMUN



&
UNITY

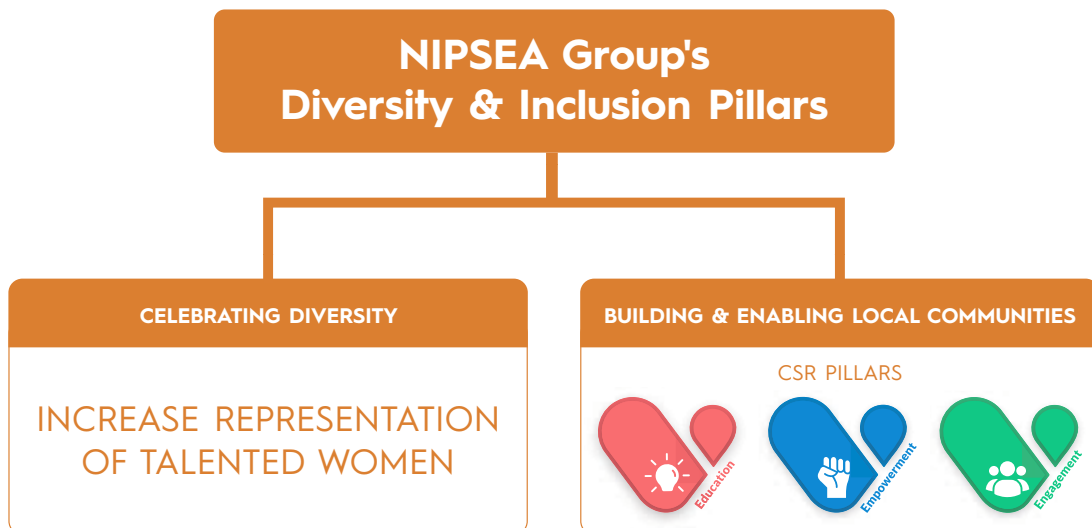
At NIPSEA Group, our dedication to people and community is fundamental to our business values. We support employee growth through fostering a diverse and inclusive environment and investing in training and development programmes. We empower our employees to contribute their best and champion positive change in the communities we serve. By actively engaging through outreach programmes, scholarships, and workshops, we strive to create a lasting impact and build long-term partnerships.

Diversity and Inclusion

NIPSEA Group maintains its firm dedication to fostering a workforce that embraces diversity and inclusivity, acknowledging the significant benefits it brings to its business operations, clients, and communities. Progress has been achieved in the past year in advancing diversity and inclusion (“D&I”) efforts and tackling internal challenges and opportunities. Our D&I Committee spearheads the development and implementation of D&I initiatives and programmes, monitors progress and identification of areas for improvement, as well as facilitates support and guidance in achieving D&I goal at business unit level. This year, we strengthened our D&I Committee through enhanced communication and collaboration with country offices to empower meaningful change throughout the organisation. We also worked with the committee to launch D&I locally and build e-resources on the NIPSEA’s Learning Management System. Our committee continues to champion initiatives aimed at promoting diversity and inclusion across all aspects of the company’s operations and beyond.

Diversity and Inclusion Global Pillars

The D&I policy of NIPSEA Group delineates the company’s overarching dedication and vision for diversity and inclusion, rooted in two global pillars. These pillars facilitate the integration of D&I into fundamental people processes, where feasible and appropriate. By leveraging these pillars, we embrace diversity and inclusion among our workforce, actively strive to enhance the representation of talented women across the organisation, and endeavour to support and empower local communities through outreach initiatives.



The first global pillar, ‘Celebrating Diversity,’ involves NIPSEA Group acknowledging and celebrating the diversity within its workforce, appreciating employees’ distinct perspectives, backgrounds, and experiences.

The second global pillar is ‘Building & Enabling Local Communities’ which balances global priorities & local needs, actively committing to Corporate Social Responsibilities (“CSR”). NIPSEA Group believes in making positive impact and supporting local communities through community outreach initiatives such as providing educational opportunities for children and youths, refurbishing communal spaces, running health and wellness initiatives, and offering vocational training and certification programmes.

To ensure our commitment to Diversity and Inclusion is locally sensitive, we have adopted a flexible framework allowing entities to align with our global D&I pillars as per their region. This has led to the formation of different local organising committees that focus on cultural celebrations specific to demographics of that region, for example.

In 2023, NIPSEA launched its worldwide D&I policy and campaigns across regional companies, which we celebrated through townhall sessions, team communications, and factory initiatives. These efforts aim to raise awareness and promote the importance of diversity and inclusion in the workplace. Additionally, we hosted an event called the Learning Carnival 2023, which featured online webinars and activities, fostering cultural diversity and promoting understanding among employees. Stakeholders, including employees and the Board, provided their own input, with country Human Resources (“HR”) teams customising policies to fit local cultures. This collaborative approach ensures alignment with group targets and fosters inclusivity at all levels.



Our global-to-local approach acknowledges inclusion’s importance not only in our global D&I agenda but also in execution across the NIPSEA Group network. This strategy encourages entities and partner companies to adopt a D&I strategy suitable for their region, focusing on increasing representation of talented women based on the two global pillars.

Building upon our global-to-local approach, we are committed to fostering a workplace culture that promotes diversity and inclusion at all levels of our organisation. In line with this commitment, we have established policies and practices that prohibit discrimination, harassment and bullying based on any form of diversity.



Achieving Gender Balance

Our D&I belief in the power of a diverse workforce extends to its commitment to increasing female representation in leadership positions. NIPSEA is actively working towards a group target of 35% female representation in both management and emerging leaders categories. As of 31 December, 2023, the ratio of females in these categories was 27.4%.

A key initiative driving this goal is the company’s Female Mentorship Programme, which operates at both the group and country levels. At the group level, 6 mentoring sessions were successfully conducted in 2023 for 10 female mentees.

This culminated in a Women’s Mentoring Learn & Share event in the first quarter of 2024, featuring senior leadership in collaboration with our HR team. At the country level, mentees from the Group mentorship programme are empowered to apply their learnings and become mentors within their respective companies. This initiative is supported by the local HR team.

To evaluate success of our D&I campaigns at NIPSEA, data on female talent metrics, including job levels, age distribution, tenure, and associated factors, will undergo analysis to support the achievement of group targets.

Training and Development

NIPSEA Group considers investment into development of our people as a key fostering organisational success. We design country-specific training programmes to address the unique needs of our local workforce. Through annual Training Needs Analysis, we create targeted learning experiences designed to upskill employees at various job levels. While localised training remains prevalent within NIPSEA, we have started witnessing a growing demand for global training initiatives as well. In response, we implemented several global training programmes this year, such as Global Automotive and IT-related trainings, as well as specialised training for employees who work with Selley's branded products.

Employee Training

NIPSEA Group is dedicated to empowering its employees for success in today's dynamic business landscape. Central to this commitment is our comprehensive approach, anchored by our Learning Management System ("LMS"), serving 9,000 active users as of 2023. With its multilingual interface, the LMS allows countries to customise learning, offering a diverse range of training programmes covering technical and leadership skills through online and in-person experiences. We continue to work on the efforts to increase the user base of our LMS by partnering with our regional business units to progressively launch our Talent LMS across the whole network, spreading awareness of our programmes, implementing gamification methods in our modules, hosting learning events, such as Learning Carnival 2023, and including mandatory e-courses, such as Phishing awareness.

Beyond the LMS, NIPSEA Group provides a suite of development tools and resources. Examples include the NIPSEA Talent Development Programme – LEAD, the NIPSEA Female Mentorship Programme, Learning Carnival 2023, and the NIPSEA Leadership Competencies Training – AGILE. This integrated ecosystem fosters continuous employee growth. Furthermore, we expand developmental training programmes globally, with plans for initiatives like VITALS Training and Environmental, Social and Governance ("ESG") Training in 2024. This multifaceted strategy underscores our commitment to cultivating a culture of continuous learning and development across NIPSEA Group.

Moreover, we prioritise decentralised Learning and Development ("L&D") policies, allowing flexibility and adaptability in our individual companies within the Group. This empowers the companies to customise training initiatives to local market needs, fostering agility to swiftly adapt to emerging

challenges and opportunities. By entrusting employees with their development journey, we cultivate a sense of ownership and empowerment. The Group provides companies with essential tools and resources, such as LMS and mentorship programmes. While implementation may vary to meet local requirements, key focuses across companies at country level include continuous learning, skill development, career advancement, mentorship, and support for professional certifications.

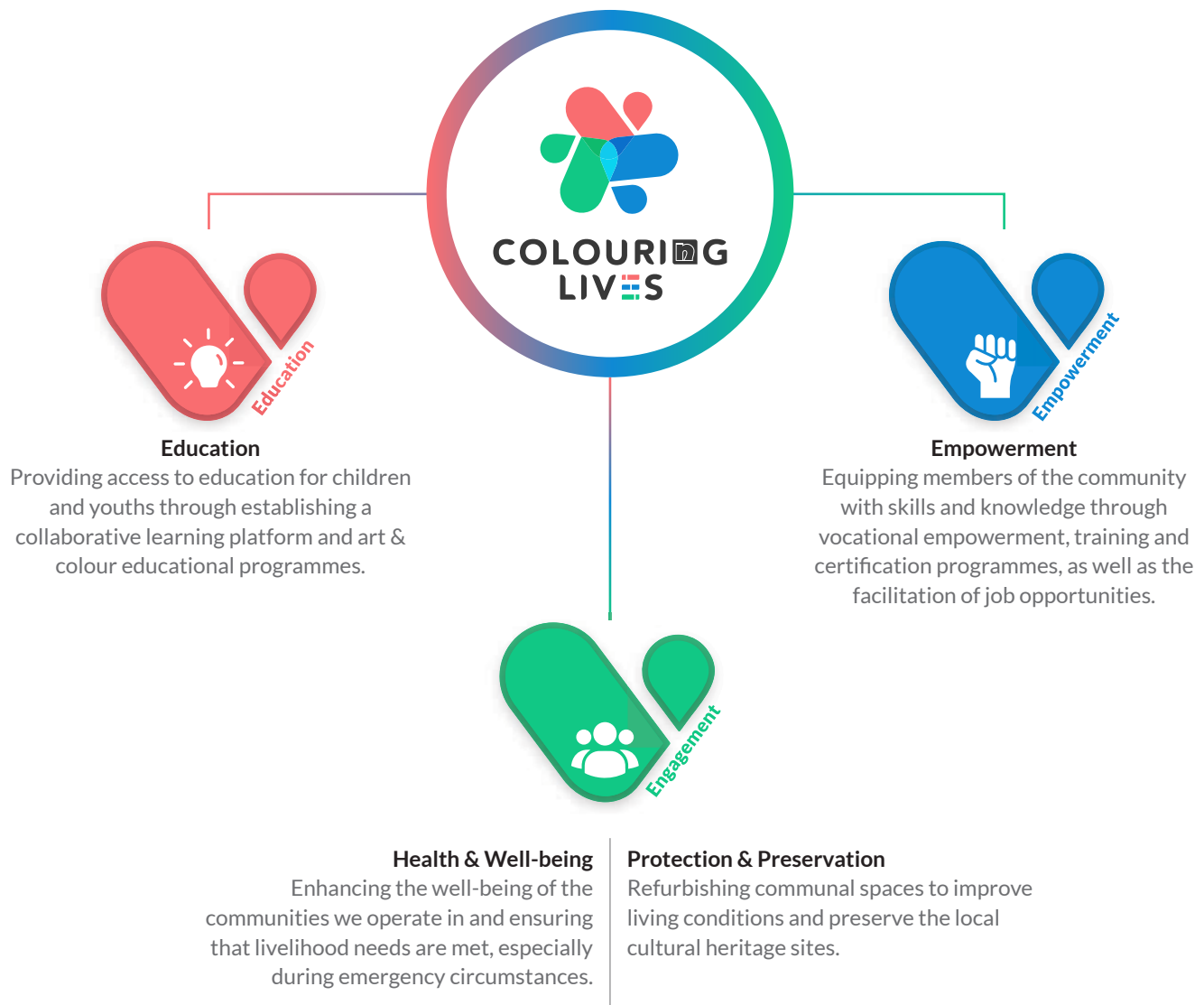
In alignment with this approach, each country assumes responsibility for crafting and executing employee learning plans. In FY2023, NIPSEA Group logged a total of 553,215 training hours for all employees, averaging 18.9 hours per employee, in line with the group's target of achieving 18 hours per employee by 2025.

As the COVID-19 pandemic situation improved and restrictions eased in 2023, demand for online training sessions naturally decreased, given that the average training hours of all NIPSEA Group employees in 2022 were 59.7 hours. As conditions improved in 2023, training hours naturally stabilised.

NIPSEA group utilises various mechanisms to ensure the effectiveness of its training and development initiatives. These include pre- and post-course assessments, stakeholder feedback after programme completion and yearly reviews that assess the impact and relevance of training programmes. As a group, we remain committed to exploring new methodologies and integrating technologies to enhance learning outcomes for our employees.

Colouring Lives to Impact Communities

NIPSEA’s business approach aims to create tangible social impact in communities through our CSR Umbrella – Colouring Lives, in countries where we operate. Our priority is to invest in and foster growth in areas facing socio-economic challenges through three key CSR pillars: Education, Empowerment, and Engagement.



Through ongoing collaboration with local governments, business partners, and NGOs, we are dedicated to leveraging our assets and resources to best serve the community’s interests within the framework of our Colouring Lives CSR vision. This vision is guided by the following approaches:

APPROACH #1

We understand ‘colouring’ to mean ‘making things better and more beautiful.’ We achieve this not just by using our paints, but also through our 3 CSR pillars - Education, Empowerment and Engagement.

APPROACH #2

We understand that ‘lives’ encompasses all living beings. Our 3 CSR pillars guide the way we impact lives - beautifying spaces through our paints to positively impact all lives that inhabit those spaces.

We also celebrate lives by championing diversity and inclusivity in the communities we operate in.

APPROACH #3

Colouring is the present participle of the verb ‘colour’. Articulating our commitment to ‘colour’ in the present continuous tense represents our commitment to continuous action towards colouring lives through our CSR initiatives.

Our framework establishes a clear foundation for our CSR initiatives, outlining the key pillars we prioritise as a company. While this framework provides consistent direction, we provide countries with the autonomy to develop CSR programmes aligned with these core principles and local needs. Every initiative is designed to be measurable, and we train our teams to gather detailed data to assess its impact on both the community and our business.

Employee engagement is central to our approach, with volunteering opportunities and stakeholder involvement actively encouraged. Our quarterly CSR Champion meetings facilitate collaboration and knowledge sharing, empowering representatives from all operating countries to share best practices and participate in targeted training sessions.

Our targets include making a meaningful impact on the lives of at least 10 million individuals across the three main pillars – Education, Empowerment, and Engagement – from 2019 to 2025, and investing at least USD5 million to CSR initiatives each year. Currently, we have achieved impacting more than 14 million lives, yet we are still progressing towards meeting our annual investment goal, having invested over USD4.8 million in CSR initiatives in 2023.

Community Impact at a Glance (2023)



Colouring Lives to Impact Communities

AYDA Awards 2023 – NIPSEA Group

The AYDA Awards 2023, spanning 15 countries and regions including Bangladesh; China; Hong Kong, China; Indonesia; India; Iran; Japan; Malaysia; Pakistan; Philippines; Sri Lanka; Singapore; Thailand; Taiwan, China; and Vietnam, serves as a premier interior design and architectural competition, fostering global engagement with interior designers and architects. This initiative holds significant material value for Nippon Paint, enabling meaningful connections with stakeholders and showcasing our commitment to nurturing young talents and supporting the design industry. AYDA facilitates networking and collaboration among designers, inspiring innovative design solutions with positive impacts on society. It also strengthens employee relationships and expands our brand’s influence, fostering enduring and sustainable business relationships with stakeholders while inspiring behaviour change among budding designers and professionals alike.



GLOBAL EDUCATIONAL PROGRAMMES

Countries and regions involved	15: Bangladesh; China; Hong Kong, China; Indonesia; India; Iran Japan; Malaysia; Pakistan; Philippines; Sri Lanka; Singapore; Thailand; Taiwan, China; and Vietnam
Total project execution cost (USD)	\$1,593,480
No. of hours committed	29,258
No. of lives impacted	107,053 University students impacted: 106,918 Other beneficiaries impacted: 135 College/Universities impacted: 1,202



China Students Education Support Award - Nippon Paint China

In order to tackle educational inequality, “China Students Education Support Award” sent teams of 100 college students to rural areas each year. These students collaborated with schools, conducting research on local heritage and providing educational activities, while gaining valuable social experience and fostering a sense of responsibility. This initiative aligns with China’s “rural revitalisation” policy, supporting both rural education and economic development. By partnering with the Central Committee of the Communist Youth League, Nippon Paint China reinforces its brand image as a socially responsible company among young people.

Total project execution cost (USD)	\$225,852
Paint sponsored (in litres)	40
Retail value of paints sponsored (USD)	\$1,412
Area of refurbished spaces (in sq ft)	380
No. of lives impacted`	257,543 Primary students/ children impacted: 23,943 College/ University students impacted: 1,998 Residents impacted: 230,000 Primary educational institutions impacted: 137 Tertiary education institutions/ College/ University impacted: 95 Teachers impacted: 1,602

Nippon Paint China Scholarship – Nippon Paint China

Established in 2005, “Nippon Paint China Scholarship” awards scholarships to 20 outstanding university students and 10 underserved middle school students annually at Renmin University. Recognising the need for industry-specific talent, Nippon Paint expanded the programme in 2018 to support 20 students each year at the School of Resource and Environmental Engineering at East China University of Science and Technology. This comprehensive scholarship initiative fosters future generations of well-rounded individuals and industry professionals.



Monetary donation to beneficiaries (USD)	\$18,350
No. of lives impacted	Students impacted: 9 Schools impacted: 40



Scholarship for employees’ children – Nippon Paint Thailand (Industrial Use Division)

Nippon Paint’s “Scholarship for Employees’ Children” programme supports both employees and their families. By rewarding the academic achievements of employees’ children, Nippon Paint lightens the financial burden on employees and strengthens their engagement with the company. The scholarship application process is facilitated through clear communication and HR management. This initiative not only benefits employees but also fosters a positive company image.

Employees participated	38
Monetary donation to beneficiaries (USD)	\$5,465
No. of lives impacted	38 Primary students/ children impacted: 22 Secondary/ High school students impacted: 6 College/ University students impacted: 10



Education Scholarship for Employee's Children – Nippon Paint Malaysia

EDUCATIONAL SCHOLARSHIPS

Nippon Paint's "Education Scholarship for Employee's Children" combats poverty through education by supporting academic excellence, fostering inclusivity in the workplace, and contributing to a skilled workforce. The programme provides scholarships to deserving children of Nippon Paint employees, covering tuition fees, course materials, a computer (first year only for diploma and above), and a monthly allowance for up to four years. Recipients are expected to maintain high attendance, complete coursework, participate in mentoring programmes, intern with the company during breaks, and share their exam results.



Total project execution cost (USD)	\$38,565
No. of lives impacted	7



Partnering with Schools

Happy Art Classroom & Training for Art Teachers – Nippon Paint China

The "Happy Art Classroom & Training for Art Teachers" project brings art education to life in rural China. By donating art supplies and tools to around 20 schools annually, the project equips students and fosters their appreciation for beauty in their surroundings. It also empowers teachers through professional training sessions held in Tier 1 cities such as Beijing and Shanghai each summer. This initiative not only supports rural students and educators but also strengthens Nippon Paint China's brand image by demonstrating its commitment to revitalising these communities.

No. of schools/ institutions impacted	25
No. of lives impacted	7,045 Primary students impacted: 7,000 Teachers impacted: 45



Brigada Eskwela – Nippon Paint Philippines



In Laguna, Philippines, the annual “Brigada Eskwela” initiative supports public schools by enhancing facilities and fostering a positive learning environment through activities like repainting classrooms and improving infrastructure. This effort not only encourages the 100 students involved but also boosts morale among teachers and learners. 5 primary educational institutions benefited from the initiative, which also serves as an opportunity for brand building and product awareness. With 1000 litres of paint used and the involvement of 5 painters/artists, the project leaves a significant impact on the community.

Value of paint sponsored (USD)	\$1,785
No. of schools/ institutions impacted	5
No. of lives impacted	105 Youths impacted: 100 Painters impacted: 5

Project Puthri – Nippon Paint India

“Puthri” is the first ever developmental project that seeks to create Career Intentionality among underserved girl students. “Project Puthri” empowers underserved girls aged 13-15 in Tamil Nadu, India to build successful careers. This first-of-its-kind initiative partners with girls from government/corporation schools and equips them through a combination of classroom sessions, virtual webinar sessions, games and corporate exposure. The programme aims to curb the issue of school dropouts, build self-confidence and equip them with the skills needed for white-collar jobs upon graduation. They get trained on 8 dimensions such as Health, Hygiene, Financial Acumen, Entrepreneurship, Nutrition, Analytics, Self-Defence and Digital Knowledge. Partnering with Avtar Human Capital Trust as our CSR partner, the project leverages employee volunteers as mentors and role models. This social responsibility effort fosters positive brand awareness, strengthens relationships with dealers and builds a loyal customer base.



Total project execution cost (USD)	\$7,142
Area of refurbished space (in sq ft)	410
No. of lives impacted	320 Secondary students impacted: 280 University students impacted: 40



Student Jamboree School Painting – Nippon Paint Sri Lanka

In Sewanagala, Sri Lanka, a vibrant school painting took place, where students and architectural students joined forces to paint selected schools. This collaborative effort aimed to support children’s education and well-being, contributing to positive brand awareness. The project attracted external parties such as the Sri Lanka Institute of Architects and involved 30 talented employees. A total of 250 litres of paint were used to transform the school environment. The impact was significant, with 300 primary students, 300 secondary/high school students and 300 college/university students benefiting from the initiative.



Additionally, one primary educational institution, one secondary educational institution/high school and four tertiary educational institutions/colleges/universities were positively impacted. Furthermore, five dealer shops were involved in the project, showcasing community engagement and collaboration.

Total project execution cost (USD)	\$1,515
Employees participated	30
No. of hours committed	120
Paint sponsored (in litres)	250
Retail value of paints sponsored (USD)	\$1,515
Area of refurbished spaces (in sq ft)	10,000
No. of lives impacted	<p>900</p> <p>Primary Students/ children impacted: 300</p> <p>Secondary/ High school students impacted: 300</p> <p>College/ University students impacted: 300</p> <p>Dealer shops impacted: 5</p> <p>Primary educational institutions impacted: 1</p> <p>Secondary educational institutions/ High school impacted: 1</p> <p>Tertiary educational institutions/ College/ University impacted: 4</p>



Nippon Paint Goes to School 2023 – Nippon Paint Indonesia

In 2023, Nippon Paint launched “Nippon Paint Goes To School,” a pilot programme for vocational schools in Indonesia. This initiative addresses the growing need for skilled workers in the automotive industry by providing practical training on Nippon Paint’s complete Duco paint system for vehicles. Recognising the crucial role of vocational schools, Nippon Paint aims to equip students with valuable industry knowledge and foster trust in Nippon’s Nippe Series products.

The project began by partnering with SMK Negeri 2 Kendal, in East Java, one of the top vocational schools in the country. After collaborating with the school and

internal teams, Nippon Paint delivered theoretical and practical training sessions led by product managers.

Total project execution cost (USD)	\$708
Employees participated	18
No. of hours committed	2,160
Paint sponsored (in litres)	78
Number of training hours conducted (in hours)	5
Retail value of paints sponsored (USD)	\$184
No. of lives impacted	41



Sharing things in circulation, exchanging happiness – Nippon Paint Group Automotive Refinish

PARTNERING WITH SCHOOLS

In Lop Buri, Thailand, Nippon Paint is fostering a culture of sharing and happiness through a project focused on circulating items and spreading joy. This initiative aims to enhance education, facilitate joint activities for employees and build a positive image. By providing essential items, lunch and teaching practical skills like keychain making to 120 primary students, Nippon Paint not only eases financial burdens for families but also demonstrates social responsibility and commitment to community development.



Employees participated	10
Monetary donation to beneficiaries (USD)	\$281
No. of lives impacted	120

Beautifying the Playground at Wat Ban Rai School – Nippon Paint Thailand (Industrial Use Division)



Nippon Paint brings a splash of colour and social responsibility to Wat Ban Rai School. This initiative tackles two key objectives: firstly, it beautifies the school environment by donating paint and equipment for a volunteer painting session alongside Nippon Paint employees. This collaborative effort will result in a more aesthetically pleasing and serene space for the school community. Secondly, the project raises awareness within the community about Nippon Paint’s commitment to social good, fostering positive PR and goodwill.

The mechanics are straightforward: after contacting the school to assess needs, Nippon Paint secures internal approvals and then organises a volunteer day where employees can contribute their time and skills to painting the school’s playground. This thoughtful project benefits both the school and Nippon Paint, creating a visually enhanced playground space while strengthening the company’s reputation for social responsibility.

Employees participated	20
Paint sponsored (in litres)	272
Area of refurbished space (in sq ft)	6,458
No. of lives impacted	195 Kindergarten students impacted: 39 Primary students impacted: 82 Women impacted: 61 Teachers impacted: 13



Beautification of Changla Gali – Nippon Paint Pakistan

A splash of colour and a strategic eye for branding came together in Nippon Paint Pakistan’s “Beautification of Changla Gali” project. Partnering with the Galiyat Development Authority, Nippon Paint aimed to create a more visually stunning and inviting experience for tourists visiting Changla Gali, a popular tourist destination. However, their vision extended beyond aesthetics. The project prioritised eco-friendly methods to ensure the natural beauty of the area was preserved.

Total project execution cost (USD)	\$11,504
Paint sponsored (in litres)	115
Retail value of paints sponsored (USD)	\$2,975
Area of refurbished spaces (in sq ft)	25,000
No. of lives impacted	18,010 Community residents/ Public impacted: 18,000 Painters/ Artists impacted: 10

The Book Effect Project – Nippon Paint Malaysia

Nippon Paint Malaysia is transforming hospital paediatric departments with its heartwarming initiative, “The Book Effect Project – Hospital Library Painting.” This project aims to create 10 cheerful and inviting library spaces for young patients in hospitals by the end of 2024.

More than just a colourful makeover, “The Book Effect Project” fosters a love of reading in children while providing an uplifted distraction. The project is a joined effort with Friends to Mankind and Taylor’s University. Friends to Mankind generously donates books, while Taylor’s University design students and Nippon Paint employees create vibrant murals using Nippon Paint’s VirusGuard interior paint, known for its anti-viral and anti-bacterial properties.



This collaboration benefits everyone involved. Hospitals receive transformed libraries and children discover the joy of reading within vibrant spaces. Nippon Paint participates in “The Book Effect Project” as a way to showcase the real-world benefits of VirusGuard in a healthcare setting. By creating hygienic and colourful library spaces, Nippon Paint demonstrates the product’s potential to contribute to a healthy and positive environment for patients and staff.

“The Book Effect Project” is a thoughtful initiative that paints a picture of care, community, and a love for learning. It showcases Nippon Paint’s commitment to well-being and its dedication to creating a positive impact on the community.

Total project execution cost (USD)	\$237
Employees participated	3
No. of hours committed	18
Paint sponsored (in litres)	20
Retail value of paints sponsored (USD)	\$237
Area of refurbished spaces (in sq ft)	400
No. of lives impacted	4,200 Primary students/ Children impacted: 4,000 Medical professionals impacted: 200 Hospitals impacted: 2



Dev Samaj Girls' High School Beautification - Nippon Paint Pakistan

ENGAGEMENT (PROTECTION & PRESERVATION)

Nippon Paint Pakistan partnered with the Biennale Foundation to enhance and repaint the Dev Samaj Girls High School in Lahore, aiming to improve the learning environment for underserved students. The project not only beautified the school but also generated goodwill for Nippon Paint in the local community. As part of the initiative, Nippon Nisa painters collaborated with Biennale Foundation paint artists to paint the school's walls.



Total project execution cost (USD)	\$54
No. of hours committed	3
Paint sponsored (in litres)	20
Area of refurbished spaces (in sq ft)	350
No. of lives impacted	523 High school students impacted: 500 Painters/ Artists impacted: 3 Teachers impacted: 20

Mural Painting Beautiful Vietnam – Nippon Paint Vietnam



Nippon Paint Vietnam’s “Mural Painting Beautiful Vietnam” project aimed to beautify Ho Chi Minh City’s landscapes with murals showcasing the country’s beauty, as seen in Nippon Paint’s 2022 Vietnamese TV commercial. This initiative had a dual purpose: enhancing city aesthetics and brand awareness. The strategically placed murals served as both advertisements, increasing brand recognition among Vietnamese citizens, students, and local authorities.

Total project execution cost (USD)	\$27,000
No. of hours committed	48
Talent (number of employees involved)	4
Paint sponsored (in litres)	1,000
Retail value of paints sponsored (USD)	\$10,500
Area of refurbished spaces (in sq ft)	12,916
No. of lives impacted	160,000 Residents: 80,000 Community residents/ Public : 80,000



Singapore River (Coleman Underpass Mural) – Nippon Paint Singapore

Nippon Paint sponsored a vibrant mural painting project at the Coleman underpass along the Singapore River. Situated between Clarke Quay and ArtHouse, this location boasts high traffic and visibility, promising to enhance the environment for businesses, leisure activities and tourism.

By inspiring individuals with the mural, Nippon Paint aims to drive interest in painting, whether through DIY endeavours or professional services. The project has left a significant impact, with 190 litres of paint used and a diverse audience influenced, including 50 primary students, 80 secondary/high school students,

20 college/university students, 35 youths and an astounding 500,000 residents.

Retail value of paint sponsored (USD)	\$30,049
Area of refurbished spaces (in sq ft)	1,800
No. of lives impacted	500,150 Residents impacted: 500,000 Students impacted: 150

Earth Retaining Wall Colouring Project – Nippon Paint Taiwan

“The Colouring with Love – Earth Retaining Wall Colouring Project” in Wutai, Pingtung, promotes local culture through wall paintings, fostering community unity and boosting tourism income. This initiative enhances brand image, demonstrates CSR commitment and strengthens community relations. With 50L of outdoor paint and 25L of waterproof primer used, the project involves three employees, six painters and collaboration with Ping Rong High School, impacting 45 high school students and 3300 residents. It underscores the power of collaboration and community engagement in driving positive social change.



Retail value of paint sponsored, USD	\$1,000
Area of refurbished spaces, (in sq ft)	800
No. of Secondary/ High school students impacted	45
No. of resident impacted	3,306 Residents impacted: 3,300 Artists impacted: 6 Dealer shops impacted: 1



Gapura Merah Putih 2023 – Nippon Paint Indonesia

Nippon Paint’s “Gapura Merah Putih” initiative celebrates Indonesia’s Independence Day by promoting “gotong royong” (mutual assistance) through painting traditional archways.

This CSR programme fosters cultural sensitivity and community spirit, allowing Nippon Paint to engage with communities and local authorities to create a truly inclusive environment.

Employees participated	121,745
Paint sponsored (in litres)	243,490
Area of refurbished space (in sq ft)	243,050
No. of lives impacted	9,739,600



Rural Campus Refreshing – Nippon Paint China

ENGAGEMENT (PROTECTION & PRESERVATION)

The “Rural Campus Refreshing” initiative spans 18 provinces in China, aiming to beautify elementary schools in rural areas while nurturing students’ appreciation for beauty. Each year, about 20 schools are chosen for refurbishment based on nominations from partners, employees and franchisers. Supplies like books, bags and crayons are donated, embodying values of Love, Colour and Joy. In 2023, 20 primary schools were repainted, totalling 426 across 32 provinces, which led to an additional project valued at 7 million RMB for the Project Coatings Business Unit. Collaborations with external parties like the Shanghai United Foundation have been crucial, with funds allocated for construction.



Total project execution cost (USD)	\$281,962
No. of hours committed	2,112
Talent (No. of employees involved)	200
Paint sponsored (in litres)	83,400
Area of refurbished spaces (in sq ft)	67,000
No. of lives impacted	9,600 Primary students/ Children impacted: 6100 Primary educational institutions impacted: 20 Women impacted: 2,500 Teachers impacted: 1,000 Dealer shops impacted: 18

**CSR City Icon –
Nippon Paint Indonesia**

In Batu, East Java, Indonesia, the “City Icon” project focuses on repainting city icons and the central park area (alon-alon), aiming to renovate these landmarks and create a welcoming space for the community. This initiative not only enhances the city’s aesthetics but also promotes tourism and stimulates the local economy. By raising awareness among the community and government, the project serves as a bridge to government initiatives, fostering collaboration and community engagement. Involving ten employees and using 373.6 litres of paint, the project impacts 10,000 residents, improving their surroundings and enhancing civic pride.



No. of hours committed	300
Paint sponsored (in litres)	374
No. of lives impacted	10,000



ART+ – Nippon Paint China

The “ART+” under the overarching “Colour, Way of Love” project is a dynamic initiative spanning Shanghai, Chengdu and Changsha, China, aiming to raise awareness of art, colour and social issues through impactful murals. With a focus on protecting animals and children and nurturing the appreciation of beauty among rural students, the project invites global mural artists and designers to contribute. In 2023, 14 murals were completed, involving 142 artists and designers and garnering media attention. Collaborations with external partners like the Chengdu Wuhou Community Foundation have been instrumental. With 210 employees involved and over 4,180 litres of paint used, the project has impacted 2,400 students, 1,500 residents, 10 educational institutions and four dealer shops. This engagement not only

beautifies urban and rural spaces but also raises awareness and fosters community cohesion, making it a transformative force for social change.

Total project execution cost (USD)	\$317,957
No. of hours committed	5,184
Talent (No. of employees employed)	210
Paint sponsored (in litres)	4,180
Area of refurbished space (in sq ft)	2,400
No. of lives impacted	9,600 Primary students/ Children impacted: 6,100 No. Primary educational institutions impacted: 20 Women impacted: 2,500 Teachers impacted: 1,000 Dealer Shops impacted: 18

Preschool Outreach – Nippon Paint Malaysia

The programme features Ray, a mascot from their “Wellness Blobby” crew, who teaches pre-schoolers about the important link between a healthy home environment and their overall well-being. Through interactive activities like storytelling with Ray, children learn how good air quality contributes to a healthy environment. Subtly positioned as the “hero” of clean air, this programme showcases how our products can improve air quality, leaving a positive brand impression.

The programme visits 150 preschools within the nation, offering fun and educational activities. The involved teams act out stories featuring Ray, bringing the lessons to life. During visits, children can unleash their creativity in a colouring competition with exciting prizes. As a grand prize, two lucky preschools win a vibrant space makeover using Nippon Paint products, creating beautiful and healthy learning environments for all.

This initiative presents many benefits. Children learn valuable lessons on wellness, winner schools get a colourful makeover, and Nippon Paint builds positive brand experiences for both students and teachers.



Total Project Execution Cost (USD)	\$17,883
Area of refurbished space (in sq ft)	2,000
No. of lives impacted	Primary students impacted: 9,000 Preschool students impacted: 150





Colour Creates Happiness by Nippon Paint – Nippon Paint Thailand

Nippon Paint’s “Colour Creates Happiness” project fosters a sense of community and well-being through environmental beautification. This ongoing initiative brings together Nippon Paint employees, local government and residents to revitalise public spaces. The project goes beyond aesthetics, promoting sustainability by incorporating recycled materials like plant pots made from paint production waste. Overall, “Colour Creates Happiness” enhances the quality of life for over 100 households by creating a brighter, cleaner and more sustainable environment.



ENGAGEMENT (HEALTH & WELL-BEING)

Total project execution cost (USD)	\$4,000
No. of hours committed	24
Talent (No. of employees involved)	60
Paint sponsored (in litres)	300
Retail value of paints sponsored (USD)	\$900
Area of refurbished paces (in sq ft)	21,528
No. of lives impacted	482 Residents impacted: 150 Painters/ Artists impacted: 2 Women impacted: 30 Community residents/ Public impacted: 300



Blood Donation – Nippon Paint Thailand (Industrial Use Division)

Nippon Paint organised an employee blood donation drive to support the Thai Red Cross Society’s blood bank. This initiative not only benefits the community but also raises awareness of Nippon Paint’s commitment to corporate social responsibility. The project is facilitated through clear communication from HR and scheduling with the Red Cross.

Employees participated	140
No. of community residents/public impacted	121
No. of hospitals impacted	5



Shop Support for People with Diverse Abilities – Nippon Paint Thailand (Industrial Use Division)

Nippon Paint’s “Shop Support for People with Diverse Abilities” empowers people with disabilities by providing a platform to sell goods within the company. This initiative promotes self-sufficiency for these individuals, while also generating tax benefits for Nippon Paint. The project involves collaboration with caregivers, who manage product sales and document submission. After obtaining presidential approval, the company communicates the initiative to all employees. This programme not only supports people with diverse abilities but also fosters a positive company image through its social responsibility efforts.

No. of employees involved	300
No. of lives impacted	6 Women impacted: 2 Community residents impacted: 4



Kasih Hospice Charity Fair – Nippon Paint Malaysia

Nippon Paint Malaysia turned trash into treasure at the Kasih Hospice Charity Fair, demonstrating their commitment to environmental responsibility while supporting the community. Staff volunteers ran a booth selling unique clothes hangers crafted from recycled materials. All proceeds went directly to Kasih Hospice, supporting their vital work. This impactful initiative not only raised funds but also showcased Nippon Paint’s commitment to environmental consciousness and community well-being, solidifying their reputation as a caring corporate citizen.



No. of employees involved	10
Amount raised for hospice (USD)	\$1,191

ENGAGEMENT (HEALTH & WELL-BEING)



Hiking for Love – Nippon Paint China

Employees from Nippon Paint China embark on a journey of love through hiking in Shanghai and Beijing, China. The project aims to unite employees in participating in large-scale charity walking events, raising funds to support public welfare projects aiding distressed children, and providing opportunities for corporate social responsibility volunteer activities.

By joining initiatives such as “E.G.G WALKATHON” by Shanghai United Foundation and “ShanXingZhe” by China Rural Development Foundation, employees engage in 50km hikes while raising funds for children in remote areas facing adversity, aiming to foster a better growth environment for them.

No. of hours committed	20
No. of employees involved	500
Monetary donation to beneficiaries (USD)	\$49,405
No. of youths impacted	1,500

Packaging Panthers – Nippon Paint Group Automotive Refinish

Nippon Paint’s “Packaging Panthers” project in Palwal, India, in collaboration with the Nai Subah Foundation and Anandkand Paramount Products, aims to provide employment opportunities and life skills to neurodiverse individuals. Nippon Paint Group Automotive Refinish employs these individuals in our packaging plant but also considers their specific needs in our hiring process through this programme.



This hiring initiative reflects our commitment to fostering inclusivity and equity in society by embedding sustainable job opportunities that cater to hiring specially abled individuals. Despite challenges such as absenteeism, our unique assisted employment model has proven successful, with a dedicated neurodiverse workforce demonstrating remarkable commitment and loyalty, resulting in error-free performance and a strong sense of ownership towards their work.

No. of hours committed	2,400
Monetary donation to beneficiaries (USD)	\$18,282
No. of lives impacted	12

Project Sahyog – Nippon Paint Group Automotive Refinish

In East Delhi, India, Nippon Paint launched the “Spreading Delight Project Sahyog”, a transformative endeavour focused on supporting education at Pragati Wheel School’s junior wing. Over three years, the project pledges full financial backing for both students and teachers, showcasing dedication to community development and addressing SDG 4 Quality Education. By adopting the school, Nippon Paint not only fulfils its corporate social responsibility but also leaves an indelible impact on the lives of 60 primary students.



No. of employees involved	10
Monetary donation to beneficiaries (USD)	\$6,029
No. of lives impacted	60



EMPOWERMENT



nShakti – Nippon Paint India

EMPOWERMENT

Nippon Paint’s “nShakti” programme empowers unskilled women in rural/urban areas by equipping them with professional painting skills.. The trained women become part of a skilled workforce, allowing them to earn a living and support their families. The programme even has its sights set on the future, aiming to inspire some graduates to become small paint dealership owners.

To achieve this, nShakti’s team collaborates with various partners like dealers, NGOs and self-help groups to identify potential candidates. The women then undergo a comprehensive 12-day training programme and receive not only the necessary skills but also a skill certificate and identification card. Nippon Paint’s support does not stop there; they actively connect these trained painters with potential clients and offer ongoing support through a membership app and digital marketing efforts.



Total project execution cost (USD)	\$6,400
No. of hours committed	7,200
No. of employees involved	5
Paint (in litres)	9,000
No. of lives impacted	1,900 Women impacted: 1,000 Trainees impacted: 900



PROceed Painter Training: XR Spray Painting Training & RPL Certification - Nippon Paint India

Nippon Paint's "PROceed Painter Training" programme tackles painter development and upskilling in South India through a partnership with Skills Council. This initiative offers training on mechanised tools, XR(eXtended Reality) Spray Painting and RPL certification, enhancing employability for painters. The programme fosters stronger relationships with contractors, channel partners and painters themselves.

With over 10,900 painters trained and a dedicated app for continued engagement (PROchamp), this project signifies Nippon Paint's commitment to social responsibility by supporting the professional growth of painters.

Total project execution cost (USD)	\$32,441
No. of hours committed	28,800
No. of employees involved	20
Paint (in litres)	600
No. of lives impacted	21,800 Artists impacted: 10,900 Trainees impacted: 10,900



Hong Kong Federation of Women’s Centres (HKFWC) - Nippon Paint Hong Kong

In Cheung Sha Wan, Hong Kong, China, our collaboration with the Hong Kong Federation of Women’s Centres (HKFWC) continued with a meaningful project. We trained volunteers from HKFWC to form a painting team, empowering them with basic renovation skills through training and practical experiences. Together with HKFWC, we identified families in need of home renovations, providing assistance where residents could not afford the costs.

The project’s impact extends beyond the renovations, as it opens doors for further CSR opportunities. With 10L of paint used, this endeavour highlights our commitment to making a tangible difference in the community.

Total project execution cost (USD)	\$35
No. of hours committed	15
Talent (No. Of employees involved)	1
Paint sponsored (in litres)	10
Retail value of paints sponsored (USD)	\$110
Area of refurbished spaces (in sq ft)	170
No. Of lives impacted	5 Residents impacted: 2 Women impacted: 3

DecoMaster Art Academy – Nippon Paint Turkiye

Nippon Paint’s “DecoMaster Art Academy” tackles the lack of skilled decorative paint applicators. This free programme equips 40 aspiring artists with the technical skills and business knowledge needed to become “DecoMasters.” Participants receive hands-on product training at Nippon Paint’s Gebze Factory, along with social skills development in areas like safety, communication and entrepreneurship.

Graduates build a portfolio showcasing their artistic abilities with Nippon Paint products, connecting them with potential clients like architects, applicators and Nippon Paint dealers through the programme’s website and ongoing support network.



Total project execution cost (USD)	\$46,000
No. of hours committed	360
No. of training hours conducted (in hours)	75
No. of certifications awarded to beneficiaries	40
No. of lives impacted	70 Painters/ Artists impacted: 40 Women impacted: 30



Entrepreneur Young Painter – Nippon Paint Turkiye

EMPOWERMENT

Filli Boya’s “Entrepreneurial Young Painter” programme tackles the decline in skilled painters by empowering 40 young Turks of ages 18 – 30 years old, through a comprehensive approach. Combining a 4-week technical training with soft skills development in communication and social media, the programme equips graduates with the necessary expertise to succeed. Upon completion, they receive a government certification and access to Filli Ustam, a platform connecting them with clients and professionals, ensuring sustainable employment while fostering a pool of skilled painters loyal to Filli Boya products.



Total project execution cost (USD)	\$10,000
No. of hours committed	472
No. of training hours conducted (in hours)	176
No. of certifications awarded to beneficiaries	20
No. of lives impacted	40 Painters/ Artists impacted: 40



A glowing lightbulb with a brain inside, surrounded by a network of nodes and lines. The lightbulb is yellow and glowing, and the brain is white with yellow highlights. The network of nodes and lines is white and glowing.

Chapter 5

**INNOVATION
& PRODUCT
STEWARDSHIP**



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NIPSEA Group is dedicated to fostering a culture of sustainable innovation and responsible product stewardship. As of 2023, we have increased our R&D technical centres to 44 across the world to serve our domestic and global customers. This allows us to develop sustainably advantaged products that meet the evolving needs of our global markets. A key aspect of this commitment involves addressing chemicals of concern. We achieve this by implementing innovative and safe product design principles throughout our entire product lifecycle, wherein we have patented around 648 innovative products. This ensures the safety and well-being of our customers, employees, and the communities we serve. Ultimately, NIPSEA Group's unwavering commitment to sustainable progress is driven by a desire to improve lives and create a positive future for all.

Sustainably Advantaged Products

NIPSEA Group prioritises the development of sustainably advantaged products and solutions that align with the environmental and social goals of our stakeholders. This focus on designing sustainable products is embedded within our new product development and project evaluation processes. Our sustainably advantaged products strategy emphasises the creation of safer materials with lower carbon footprints throughout their lifecycle. This includes utilising environmentally friendly processes and offering innovative applications. We have made significant strides in incorporating recyclable and bio-based materials to demonstrably reduce product carbon footprints. Moreover, our commitment to providing high-performance products for building and equipment protection remains paramount. Through practical applications, such as stone-like coating, low temperature curing e-coating, tin-free e-coating, and bio-based resin, we have introduced a range of advanced solutions that deliver customer satisfaction through comfort, durability, and reliability.

Our group took a significant step towards embedding sustainability throughout our sustainably advantaged product development process. We established sustainable product assessment criteria and implemented the Green Design Review within our Project and Portfolio Management ("PPM") tool, which ensures that new technologies and products align with our sustainability strategy. By the end of 2023, nearly 79% of projects in the PPM system had undergone the Green Design Review, resulting in the identification of 32% of these projects as opportunities for developing sustainable products. This year, we generated USD997.89 million in revenue from sustainably advantaged products, which represented a 78.9% increase from 2022.



Sustainable Product Assessment Criteria

NIPSEA’s group-level ESG Innovation Committee, supported by subject matter experts at Project Safety & Regulatory Affairs (“PS&RA”), PPM sets the framework for innovation and promotion of sustainable practices in our product development cycle.

We base our sustainably advantaged products definition on the following criteria:

- **Eco-Friendly Ingredients:** Use of environmentally-friendly ingredients and materials are more likely to create sustainable products;
- **Energy-Efficient Manufacturing Processes:** Use of energy-efficient manufacturing processes and equipment are more likely to create sustainable products;
- **Waste Minimisation:** Minimisation of waste and recycle materials are more likely to create sustainable products;
- **Customers’ Feedback:** Listening to customers’ feedback and use customer satisfaction as a guide for product development are more likely to create sustainable products.

Additionally, we use sustainability metrics such as environmental impact, social impact, and resource efficiency to determine the sustainability impacts of the product offerings, as follows:

Positive Impact	Negative Impact
<p>1. Service differentiation: A company that provides sustainable products to downstream Key Opinion Leaders (“KOLs”) can support their sustainability and carbon-related targets.</p> <p>2. Market leadership: A company that has sustainable products that are recognised by the market, and customers can gain market leadership and drive sales growth.</p> <p>3. Corporate responsibility: Companies that create sustainable products are more likely to be held to a higher standard of corporate responsibility, which can increase brand recognition and corporate reputation</p>	<p>1. Environmental impact: Creating sustainable products requires companies to use more resources and energy than traditional products, which may have a negative impact on the environment.</p> <p>2. Legal liability: Some companies may be responsible for product releases or have legal disputes related to their product quality or manufacturing processes, which may have a negative impact on the company’s reputation.</p> <p>3. Costly production: Creating sustainable products requires companies to use more resources and energy than traditional products, which may increase production costs and reduce their profit margin.</p>

Green Design Review

NIPSEA Group has implemented the Green Design Review process within our PPM system as part of our unwavering commitment to sustainability. This comprehensive screening approach meticulously evaluates the environmental footprint of our products across their entire lifecycle—from raw material selection and manufacturing to application and disposal. Proactively addressing environmental concerns, health impacts, and energy consumption throughout the value chain, the Green Design Review guides our product development towards industry-leading sustainability performance. We have developed a robust, company-specific methodology that aligns with evolving regulations and corporate social responsibility principles. This data-driven approach allows us to deliver tangible business value to our stakeholders and customers.

Our product assessment is based on the entire product life cycle, making it a powerful tool for stakeholders to consider environmental, social, and economic impacts. By assessing individual products at the beginning of their life cycle, we are able to make design improvements that reduce waste, scraps, utility, and materials costs. By implementing the Green Design Review, we aim to expand our portfolio of sustainable solutions, provide credible data demonstrating reduced energy consumption and material use, and significantly lower VOC emissions and market products that affect the health and well-being of our communities.



Sustainable Product Categorisation

With an aim to differentiate ourselves in the market and drive our sustainably advantaged product offering across a broad range of industries and product types (including eco-friendly coatings, renewable energy solutions, and sustainable packaging material), we have operationally categorised our sustainable products into the following **16 categories**:

Products Production (NIPSEA Group):	Products in Application (Customers):
<ul style="list-style-type: none"> • Sustainable manufacturing process: waste, VOCs, energy • Sustainable raw materials: bio-based, recycled • Third-party green and eco-certification: eco-labels 	<ol style="list-style-type: none"> 1. Reduction of chemical emissions <ul style="list-style-type: none"> • Waterborne • Powder • High solid 2. Reduction of hazardous substances <ul style="list-style-type: none"> • Reduction of heavy metals • Reduction of hazardous chemicals 3. Reduction of energy consumption <ul style="list-style-type: none"> • Low-temperature curing • UV curing, EB curing • High productivity 4. Reduction of material used and waste generated <ul style="list-style-type: none"> • Use less materials • Generate less waste 5. Products in Service (end markets) <ul style="list-style-type: none"> • Longer service life and durability • Used in clean technology • Contribution to good health and well-being

NIPSEA Group recognises that securing long-term market share for the sustainable paints and coatings comes with challenges like certification hurdles, effective marketing, and keeping pace with innovation. In our efforts to assure the sustainability of our products, we prioritise compliance with relevant laws and regulations as well as continuous innovation to create competitive advantages. We also target our campaigns to raise consumer awareness and understanding of the benefits of these products. By carefully considering these challenges and taking proactive steps, we are committed to creating sustainable products that meet the needs of present and future generations. We are committed to overcoming these challenges and creating sustainable products that are both environmentally-friendly and commercially successful.

Eco-friendly Innovation Achievements



NIPSEA group is actively developing and delivering next-generation solutions that address environmental concerns while meeting stringent market demands. The Advanced Coatings Business Unit has introduced the NP SunRise® 3C coating solution. This sustainably advantaged product line empowers consumers with safer and more eco-friendly 3C (computers, communications, and consumer electronics) products by focusing on the recycling and reuse of non-hazardous components. NP SunRise® 3C includes various low-VOC, high-solid, oil-based and water-based options, promoting green development in the 3C industry by minimising the use of harmful substances and chemical raw materials.

Further demonstrating our commitment to the environment and sustainability, Nippon Paint Marine’s AQUATERRAS® biocide-free and self polishing coating recently received the Marine Technology Award at the Seatrade Maritime Awards in Shanghai, which leverages cutting-edge science and technology to empower customers to enhance operational efficiencies for GHG emissions reductions and the reduction of fuel costs. Our data shows this innovative coating can deliver up to 10% fuel savings, substantiating NIPSEA Group’s dedication to supporting our customers in achieving greener operations, maximising efficiency and uptime, minimising costs and emissions, and safeguarding their valuable assets.

Bio-Based Material

NIPSEAGroup is deeply engaged in innovation activities to address concerns surrounding the environmental impact of petroleum-based products and the limited supply of natural alternatives like lacquer. In doing so, we have focused on bio-based technology, developing a high-solids-content waterborne polyurethane resin. This innovative resin boasts excellent flexibility, superior film formation, and astounding hydrolysis resistance.

Our innovative bio-based polyurethane resin revolutionises the automotive industry as it delivers exceptional adhesion, stone chipping resistance, and water repellence – perfect for demanding applications requiring thin film coatings.

This versatile resin can also be applied to wood furniture and interior coatings, aligning with the growing demand for healthier and safer living spaces. By minimising solvent emissions, saving on coating costs, lowering baking energy consumption, and reducing reliance on petrochemical raw materials, NIPSEA Group’s bio-based polyurethane resin paves the way for a cleaner environment and a more sustainable future.

These remarkable features were recognised with the prestigious Ringier Technology Innovation Award 2023, recognising NIPSEA Group as a leading innovator in China’s coatings industry.



Product Safety Design

NIPSEA Group prioritises both health and safety and continuous product advancement. We strictly adhere to regulations throughout the entire product lifecycle, from design to application. Our compliance management system ensures every step—from raw materials to waste management—follows a defined process. We actively engage with stakeholders, incorporating their feedback to refine technology and production practices for real-world needs.

Our commitment to innovation prioritises eliminating chemicals of concern. Cross-functional teams from various regions collaborate on projects to achieve this goal. Established policies and procedures – such as a gate review process and consultations with the Project Safety team – and ongoing projects support this objective and help us meet global and regional regulations. Gate review is the process by which we review projects from initiation to completion. During the initial stage of a project, the Project Safety team gets involved to conduct basic formulation checks for chemicals of concern and early risk identification. Before commercialisation, the team will also verify whether the products meet REACH, RoHS, or other local regulations. These activities minimise the risks of mass production and infringement of local regulations.

Recently, we have encountered challenges related to new concerned substances, posing a complex challenge to our innovation team. We address these emerging challenges by continuously updating our list of chemicals of concern and working to phase them out, to provide a safer environment and more advanced products.





Health and safety impact assessments were conducted on **100%** of significant products and services

NIPSEA Group fosters a global community to exchange information on regulations and trends. We work collaboratively to assess health, environmental, and economic risks associated with the most stringent global regulations, such as those concerning Per- and Polyfluorinated Substances (“PFAS”); heavy metals; carcinogenic, mutagenic or reproductive toxicant (“CMR”) materials and UV-328. Through information sharing and training, we ensure everyone at NIPSEA understands and applies product safety design principles.

Our commitment to offering a range of high-quality, safe, and eco-friendly solutions extends into ensuring reduced negative impacts on human health, environment, and our employees. Internal audits are conducted annually to

ensure all operations align with the highest international standards and best practices. In doing so, our innovation and technical teams regularly review our chemicals of concern list and specific data requests from NGOs, the marketing team, and key customers to ensure our product safety.

We also actively provide technical support as well as health and safety guidance to our stakeholders, including suppliers, carriers, distributors, and customers. NIPSEA believes in open communication and actively seeks feedback from its stakeholders to ensure all concerns are addressed promptly. This dedication to safety is reflected in our achievement of 100% health and safety impact assessments conducted on all significant products and services.

Development of Environmentally-Friendly Pigments

Chromated pigments are vivid in its appearance and have been observed to exhibit excellent long-term performance, but its components inherently pose issues to the environment. At NIPSEA Group, our chromate-free policy ensures that we develop and launch environmentally-friendly solutions free of otherwise harmful components. In China’s coil coating section, we have developed several environmentally-friendly pigments to replace traditional solutions containing lead chromate pigments. These newly introduced pigments provide the same quality in terms of colour saturation, heat resistance, and cost-effectiveness while ensuring our product line stays free of harmful heavy metals.



Chapter 6

GOVERNANCE



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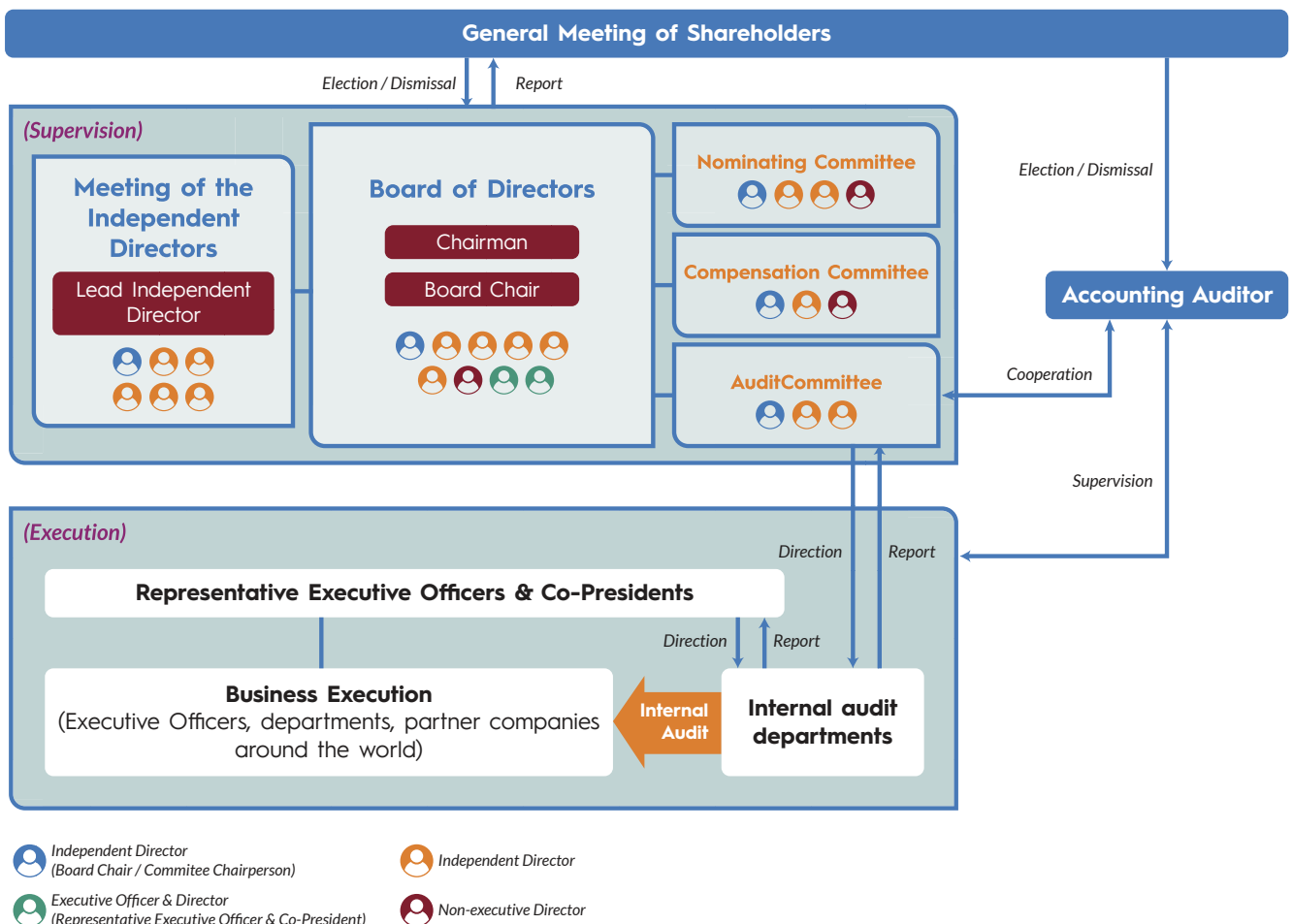
At NIPSEA, we are intentional in guiding the course of our regional scope of operations. We believe that with our corporate ambitions, it is crucial that we carefully govern our operations to fulfil our share in the responsibility of maximising shareholder value (“MSV”). In working towards our objectives, we acknowledge the necessity of appropriate risk management and stakeholder management that complement one another and allow us to identify and pursue opportunities in a measured and mutually beneficial manner with our ecosystem of stakeholders.

Corporate Governance

Our Group’s purpose unites our companies, and our mission is to create wealth responsibly. We achieve this by prioritising strong governance and MSV while considering our impact on the environment and the needs of all stakeholders, including customers, employees, and society.

Our parent company, Nippon Paint Holdings Co. Ltd. (NPHD), has implemented a robust governance framework designed to enhance management transparency, objectivity, and fairness. This framework segregates the functions of business execution and management oversight through the separation of NIPSEA’s management roles and the supervision from the NPHD’s Board and Three Committees, namely the Nominating, Compensation, and Audit Committee. This approach is based on the foundation for our “Asset Assembler” model, a strategic approach focused on achieving MSV. The model optimises efficiency while maintaining a clear line between day-to-day operations and strategic guidance.

Our Board of Directors prioritises MSV, aligning with our major shareholder’s goals. Importantly, a majority of our Board members are independent, ensuring they act in the best interests of all shareholders, including minorities. This balanced composition reflects our commitment to fairness and equitable governance. The Board of Directors encourages calculated risks from management. They provide timely guidance without hindering decision-making.



We believe in empowering our partner companies (“PC”) and employ a decentralised and autonomous management approach. This approach is built on trust and strong relationships with our partner company Co-Presidents. To ensure effective leadership, we have a dedicated NIPSEA Group Management Executive Committee (“NMC EXCO”). This committee includes key decision-makers like the GCEO, NPHD Co-Presidents, and the NPHD Chairman. Each Partner Company Group (“PCG”) within our organisation has its own Executive Committee (“EXCO”) that reports to the NMC EXCO. These group leaders have the autonomy to manage their operations and implement strong internal controls. Their expertise allows for quick decision-making, risk management, and leveraging of regional market knowledge.

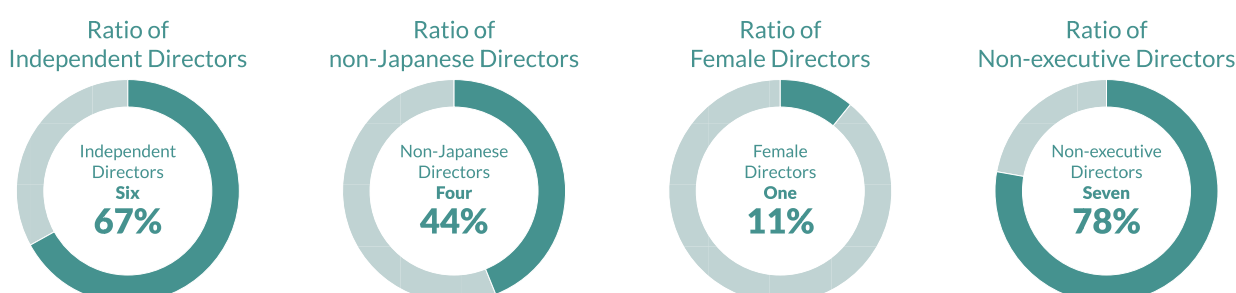


NIPSEA Group operates with a clear structure based on the Group Delegation of Authority (“DOA”) guidelines. These guidelines define decision-making authority according to present materiality thresholds. Significant matters are escalated to PCG or NMC EXCOs for thorough discussion. We adhere to the internal control framework set by our parent company, with the NPHD’s Global Code of Conduct as the guiding principle. This code outlines essential compliance, ethical, and sustainability standards for all NIPSEA Group personnel. The framework also includes the Global Risk Management and Whistleblowing Hotline policies, supporting our commitment to decentralised management.

Board Composition

Since FY2020 – when our parent company implemented its Three Committees system – we have maintained an effective Board structure with a few changes in membership. Of the nine Directors of the Board for FY2024, six (67%) are Independent Directors, five (56%) are foreign nationals or reside outside of Japan, and one (11%) is a woman. More details on the Board’s composition and expertise can be found on NPHD’s [website](#).

Features of the Board’s composition



Evaluation of the Performance of the Highest Governance Body

Led by the Board Chair and the Chairperson of the Nominating Committee, we assessed the effectiveness of the Board of Directors through extensive discussions based on the results of a questionnaire targeting all Independent Directors and Executive Officers. We performed this assessment in FY2023, as each Director evaluated various aspects of the Board, such as the composition of the Board of Directors, pre-meeting preparations, operations, quality of deliberations, Director's contributions, the monitoring structure for the management team, the composition of each committee, and other matters. From these meetings, we've concluded that the Board's effectiveness is generally maintained, with several initiatives highlighted to be implemented in FY2024:

Issues Requiring Stronger Initiatives in FY2024

1. Enrichment of discussion on growth strategy:

Increase opportunities for and enrich the discussions on medium to long term management strategies, to further contribute to MSV.

2. Improvement of the operational efficiency of Board meetings:

Dedicate further efforts to improve Board operation, to facilitate more sophisticated discussions.

3. Thorough engagement in succession planning:

Review and draw up plans to identify and develop talent for the future management team

4. Further fine tuning of the "Audit on Audit" framework:

Modify the audit framework of NPHD to better suit Asset Assembler model.

Collective Knowledge of the Highest Governance Body

Our parent company is dedicated to fostering a culture of continuous improvement and knowledge sharing among partner companies. This commitment is realised through various forums, including EXCO meetings and annual and bi-annual conferences among business units such as Group Management, Finance, Human Resources, Information Technology, Production, Marketing, and Procurement. These engagements aim to enhance our globalised governance structure, promoting the exchange of best practices and increasing overall organisational effectiveness.

Nomination and Selection of the Highest Governance Body

To ensure effective oversight in a dynamic business landscape, NPHD prioritises the composition of its Board of Directors and Three Committees with qualified candidates. The Nominating Committee leverages a competency framework encompassing seven key domains to select Directors. These domains include: Corporate Management; Global Business Operations; Mergers & Acquisitions (“M&A”); Finance; Legal Affairs; Information Technology (“IT”) or Digital Transformation; and Manufacturing/Technology/R&D.

The Nominating Committee places particular emphasis on three domains: Corporate Management, Global Business Operations, and M&A. Within Corporate Management, experience in leading sustainable growth with a focus on ESG factors are paramount. Global Business Operations expertise is crucial for identifying valuable international assets with a long-term view, while M&A experience ensures successful post-merger integration and growth of acquired companies within the NPHD Group. These combined skills empower the Board and Committees to provide effective oversight and strategic direction for the company’s continued success.

NPHD also employs a multi-stage process for developing future leaders and selecting executive officers as well as determining the dismissals of executive officers. This begins at the Nominating Committee, which spearheads this initiative by annually reviewing and refining the nomination policy and its long-term monitoring model. Concurrently, the Group fosters a talent pipeline through workplace initiatives within each PCG, designed to identify and cultivate high-potential individuals. This is further bolstered by acquiring talent through M&As, along with building external connections. The Co-Presidents play a key role by monitoring and evaluating these human capital development efforts and presenting their assessments along with evaluations of key management personnel to the Nominating Committee. The Nominating Committee then leverages insights from committee collaboration, discussions with independent directors, and its network of external talent to make informed recommendations regarding the executive structure. These recommendations are presented to the Board of Directors, which holds the final decision-making authority on the selection and dismissal of Executive Officers, including the CEO and key subsidiary heads.

Chair of the Highest Governance Body

After the change in management structure and the launch of the Co-President system in 2021, Masayoshi Nakamura has served as the Board Chair of NIPSEA Group, bringing to the role six years of experience as our Lead Independent Director. Since then, he has dedicated his market acumen and decades of directorship experience to improving the efficiency of Board meetings and deepening discussions through effective facilitation. In his time as our Lead Independent Director, he has also fulfilled a comprehensive role in keeping the Board of Directors connected with respective committees while also compiling the views of the Independent Directors and providing advice to the management team. In his role as a member of the Nominating Committee, he has also contributed to designing the structure of the Board and the executive structure thereof.

Role of the Highest Governance Body in Overseeing the Management of Impacts

In recognising that sustainability issues are inevitably management issues, NIPSEA Group endeavours to examine the ESG impacts that are to be addressed for the sustainable growth of society from a global perspective. As a response in the areas of Environment, Society, and Governance, the Group sets targets in these three areas as proposed by the Representative Executive Officers & Co-Presidents. Once the Co-Presidents have decided upon the goals and targets, these will be proposed to the Board of Directors after which it will pass a resolution.

Remuneration Policies

Chaired by Independent Director Lim Hwee Hua, the Compensation Committee establishes policies for determining the compensation of all individuals under NIPSEA Group, including the Co-Presidents, Directors, and executive officers. To determine the composition of a compensation, the Committee collects and analyses objective data such as social trends, compensation of peer executives, and market value compensation for senior executives. In accordance with the Compensation Philosophy and Design Policies for the Compensation of the Representative Executive Officers & Co-Presidents, Committee members use this information to hold fair and transparent discussions and make decisions.

In structuring our remuneration, we consider the compensation of the presidents of our peers and other large companies in Japan. This is balanced with considering financial factors such as revenue and net income growth, as well as non-financial factors such as their comprehensive evaluation of their performance.

Directors who are not concurrently serving as Executive Officers are compensated with both a fixed and variable compensation. Accounting for social circumstances and market value for their position, their fixed compensation is decided on a job-basis, commensurate to attracting and retaining management talent capable of supervising the management of NPHD's worldwide operations. Variable compensation is broken down into allowances for Committee memberships, other roles they fulfil (e.g., member or Chairperson of the Nominating, Compensation, Audit and Special Committees, the Lead Independent Director, etc.), and long-term incentives.

The NIPSEA Group's decentralised yet globally anchored framework empowers us to confidently navigate complex environments, capitalise on emerging opportunities, and deliver sustainable value to all stakeholders. We remain dedicated to continuously refining and adapting the effectivity of our risk management practices in the face of evolving market dynamics and emerging sustainability risks, ensuring we stay ahead of the curve and build a resilient future for generations to come.

Decentralised Risk Management System

Leveraging the valuable expertise of our PCGs, NPHD fosters a culture of empowered leadership among its group companies. Through this decentralised system, NIPSEA Group are entrusted by NPHD to uphold our Global Risk Management Basic Policy, our framework for informing our targeted mitigation strategies and underpinning our commitment to continuous improvement and a proactive approach to risk management.

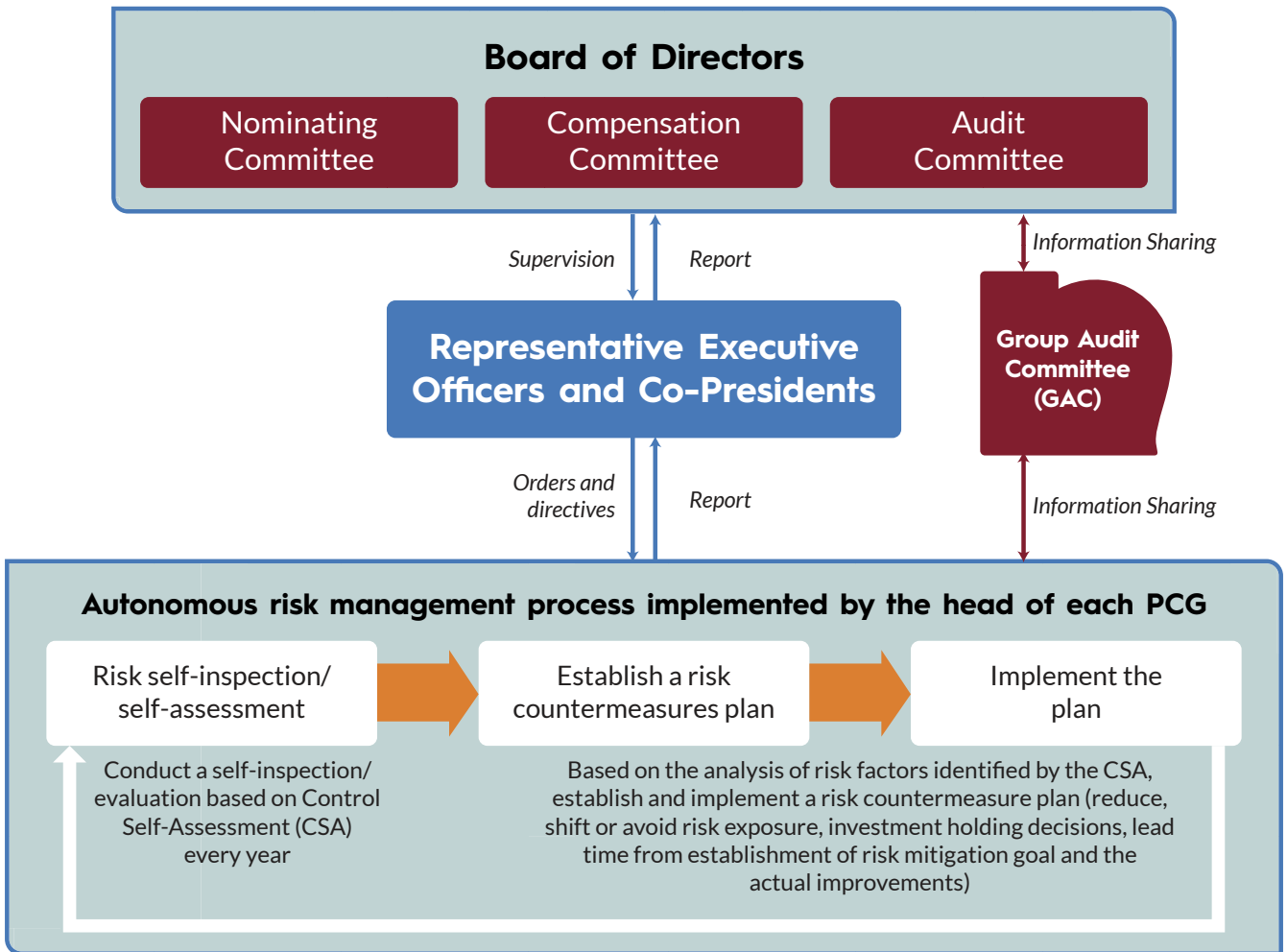
PCG leaders act as frontline risk management champions, utilising their in-depth understanding of local dynamics to drive agile decision-making and swift risk mitigation. Through our annual Control Self-Assessment ("CSA") process, PCGs perform a comprehensive, risk based self-inspection and self-assessment. Through these inspections, these PCGs proactively identify high-impact regional and market-specific risks, strategise and implement risk management plans, and develop innovative adaptations throughout their operations. NIPSEA Group then compiles these insights from the CSAs and reports to the Co-Presidents for their evaluation and to assess whether their oversight will be needed to guide our PCGs in their response to the identified risks.

In the event of a group-wide risk arising, the NIPSEA GCEO is notified in a timely manner to convene a taskforce specifically to take decisive action and execute a response to the identified risk across all affected PCGs. This enables the NIPSEA Group to respond in a coordinated and decisive manner to critical emergencies, ensuring that our operations continue unabated.

Collaboration Across the NIPSEA Group

NIPSEA Group prioritises open communication and collaboration on risk management to ensure well-informed decision-making at all levels. Key findings from risk analyses are regularly shared with senior leadership, including the Audit Committee, Board of Directors, Representative Executive Officers, and the GCEO. Furthermore, the Group Audit Committee (“GAC”), a forum for risk management and internal audit leaders, fosters knowledge sharing and strengthens our collective risk mitigation strategies.

Complementing the strong foundation of our autonomous and decentralised internal control system, our parent company has established five dedicated sustainability teams led by our Co-Presidents. These cross-functional teams proactively address critical global challenges like climate change and social responsibility, ensuring long-term success for all PCGs. With a focus on Environment & Safety, People & Community, Innovation & Product Stewardship, Governance, and Sustainable Procurement, each team is led by a seasoned business leader with the expertise to drive positive change in their respective areas.



Sustainability Governance Across All Borders

By leveraging their in-depth understanding of both the Group’s business activities and sustainability objectives, the Sustainability Committee is equipped to assess and respond to the sustainability risks that NIPSEA is exposed to, such as climate change impacts, labour practices or community relations, and governance risks. Comprised of representatives from various departments such as Business Excellence, Governance & Finance, Human Resources, CSR, Procurement, and R&D, the committee collaborates with relevant stakeholders to develop and implement strategies to address identified risks. This may involve creating or amending policies and procedures, investing in sustainable technologies, or engaging with suppliers and partners in recognising sustainability opportunities along our supply chain.

NIPSEA Group Code of Conduct

Rooted in the NPHD's Global Code of Conduct, our standards and frameworks for interacting with our clients, stakeholders, and each other are adapted to the business climate of the NIPSEA Group. Serving as our cornerstone in promoting our values, the Group's Code of Conduct provides both the principles and policies that our people are entrusted to uphold, demonstrating the highest professional standards in their day-to-day responsibilities. The rules, guidelines, and regulations that guide our people are centred around three core pillars in fair and ethical business practices, prioritising the safety and well-being of our employees, and taking initiative in showing respect for and contributing to the environment and communities that we operate in.

Dealing with Integrity	<p>We maintain our reputation by conducting our business in a fair and honest way.</p> <ul style="list-style-type: none">• We compete fairly.• We market responsibly.• We conduct business ethically.• We comply with laws, regulations, and maintain accurate records• We do not tolerate bribery and corruption.• We avoid conflicts of interest and are responsible to act sensibly with gifts and entertainment.• We prohibit insider trading.• We do not compromise on quality and safety.• We protect our asset and confidential information.• We use technology and innovation to enhance and enrich
Working Together	<p>We care and work as a team to ensure the safety and well-being of our stakeholders.</p> <ul style="list-style-type: none">• We care about our people.• We work as a team.• We embrace diversity.• We treat each other and our stakeholders fairly.• We provide a safe and healthy workplace free from harassment and discrimination.• We act in the best interests of the company.• We work collaboratively with our partner companies for the greater good; and• We act in accordance with the Global Code of Conduct and protect those that speak up.
Respecting Environment & Communities	<p>We respect and enrich the environment & communities which we operate in.</p> <ul style="list-style-type: none">• We embrace social and environmental responsibility.• We respect human rights, including supporting all efforts to eliminate forced labour and child labour.• We strive to reduce the environmental impact of what we do; and• We aim to leave a positive and sustainable footprint.

Whistleblowing Policy

We have adopted the whistleblowing policy of our parent company for employees to confidentially report ethical and legal violations. This policy allows employees to raise concerns about irregularities, legal or ethical breaches, or other serious policy violations, without fear of retaliation through our strict confidentiality policies. Each PCG head in the NIPSEA Group autonomously establishes a whistleblowing hotline for their group while informing their employees of its services.

In accordance with our Global Basic Policy on Whistleblowing, each PCG submits an annual Whistleblowing Hotline operations status report to the NPHD internal controls and internal audit sections of our parent company, as well as the Audit Committee and the Board of Directors. Serious violations are escalated to the Co-Presidents for their review. Typically, these cases would consist of serious violations of laws and regulations, scandals, violations of laws and regulations by the management team of each PCG, other misconduct, or specific information about the possibility of this type of event. This enables our Co-Presidents to address such critical issues before they escalate and relay instructions on how to respond to any incidents.

In 2023, the NIPSEA Group received and recorded 21 whistleblowing reports. In response to reports where a breach in Entity Code of Conduct or internal policies and procedures were recorded, disciplinary action such as dismissal, suspension, civil lawsuit, or criminal charges was taken where appropriate.

At NIPSEA, proactive and effective stakeholder management and engagement is crucial for success of our mission towards MSV. For each stakeholder group, we seek to identify their needs and expectations, build trust and strengthen relationships, and collectively achieve our shared goals. The following are detailed descriptions of primary interactions with each of our most active stakeholder groups.

Our Investors

We are committed to prioritise our investor engagement by designating the NPHD Co-Presidents and General Manager of the Investor Relations Department as primary points of contact. Opinions and suggestions gathered through these dialogues are thoughtfully conveyed to the Board of Directors and integrated into management decisions.

To cultivate trust with investors globally, NIPSEA Group actively communicates with capital markets, such as holding regular meetings focused on ESG and actively engage in discussions with investors on sustainability, ensuring comprehensive and transparent information disclosure. Continuous engagement initiatives are undertaken to mitigate information asymmetries and foster a relationship built on transparency and reliability.

Throughout 2022, NPHD had intensified its investor engagement efforts by conducting investor relations meetings with 695 domestic and overseas investors, along with ESG investors – a 33.9% increase from the previous year. Additionally, numerous individual investor meetings were organised, expanding the reach of NIPSEA Group’s investor relations activities to a broader audience.

Number of IR meetings held (companies)

	2020	2021	2022
Meeting with domestic investors	136	232	311
Meeting with overseas investors	210	287	384
Of which, meeting with ESG investors (in Japan and overseas)	9	30	49
TOTAL	346	519	695

IR events held (times)

	2020	2021	2022
Financial results conference call	4	4	4
Briefing for institutional investors	1	4	4
Briefing on M&A	1	2	0
Briefing for individual investors	1	5	6
TOTAL	7	15	14

Our Customers

Our commitment to sustainability and customer satisfaction is evident in our approach to joint development activities. We prioritise product innovation and the development of high-quality products that not only meet but exceed customer expectations in terms of safety and performance. Supported by our R&D Innovation Centre in Shanghai, which houses over 150 experienced professionals across various fields, we leverage customer insights to drive innovation. When customers present specific needs, we promptly investigate market trends and customise our products to meet their requirements. A significant part of this process involves identifying sustainable manufacturing methodologies, such as curing methods that promote energy savings, to help customers reduce their own environmental impacts. Ensuring customer health and safety is always our top priority and we closely monitor regional laws and regulations to formulate group policies accordingly.

Our Customers (cont')

In crafting our brand and symbol story, we focus on putting customers at the core of our innovations. The red “n” in our symbol signifies the attention we give to our diverse customers, while the blue represents the world of opportunity we aim to offer. We actively listen to our customers and empower our teams to understand the markets, industries, and consumers we serve, as our customer needs remain the cornerstone of our endeavours.

For periodic factory tours and audit events, all Nippon Paint factories and service centres are committed to implementing practices that minimise environmental impact, protect the safety and health of our stakeholders, and promote sustainability. Our facilities are designed to welcome customers for tours or audits, even on short notice.

At our exhibition and industry events, our different business segments participate in events with the aim of obtaining industry trends and sharing information. These events include lectures at the International Automotive Coatings Symposium (“SURCAR”), the International Auto Aftermarket Expo, High-Performance Paint Exhibition, and other industry gatherings. Through active participation, we stay abreast of industry developments and contribute to shaping the future of our sectors.

Our Employees

We are committed to fostering a work environment that prioritises safety, development, diversity, and employee engagement. For our commitments on safety, D&I and talent development, please refer to Diversity and Inclusion section on pages 34 to 35 and Training and Development section on pages 36 to 37, and Workforce Safety and Well-being section on pages 27 to 30, respectively.

Every two years, NIPSEA Group conducts an employee engagement survey to gather feedback on various dimensions that may impact their experience and contribution to the company’s success. Based on the survey results, HR and local management collaborate to conduct engagement activities aimed at promoting a culture of high performance and collaboration. By addressing areas deemed inadequate, we strive to create an environment where every employee feels valued and motivated to excel.

To uphold our commitment to integrity and accountability, NIPSEA Group provides a reporting channel for employees to raise concerns regarding irregularities, legal or ethical violations, or other serious breaches of internal policies and procedures. Employees are assured that those who raise concerns in good faith and reasonably believe them to be true will be protected from reprisals or victimisation. The Group views victimisation of whistle-blowers as a serious matter and takes disciplinary action accordingly.

Our Suppliers

NIPSEA Group is committed to conducting business responsibly, adhering to high standards and making a positive impact on sustainable development. Our Supplier Sustainability Questionnaire plays a crucial role in achieving these goals. It serves as a tool for assessing both new and existing suppliers, facilitating better understanding and engagement in our shared sustainability journey.

The questionnaire covers four key areas: compliance, environment, social, and governance. In the area of social responsibility, NIPSEA Group takes a firm stance against human rights abuses. Suppliers found to be involved in such practices will be eliminated from our supply chain. Furthermore, we are committed to avoiding the use of raw materials sourced from entities engaged in human rights violations.

Government and Regulators

We operate worldwide in accordance with NPHD's Global Code of Conduct to uphold legal compliance and ethical standards. It is our social responsibility to maintain a compliance system and ensure appropriate tax payments in all jurisdictions where we conduct business to contribute positively to society. Our global leaders are dedicated to fostering trustful relationships with stakeholders, emphasising transparency in tax management to maximise corporate and shareholder value while pursuing sustainable growth.

In each country where we conduct business, we ensure all taxes are filed and paid by applying the arm's length principle and adhering to Organisation for Economic Co-operation and Development ("OECD") Transfer Pricing Guidelines. We comply with each country's tax laws and regulations, do not engage in any "tax-havens", and seek advice from external tax professionals to minimise tax risks. We ensure tax transparency through appropriate tax management and prevent tax avoidance by understanding initiatives such as the Base Erosion and Profit Shifting ("BEPS") Project. Through promptly responding to the tax authorities' inquiries and resolving matters of opinion immediately, we demonstrate transparent communication and build trusting relationship with each country.

Recognising the importance of resources and environment, NIPSEA Group prioritises environmental stewardship throughout its paint manufacturing operations. Beyond strict adherence to relevant legislation, we take a proactive stance on pollution prevention. This comprehensive approach ensures responsible resource use and minimises our environmental footprint.

The environmental pollution prevention initiatives undertaken by each of our companies serve as the foundation for our business development and management strategies. In recognition of the changing social situation and in response to stakeholders' demands and expectations, we have initiated global efforts and established a global policy on the prevention of environmental pollution to prevent pollution of air, soil, and hydrosphere. We are actively developing non-burn technology through electrolysis in collaboration with research centres to reduce VOCs. Additionally, we are investing in treatment facilities to lean towards water-based and solvent-free paint products, thereby improving our capabilities in recycling and reusing unavoidable VOCs.

NGOs & Industry Groups

NIPSEA Group actively collaborates with local NGOs to align initiatives with our CSR pillars. These partnerships are instrumental in addressing community needs and promoting social welfare. By forming strategic partnerships and collaborating with NGOs, we leverage the potential of employee volunteering and outreach programmes to make a meaningful impact. This collaborative approach enables us to effectively address community concerns and develop inclusive business initiatives through stakeholder meetings.

Furthermore, we provide vital support to NGOs focused on education and skill development through training programmes, scholarships, and capacity-building initiatives. Additionally, we collaborate with NGOs to conduct skill-building workshops, empowering local communities further.



Chapter 7

SUSTAINABLE PROCUREMENT



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NIPSEA is firmly committed to doing business ethically and responsibly. In late 2022, we introduced Sustainable Procurement as a new addition to the NIPSEA Sustainability Pillars. This move aims for cost-effective and sustainable production while reducing supply chain risks and environmental risks by enhancing our accountability, ensuring transparency, and building a robust framework within our supply chain management. By actively involving our suppliers and building a resilient supply chain, we commit to foster economically, environmentally, and socially responsible practices in the procurement of products and services.

Supplier Selection and Assessment

Suppliers are important partners in both our business and ESG efforts. As part of NIPSEA’s commitment to responsible business practices and maintaining high standards in continuously striving to make a positive impact, we implemented a global Supplier Code of Conduct to clarify our global expectations for suppliers in the areas of compliance, environment, social, and governance. The Code is universally applied to all our locations with adjustments to considerations in local regulatory requirements, where required. This initiative aims to enhance transparency within our supply chain regarding sustainability practices and pinpoint areas where improvements can be made in aligning supplier practices to our expectations.

Key items covered by Supplier Code of Conduct 2022 are the following:

Compliance	Environment	Social	Governance
Legal Compliance	Product Safety and Compliance	Child Labour	Anti-Corruption
Environment, Health, and Safety Compliance	Health and Safety Training	Forced Labour	Gifts and Entertainment
	Product Safety and Compliance	Discrimination	Conflict of Interest
		Working Conditions	Confidentiality
		Conflict Minerals	Record Keeping
		Product Safety and Compliance	Fair Competition
		Freedom of Association	International Trade
			Subcontractor Compliance

Through surveys, both existing and prospective suppliers will be evaluated on their adherence to the ESG principles outlined in our Supplier Code of Conduct. For suppliers who are found not to comply with our Supplier Code of Conduct, we intend to conduct supplier engagement activities through our relevant local teams by working with the suppliers to implement changes and help them meet our standards.

Our planned activities in the upcoming period and the roadmap for the segment of sustainable supplier management are illustrated in the figure below.

	2022	2023	2024	2025
Activities	<ul style="list-style-type: none"> Launched the global team Organised regional teams Developed Supplier Code of Conduct 	<ul style="list-style-type: none"> Conducted supplier questionnaire (targeted at the top 40% by value) Explored sustainable projects Established indicators for measurement 	<ul style="list-style-type: none"> Conducted supplier questionnaire (targeted at the top 75% by value) Define supplier assessment methodology Define sustainable initiatives and measurements (trial) 	<ul style="list-style-type: none"> Conduct supplier questionnaire (targeted at the top 90% by value) Conduct supplier assessment (trial) Track sustainable projects and measurements (trial) Refine reporting metrics

This year, we managed to assess 71% suppliers by value and target to increase this to reach 90% suppliers by value by 2025. As a result, over 606 suppliers were found in compliance with the Code by answering the Supplier Sustainability Questionnaire available in 3 languages (English, Chinese, and Turkish). These approved suppliers represent a significant portion of our procurement value, at an average of 71% of NIPSEA's total.



SUSTAINABLE PROCUREMENT

	Greater China Group	Korea Group	Malaysia Group	Singapore Group	Thailand Group	America Group	India Group	Europe Group	NIPSEA Group Total
Suppliers that were screened using ESG criteria defined in our Supplier Code of Conduct*	365	32	758	313	168	84	250	80	606
Ratio of total procurement value from approved suppliers	75%	63%	78%	82%	92%	68%	71%	84%	71%

*Note: The number of approved suppliers for regional totals may include duplicates, as the same supplier might supply to multiple reporting units within the same region. The total for NIPSEA Group, however, represents the number of unique suppliers across the Group.

Furthermore, the survey identified 20 suppliers with areas for improvement regarding the Code’s ESG expectations. We plan to develop a Supplier ESG Assessment for on-site audits. These audits are going to be rolled out locally across our geographical locations to conduct a thorough examination of a supplier’s sustainability practices.

This multi-pronged approach aims to ensure that our supply chain aligns with our commitment to responsible business conduct, managing supply chain risks, and fostering a more sustainable ecosystem across the entire value chain. Our long-term vision is to achieve a supplier approval rate exceeding 90% by 2025, signifying a supply chain that reflects our unwavering commitment to sustainability.

Supply Chain Resilience

NIPSEA remains proactive in adapting its resilience strategies to stay ahead of potential risks in the ever-changing global supply chains. This commitment is underscored by our multi-pronged approach, which prioritises the following key elements:

- **Reduce single-source and increase multi-sourcing:**

NIPSEA embarked on a company-wide initiative 2 years ago to assess our raw-material supply risks by implementing a standardised risk assessment process for all raw materials, which evaluates factors like the availability of alternatives, number of manufacturing sites, and historical occurrences of force majeure events. In addition, we are also establishing regional supply hubs to increase our supply chain flexibility.

- **Improve forecasting:**

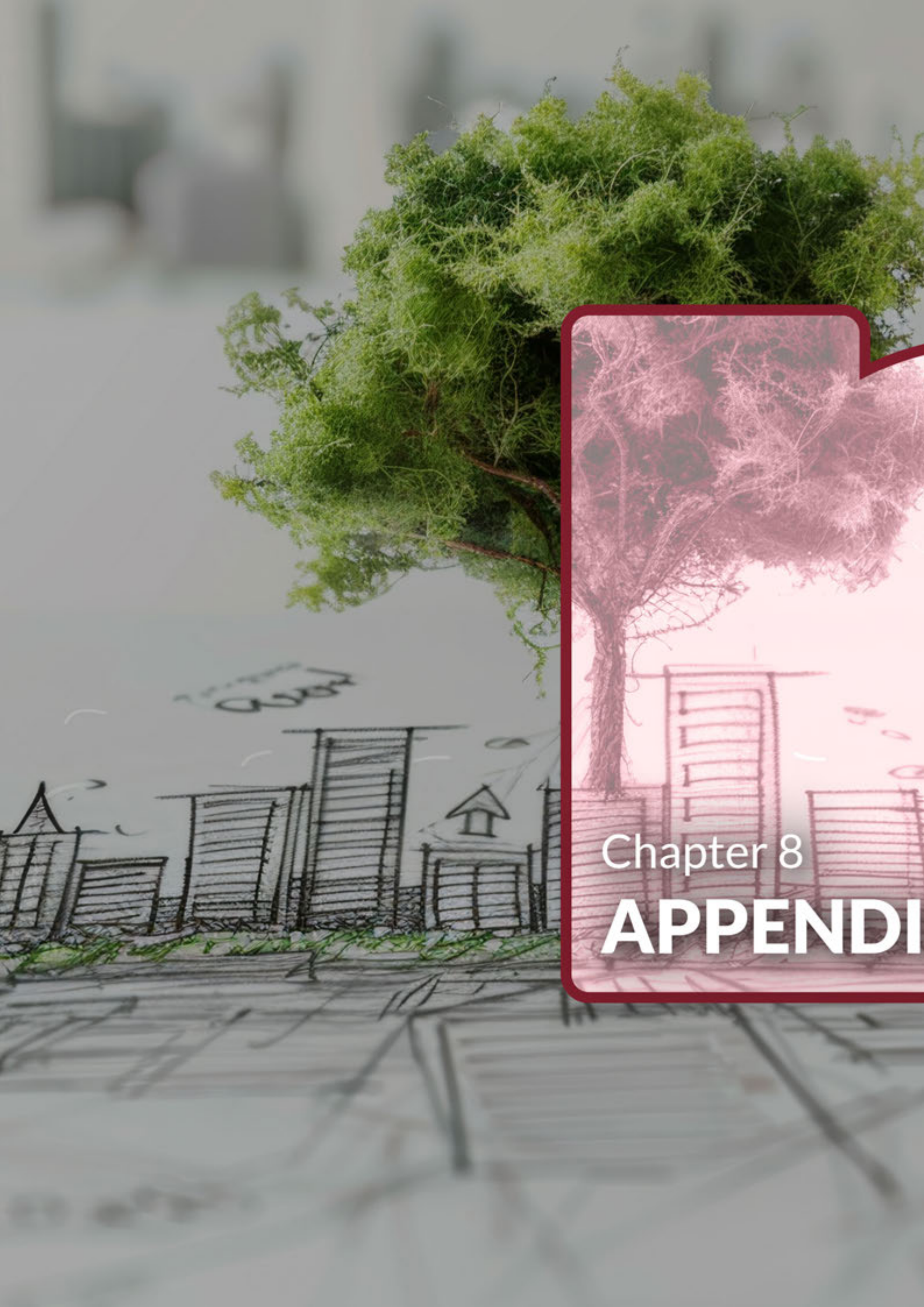
We actively pursue end-to-end supply chain visibility, enabling us to anticipate both demand fluctuations and potential supply chain risks. This proactive approach is two-fold. Internally, we intend to strengthen our business sales forecasting methodologies and material planning on a per-country basis to adopt a more forward-looking approach. Externally, we closely monitor state of the market and raw material feedstock availability.

- **Optimise inventory level:**

We prioritise the optimisation of inventory levels for key materials by leveraging a combination of ongoing inventory reviews and forecasting to ensure we implement the most effective inventory management strategies. This data-driven approach allows us to strike a crucial balance between maintaining readily available stock and optimising cost efficiency.

- **Build supplier relationships:**

We continue to build strong partnership with our suppliers to create a resilient supply chain that can weather supply-demand imbalances. In addition, we also engage our key suppliers regularly for updates on sustainability developments and potential sustainability improvement opportunities.



Chapter 8

APPENDI



X

ESG PERFORMANCE DATA

GRI Topic	GRI Disclosure	Description	Metric	Greater China Group	Korea Group
Energy and Emissions					
302-1	Energy consumption within the organisation	Total energy consumption a			
		Fuel consumption (non-renewable)	GJ	213,608	2,854
		Fuel consumption (renewable)	GJ	39,613	0
		Electricity consumption	GJ	570,742	6,112
		Total energy consumption	GJ	823,963	8,966
302-3	Energy intensity	Total production output	Tonne	4,789,120	34,121
		Energy intensity ratio for the organisation	MJ / tonne	172.0	262.8
305-1	Direct (Scope 1) GHG emissions	Total direct (Scope 1) GHG emissions in metric tonnes of CO ₂ equivalent	tCO ₂ e	10,299	170
305-2	Energy indirect (Scope 2) GHG emissions	Total energy indirect (Scope 2) GHG emissions in metric tonnes of CO ₂ equivalent	tCO ₂ e	99,126	1,260
305-4	GHG emissions intensity	Total GHG emissions (Scope 1 and 2)	tCO ₂ e	109,425	1,430
		Total production output	Tonnes	4,789,120	34,121
		GHG emissions intensity ratio (Scope 1 and 2) for the organisation	kgCO ₂ e / tonne	22.80	41.9
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	NO _x	Tonnes	6.2	0.01
		SO _x	Tonnes	0.2	0
		Volatile organic compounds (VOCs)	Tonnes	84.8	0.5

*16 out of 49 reporting units are either sales offices, headquarters or research and development centres. These units do not have ESG disclosures such as diversity and inclusion and product innovation. Within the 16 reporting units,

Malaysia Group	Singapore Group	Thailand Group	America Group	India Group	Europe Group	Others	NIPSEA Group
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Gas Reduction Strategy*

and a breakdown of this total by the following categories:

516,429	22,858	9,627	N.A.	2,086	39,127	N.A.	806,589
11,825	0	0		2,723	0		54,161
229,711	21,444	48,418		22,447	27,055		925,929
757,965	44,302	58,045		27,256	66,182		1,786,679
1,060,787	90,067	36,283		123,636	12,874		6,146,887
714.5	491.9	1599.8		220.5	5140.8		290.7
37,332	1,486	581		136	2,426		52,430
31,295	2,520	5,689		2,717	3,227		145,834
68,627	4,006	6,270		2,853	5,653		198,264
1,060,787	90,067	36,283		123,636	12,874		6,146,887
64.7	44.5	172.8		23.1	439.1		32.3
289.0	0.2	0		13.6	0		309.0
137.6	0.2	0.9		16.1	0		154.9
258.4	45.4	1.7		0.6	0		391.4

Gas that do not contribute to production output; hence, they were only included in reporting of applicable gas. There are 4 that are unable to provide the data due to the lack of data collection process in place.

ESG PERFORMANCE DATA

GRI Topic	GRI Disclosure	Description	Metric	Greater China Group	Korea Group
Water Conserv					
303-3	Water withdrawal	Total water withdrawal from all			
		Surface water	Megalitres	0	0
		Groundwater	Megalitres	100.8	0
		Produced water	Megalitres	0	0
		Third-party water	Megalitres	2,279.4	37.3
		Total water withdrawal	Megalitres	2,380.2	37.3
303-4	Water discharge	Total water discharge from all a			
		Surface water	Megalitres	0	2.3
		Groundwater	Megalitres	0	0
		Produced water	Megalitres	0	0
		Third-party water	Megalitres	1,219.4	0.9
		Total water discharge	Megalitres	1,219.4	3.2
303-5	Water consumption	Total water consumption from all areas	Megalitres	2,380.2	37.2
		Total water consumed from areas with High or Extremely High Baseline Water Stress	Megalitres	1,565	13.8
<p><i>*16 out of 49 reporting units are either sales offices, headquarters or research and development centres. These units do not have ESG disclosures such as diversity and inclusion and product innovation. Within the 16 reporting units,</i></p>					

Malaysia Group	Singapore Group	Thailand Group	America Group	India Group	Europe Group	Others	NIPSEA Group
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ation Strategy*

areas and a breakdown of this total by the following sources:

0	0	0	N.A.	0	1.0	N.A.	1.0
111.5	1.1	0		0	8.6		222.0
0	0	0		0	0		0
479.8	65.9	84.9		42.0	13.2		3,002.5
591.3	67.0	84.9		42.0	22.9		3,225.5

areas and a breakdown of this total by the following sources:

11.3	1.5	0	N.A.	0	0.8	N.A.	15.9
1.6	0	0		0	6.6		8.2
0	2.4	0		0	0		2.4
213.1	17.5	3.6		9.5	3.6		1,467.7
226.0	21.4	3.6		9.5	11.0		1,494.0
408.6	45.5	84.9		32.5	11.9		3,001.0
232.0	36.7	84.9		32.5	0		1,964.9

s that do not contribute to production output; hence, they were only included in reporting of applicable there are 4 that are unable to provide the data due to the lack of data collection process in place.

ESG PERFORMANCE DATA

GRI Topic	GRI Disclosure	Description	Metric	Greater China Group	Korea Group
Waste Management					
306-3	Waste generated	Total weight of waste generated			
		Hazardous waste	Tonnes	13,551	403
		Non-hazardous waste	Tonnes	21,104	35
		Total weight of waste generated	Tonnes	34,655	438
306-4	Waste diverted from disposal	Total weight of waste diverted from disposal			
		Hazardous waste	Tonnes	4,471	78
		Non-hazardous waste	Tonnes	4,424	0.00
		Total weight of hazardous waste diverted from disposal			
		Reuse	Tonnes	4,304	64
		Recycling	Tonnes	167	14
		Other recovery operations	Tonnes	0	0
		Total weight of non-hazardous waste diverted from disposal			
		Reuse	Tonnes	4,375	0
		Recycling	Tonnes	49	0
		Other recovery operations	Tonnes	0	0
		306-5	Waste directed to disposal	Total weight of waste directed to disposal	
Hazardous waste	Tonnes			9,079	325
Non-hazardous waste	Tonnes			16,681	35

Malaysia Group	Singapore Group	Thailand Group	America Group	India Group	Europe Group	Others	NIPSEA Group
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ment Strategy*

ed and a breakdown of this total by the following categories:

11,470	1,685	567	N.A.	760	1,397	N.A.	29,833
8,078	2,577	1.5		1,043	1,091.27		33,930
19,548	4,262	569		1,803	2,488		63,763

disposal and a breakdown of this total by the following categories:

5,346	562	77	N.A.	731	987	N.A.	12,252
1,564	2,156	1		1,043	573		9,761

disposal and a breakdown of this total by the following recovery operations:

293	354	0	N.A.	36	25	N.A.	5,076
3,799	208	77		695	962		5,922
1,254	0	0		0	0		1,254

m disposal and a breakdown of this total by the following recovery operations:

41	152	0	N.A.	527	243	N.A.	5,338
1,523	2,003	0.6		83	330		3,989
0	0.7	0		433	0		434

disposal and a breakdown of this total by the following categories:

6,123	1,123	490	N.A.	29	410	N.A.	17,579
6,515	421	0.9		0	518		24,171

ESG PERFORMANCE DATA

GRI Topic	GRI Disclosure	Description	Metric	Greater China Group	Korea Group
306-5	Waste directed to disposal	Total weight of hazardous waste directed to disposal			
		Incineration	Tonnes	8007	325
		Landfilling	Tonnes	0	0
		Other disposal operations	Tonnes	1,072	0
		Total weight of non-hazardous waste directed to disposal			
		Incineration	Tonnes	2,141	35
		Landfilling	Tonnes	785	0
		Other disposal operations	Tonnes	13,755	0
<p><i>*16 out of 49 reporting units are either sales offices, headquarters or research and development centres. These units do not have the same ESG disclosures such as diversity and inclusion and product innovation. Within the 16 reporting units,</i></p>					
Workforce Safety					
403-9	Work-related injuries	For all reporting units			
		Total number of fatalities as a result of work-related injury	Number	0	0
		Total number of high-consequence work-related injuries (excluding fatalities)	Number	0	0
		Total number of recordable work-related injuries	Number	17	0
		Total number of hours worked	Hours	25,649,632	517,391
		Rate of fatalities as a result of work-related injury	Per 200,000 hours worked	0	0
		Rate of high-consequence work-related injuries (excluding fatalities)	Per 200,000 hours worked	0	0

Malaysia Group	Singapore Group	Thailand Group	America Group	India Group	Europe Group	Others	NIPSEA Group
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Disposal and a breakdown of this total by the following disposal operations:

2,155	1,123	0	N.A.	29	384	N.A.	12,023
3,968	0	490		0	11		4,469
0	0	0		0	15		1,087

Disposal and a breakdown of this total by the following disposal operations:

203	105	0	N.A.	0	499	N.A.	2,983
6,275	316	0.9		0	6.5		7,383
37	0	0		0	12.5		13,805

of which 4 do not contribute to production output; hence, they were only included in reporting of applicable disposal operations. There are 4 that are unable to provide the data due to the lack of data collection process in place.

Employee Health and Well-being*

Employee Health and Well-being (including contractors):

0	0	0	N.A.	0	0	N.A.	0
0	0	0		0	0		0
35	11	0		1	10		74
14,531,027	4,286,233	1,866,992		7,090,705	719,517		54,661,497
0	0	0		0	0		0
0	0	0		0	0		0

ESG PERFORMANCE DATA

GRI Topic	GRI Disclosure	Description	Metric	Greater China Group	Korea Group
403-9	Work-related injuries	Rate of recordable work-related injuries	Per 200,000 hours worked	0.13	0.00
		Total number of fatalities as a result of work-related injury	Number	0	N.A.
		Total number of high-consequence work-related injuries (excluding fatalities)	Number	0	
		Total number of recordable work-related injuries	Number	4	
For contra					
403-9	Work-related injuries	Total number of hours worked	Hours	1,798,876	N.A.
		Rate of fatalities as a result of work-related injury	Per 200,000 hours worked	0.00	
		Rate of high-consequence work-related injuries (excluding fatalities)	Per 200,000 hours worked	0.00	
		Rate of recordable work-related injuries	Per 200,000 hours worked	0.44	
<p><i>*16 out of 49 reporting units are either sales offices, headquarters or research and development centre disclosures such as diversity and inclusion and product innovation. Within the 16 reporting units,</i></p>					

Malaysia Group	Singapore Group	Thailand Group	America Group	India Group	Europe Group	Others	NIPSEA Group
0.48	0.51	0.00		0.03	2.78		0.27
For contractors only:							
0	0	0	N.A.	0	0	N.A.	0
0	0	0		0	0		0
10	1	0		0	0		15
Contractors only:							
3,100,593	350,979	146,888	N.A.	3,611,503	11,877	N.A.	9,020,716
0.00	0.00	0.00		0.00	0.00		0.00
0.00	0.00	0.00		0.00	0.00		0.00
0.65	0.57	0.00		0.00	0.00		0.33

s that do not contribute to production output; hence, they were only included in reporting of applicable
there are 4 that are unable to provide the data due to the lack of data collection process in place.

ESG PERFORMANCE DATA

GRI Topic	GRI Disclosure	Description	Metric	Greater China Group	Korea Group	
Community						
Non-GRI	CSR projects	Number of CSR projects	Number			Not applicable
		Amount spent on the CSR projects	USD			
		Time spent on the CSR projects	Hours			
		Number of employees who participated in the CSR projects	Number			
		Amount of paint used in the CSR projects	Litres			
		Total number of people impacted	Number			
Sustainably Advantaged						
203-1	Infrastructure investments and services supported	Revenue derived from sustainably advantaged products	USD million	866.48	12.79	
		Number of R&D technical centres	Number			
Product Safety						
416-1	Assessment of the health and safety impacts of product and service categories	Total revenue of significant product and service categories	USD million	3,832.50	57.90	
		Total revenue of significant product and service categories for which health and safety impacts are assessed for improvement	USD million	3,832.50	57.90	
		Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	%	100%	100%	

Malaysia Group	Singapore Group	Thailand Group	America Group	India Group	Europe Group	Others	NIPSEA Group
Safety Impact							
							86
							4,871,138
							171,354
Not applicable at the regional group level – reported at the NIPSEA Group level							3,100
							392,915
							14,360,070
Manufactured Products							
60.00	24.72	9.19	N.A.	24.72	N.A.	N.A.	997.89
Not applicable – reported at the NIPSEA Group level							32
Safety Design							
1,347.58	284.41	181.50	N.A.	235.62	N.A.	N.A.	5,939.51
1,347.58	284.41	181.50		235.62			5,939.51
100%	100%	100%		100%			100%

ESG PERFORMANCE DATA

GRI Topic	GRI Disclosure	Description	Metric	Greater China Group	Korea Group
Supplier Selection					
Non-GRI		Suppliers that were screened using environmental, social and governance criteria defined in our Supplier Code of Conduct*	Number	365	32
Non-GRI		Ratio of total procurement value from approved suppliers	%	75	63
<p><i>*Note: The number of approved suppliers for regional totals may include duplicates, The total for NIPSEA Group, however, represents</i></p>					

Malaysia Group	Singapore Group	Thailand Group	America Group	India Group	Europe Group	Others	NIPSEA Group
Identification and Assessment							
758	313	168	84	250	80	N.A.	606
78	82	92	68	71	84	N.A.	71
<p><i>As the same supplier might supply to multiple reporting units within the same region, the number of unique suppliers across the Group.</i></p>							

SASB CHEMICALS INDUSTRY DISCLOSURES

SASB Topic	SASB Code	Accounting Metric
Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations
	RT-CH-110a.2	Discussion of long-term and short-term strategy plan to manage Scope 1 emissions, emission reduction targets, and an analysis of performance against those targets
Air Quality	RT-CH-120a.1	Air emissions of the following pollutants: (1) greenhouse gases (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds (“VOCs”), and (4) hazardous air pollutants (“HAPs”)
Energy Management	RT-CH-130a.1	(1) Total energy consumed, (2) percentage of electricity, (3) percentage renewable, (4) total generated energy
Water Management	RT-CH-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with water scarcity or Extremely High Baseline Water Stress
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to manage those risks
Hazardous Waste Management	RT-CH-150a.1	Amount of hazardous waste generated and percentage recycled
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests

	Unit of Measure	NIPSEA Group
Percentage of emissions covered under emissions-limiting regulations	tCO _{2e}	Scope 1 emissions: 52,430 tCO _{2e} Data on percentage covered under emissions-limiting regulations was not available.
Strategy or emissions performance	N.A.	Please refer to the Energy and Emissions Reduction Strategy section from pages 20 to 22 of this report.
(1) NO _x , organic compounds and other air pollutants	Tonnes	NO _x emissions: 309 tonnes SO _x emissions: 155 tonnes VOC emissions: 391 tonnes HAP emissions: Data was not available.
Percentage of energy from the grid and total self-generated	GJ, %	Total energy consumed: 1,786,679 GJ Percentage electricity: 51.8% Percentage renewable: 3.0% Percentage self-generated energy: Data not available.
Water withdrawn from regions with High or Extremely High Baseline Water Stress	Megalitre	Total water withdrawn: 3,225 megalitres Percentage of water withdrawn from regions with High or Extremely High Baseline Water Stress : 61.9% Total water consumed: 3,001 megalitres Percentage of water consumed from regions with High or Extremely High Baseline Water Stress : 65.5%
Number of non-compliance incidents associated with regulatory requirements	Number	Data on the number of incidents of non-compliance was not available.
Strategies and measures to manage risks and mitigate impacts	N.A.	Please refer to the Water Management Strategy section from pages 23 to 25 of this report.
Hazardous waste generated, recycled, and disposed	Tonnes, %	Hazardous waste generated: 29,831 tonnes Percentage of hazardous waste recycled: 19.9%
Strategies and measures to manage community impacts	N.A.	Please refer to the Community Impact section from pages 37 to 66 of this report.

SASB CHEMICALS INDUSTRY DISCLOSURES

SASB Topic	SASB Code	Accounting Metric
Workforce Health & Safety	RT-CH-320a.1	(1) Total recordable incident rate (“TRIR”) fatality rate for (a) direct employees and (b) contract employees
	RT-CH-320a.2	Description of efforts to assess, monitor and reduce exposure of employees and contract workers to long-term (chronic) health risks
Product Design for Use-phase Efficiency	RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (“GHS”) Category 1 and 2 Hazardous Environmental Hazardous Substances (2) Percentage of such products that have undergone hazard assessment
	RT-CH-410b.2	Discussion of strategy to (1) manage chemical safety concern and (2) develop alternatives with reduced human and/or environmental impact
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (“GMOs”)
Management of the Legal & Regulatory Environment	RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry

	Unit of Measure	NIPSEA Group
and (2) and (b)	Rate as per 200,000 hours worked	Rate of recordable work-related injuries (all employees): 0.27 Rate of fatalities as a result of work-related injury (all employees): 0 Rate of recordable work-related injuries (contractors only): 0.33 Rate of fatalities as a result of work-related injury (contractors only): 0
r, and contract risks	N.A.	Please refer to the Workforce Safety & Well-being section from pages 27 to 29 of this report.
-phase	USD million	Revenue derived from sustainably advantaged products: USD 997.89 million
Globally labelling health and safety, (2) undergone a	%	Data on products that contain GHS Category 1 and 2 Health and Environmental Hazardous Substances was not available.
chemicals of reduced toxicity	N.A.	Please refer to the Product Safety Design section from page 75 of this report.
contain chemicals (“Pb-free products”)	%	This topic is deemed to be irrelevant to NIPSEA Group’s business segments.
related to proposals factors	N.A.	Please refer to the Product Safety Design section from page 75 of this report.

SASB CHEMICALS INDUSTRY DISCLOSURES

SASB Topic	SASB Code	Accounting Metric
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	Process Safety Incidents Count (“PSIC”), Process Safety Total Incident Rate (“PSTIR”), and Process Safety Incident Severity Rate (“PSISR”)
	RT-CH-540a.2	Number of transport incidents

Activity Metric	SASB Code	Unit of Measure
Production by reportable segment	RT-CH-000.A	Metric tonnes (t)

	Unit of Measure	NIPSEA Group
Process Process R")	Number, rate	Data on PSIC, PSTIR and PSISR was not available.
	Number	Data on the number of transport incidents was not available.

NIPSEA Group
Total production output: 6,146,887 tonnes

MEMBERSHIP ASSOCIATIONS

NIPSEA Group values its active involvement and memberships in various esteemed industry associations and collaborations within the sectors we operate. NIPSEA Group's diverse memberships underscore our dedication to driving positive change on a global scale.

Organisation	Relevant Reporting Unit	Significance
American Coatings Association	Nippon Paint Automotive Americas (USA)	Participate in industry activities and conferences
Cares	Nippon Paint Automotive Americas (USA)	Participate in industry activities and conferences
Business Council for Sustainable Development Turkey	Betek Boya	First in the paint industry to be certified
Zero Energy and Passive House Association	Betek Boya	Raise awareness of nZEB and stay updated
Association for Energy Efficiency in Buildings	Betek Boya	Increase awareness of energy efficiency in buildings
Association of Advertisers	Betek Boya	Participate in advertising activities
Turkish Construction Materials Sector (IMSAD)	Betek Boya	Tayfun Kucukoglu, GM of IMSAD
Association of Thermal Insulation, Waterproofing, Sound Insulation and Fireproofing	Betek Boya	Participate in industry activities
Association of EPS Industry	Betek Boya	Participate in industry activities
Association of Paint Industry	Betek Boya	Participate in industry activities
Chinese Industry Association for Antimicrobial Materials & Products (CIAA)	Nippon Paint China	The CIAA collaborates with NIPSEA Group and KIAA. Joining SIAA offers access to cutting-edge information, technology exchanges, aids in project label applications. This provides access to cutting-edge information and technology

ns and groups. These affiliations demonstrate our commitment to excellence, innovation, and
 ication to remaining at the forefront of industry trends, nurturing meaningful partnerships, and driving

Affiliation to NIPSEA Group	Website
Academic and technical meetings to obtain the latest industry trends.	https://www.paint.org/
Academic and technical meetings to obtain the latest industry trends.	https://www.cares-sustainableforum.com/
Try to join the council for reporting & target setting in sustainability.	https://www.skdturkiye.org/en
nZEB buildings and regulations in Turkiye and related on global nZEB policies.	https://sepev.org
Energy efficiency in buildings and ETICS to impact policy regulations.	https://www.verimder.org.tr
Advertiser associations and align with ethical advancements.	https://www.rvd.org.tr
Member of Betek Boya, chairs IMSAD. Engage in policy regulation changes.	https://www.imsad.org/en
Engage in policy regulation changes.	https://izoder.org.tr
Engage in policy regulation changes.	https://epsder.org.tr
Engage in policy regulation changes.	https://bosad.org.tr
Collaborate closely with Japan's SIAA and South Korea's KIJ to gain access to antimicrobial labels and technical product advancement, and provides support for industry collaboration enhances NIPSEA Group's industry information and facilitates progress in antimicrobial initiatives	https://www.kjj.com.cn/

MEMBERSHIP ASSOCIATIONS

Organisation	Relevant Reporting Unit	Significance
IMA Asia	Nippon Paint China	Regular briefings hosted and gaining fresh perspectives and broader Asian market insights for strategic adjustment and management.
China Packaging Federation (CPF)	Nippon Paint China	The China Packaging Federation maintains relationships with packaging associations and regions worldwide. It connects with various organisations such as the International Corrugated Container Federation, Asian Corrugated Container Federation, etc.
China Fiber Glass Industry Association (CFIA)	Nippon Paint China	Maintaining up-to-date information on policy developments and industry foundation in the fiber glass industry.
China Association of Warehousing and Distribution (CAWD)	Nippon Paint China	Flooring materials play a significant role in the direct-to-consumer (DTC) model. This prestigious association represents the warehousing and distribution industry and has numerous members. Connecting with the association helps us identify potential business opportunities.
China National Furniture Association (CNFA)	Nippon Paint China	The national industry organization represents various institutions, social groups, and stakeholders in the furniture industry and related sectors. It focuses on operation, research, technical innovation, and promotion of the National Light Industry Industry Association's interests, reflecting members' legitimate rights, conveying industry information, and acting as a bridge between the industry and government.
China National Building Waterproof Association (CWA)	Nippon Paint China	Obtain industry development information from the China National Building Waterproof Association. Participate in industry forums and conferences. Engage in discussions and share experiences. Join the expert group on waterproofing.

Significance to NIPSEA Group	Website
<p>led by market experts allow for idea exchange objectives, deepening understanding of Chinese markets. Forum events provide insights into trends, business structures, growth and risk management, team building, and leadership.</p>	<p>https://imaasia.com/</p>
<p>The Federation has connections and cooperative packaging organisations from over 20 countries. It represents China in international packaging organisations such as the World Packaging Organisation, Corrugated Case Association, Asian Packaging Association, and European Aerosol Federation.</p>	<p>http://www.cpf.org.cn/</p>
<p>Knowledge of fiberglass industry news and trends is crucial for building a solid technological product line. Lucento's grid cloth product line.</p>	<p>http://www.cfia.xin/</p>
<p>The association plays a significant role in the warehousing industry, greatly impacting our business. Its influence in the national warehousing and logistics industry is significant and considerable. Association and engaging its member units helps identify potential business opportunities.</p>	<p>http://www.cawd.org.cn/</p>
<p>The organisation comprises voluntary enterprises, groups, and individuals engaged in production, research, and other activities in the Chinese related sectors. It operates under the guidance of the Industry Bureau, representing industry member desires, providing services, safeguarding industry interests, conveying government intentions, and acting as a bridge between businesses and the government.</p>	<p>https://www.cnfa.com.cn/</p>
<p>Development reports from the Waterproofing Association in waterproofing technology seminars for technical exchanges. Discussions on relevant standards. Member of the Waterproof Coatings Sub-Committee.</p>	<p>http://www.cnwb.net/</p>

MEMBERSHIP ASSOCIATIONS

Organisation	Relevant Reporting Unit	Signifi
China Association of Building Energy Efficiency (CABEE)	Nippon Paint China	Conduct research on en green building in dome Organize R&D of relate and provide training for p and operational mana
The Architectural Society of China (ASC)	Nippon Paint China	Engage in research, aca and professional publicat
China Construction Industry Association (CCIA)	Nippon Paint China	Associations regularly trends i Joining the China Constr establish connection fostering colla
China Adhesives and Tape Industry Association (CATIA)	Nippon Paint China	Promote the developme tape industry through exchanges, cooperatio
China Fashion & Colour Association (CFCA)	Nippon Paint China	NIPSEA leads research o the domestic market, Emphasizing colour effectively differ
China National Coatings Industry Association (NCIA)	Nippon Paint China	It is a legally registered pigment companies and n voluntary par
Institut Kimia Malaysia	Nippon Paint (Malaysia) Sdn. Bhd.	Statutor
Sirim Sts Sdn Bhd	Nippon Paint (Malaysia) Sdn. Bhd.	Access to international
Malaysian Automotive Association	Nippon Paint (Malaysia) Sdn. Bhd.	Monthly figures for au

Significance to NIPSEA Group	Website
<p>energy conservation, emissions reduction, and domestic and international construction fields. Advanced technologies, promote new technologies personnel. Enhance professional competence management capabilities of related enterprises.</p>	<p>https://www.cabee.org/</p>
<p>Academic exchange, technology dissemination, innovations in architectural design and construction management.</p>	<p>https://www.chinaasc.org.cn/</p>
<p>disseminate national policies and industry information in the construction industry. Construction Association provides opportunities to connect with key individuals from target clients, collaborations for future cooperation.</p>	<p>http://www.zgjzy.org.cn/</p>
<p>Development of China's adhesive, sealant, and adhesive activities facilitating industry connections, innovation, and presenting recommendations to the government.</p>	<p>https://www.catia-china.com/</p>
<p>Focus on architectural colours and design trends in particular in B2B architectural coatings. Innovation in design as a core competitive advantage differentiates NIPSEA from competitors.</p>	<p>http://www.fashioncolor.org.cn/</p>
<p>Industry association comprising national paint and related enterprises and institutions, based on participation and equality principles.</p>	<p>https://www.chinacoatingnet.com/</p>
<p>Industry professional organisation.</p>	<p>www.ikm.org.my</p>
<p>Specifications and testing methods library.</p>	<p>www.sirimsts.my</p>
<p>Automotive production by plant and model.</p>	<p>www.maa.org.my</p>

MEMBERSHIP ASSOCIATIONS

Organisation	Relevant Reporting Unit	Signif
Toyota Suppliers Club, Malaysia	Nippon Paint (Malaysia) Sdn. Bhd.	Relations
GS1 Malaysia Berhad	Nippon Paint (Malaysia) Sdn. Bhd.	Purchase num
Federation Of Malaysian Manufactures	Nippon Paint (Malaysia) Sdn. Bhd.	Represents the ind
Malaysian Interior Industry Partner	Nippon Paint (Malaysia) Sdn. Bhd.	Opportunity to incre
Master Builders' Association Malaysia	Nippon Paint (Malaysia) Sdn. Bhd.	Opportunity to in
Malaysian Paint & Coatings Manufacturers' Association	Nippon Paint (Malaysia) Sdn. Bhd.	Dissemination of indu
NIOSH (National Institute of Occupational Safety & Health)	Nippon Paint (Malaysia) Sdn. Bhd.	Training, consultatio
Institut Pengurusan Malaysia	Nippon Paint (Malaysia) Sdn. Bhd.	Provides professional
Malaysian Employers Federation	Nippon Paint (Malaysia) Sdn. Bhd.	Central organisation
Thai Paint Manufacturers Association	Nippon Paint Decorative Coatings (Thailand) Co., Ltd.	Paint association with the regulati
Home Builder Association	Nippon Paint Decorative Coatings (Thailand) Co., Ltd.	Get leads of prospects fr in associative even connect
Chonburi Real Estate Association	Nippon Paint Decorative Coatings (Thailand) Co., Ltd.	Promote and hold sem

Significance to NIPSEA Group	Website
Relationship building with customers.	www.tsclub.com.my
Members for the Bar Coding System.	www.gs1my.gov
Industry, provides updates and training.	www.fmm.org.my
Expand the network with interior designers.	www.miip.com.my
Increase the network with contractors.	www.mbam.org.my
Industry-related information and networking.	www.mpcma.org.my
Innovation, R&D and information dissemination.	www.niosh.com.my
Education and networking opportunities.	www.mim.org.my
Association of private sector employers in Malaysia.	www.mef.org.my
The aim of looking into industrial standards and regulations. Industrial networking.	https://www.tpma43.org/
Promote products from the members. Follow up and participate in exhibitions to promote products & brands, build relationships, and cross-references. Seminars from time to time depending on the agenda.	https://www.hba-th.org/
	https://www.facebook.com/crea.chonburi

MEMBERSHIP ASSOCIATIONS

Organisation	Relevant Reporting Unit	Signif
Architect Council of Thailand	Nippon Paint Decorative Coatings (Thailand) Co., Ltd.	Get leads of prospects fr in associative event connect Promote and hold sem
Phuket Real Estate Association (P-RREA)	Nippon Paint Decorative Coatings (Thailand) Co., Ltd.	Get leads of prospects fr in associative event connect Promote and hold sem
The Songkhla Real Estate Association	Nippon Paint Decorative Coatings (Thailand) Co., Ltd.	
Nonthaburi Real Estate Association	Nippon Paint Decorative Coatings (Thailand) Co., Ltd.	
Philippine Paint and Coatings Association (Formerly Philippine Association of Paint Manufacturers)	Nippon Paint (Coatings) Philippines, Inc.	
ICCP Group Foundation	Nippon Paint (Coatings) Philippines, Inc.	Required Association programmes, a
Isuzu Suppliers Association	Nippon Paint (Coatings) Philippines, Inc.	
Toyota Suppliers Club	Nippon Paint (Coatings) Philippines, Inc.	
Mitsubishi Suppliers Association	Nippon Paint (Coatings) Philippines, Inc.	
Credit Management Association of The Philippines	Nippon Paint (Coatings) Philippines, Inc.	
Hardware Consolidated Inc.	Nippon Paint (Coatings) Philippines, Inc.	

Significance to NIPSEA Group	Website
<p>from the members. Follow up and participate in activities to promote products & brands, build relationships, and cross-references. Conduct seminars from time to time depending on the agenda.</p>	<p>https://act.or.th/th/home/</p>
<p>from the members. Follow up and participate in activities to promote products & brands, build relationships, and cross-references. Conduct seminars from time to time depending on the agenda.</p>	<p>www.phuketrealestate.or.th</p>
	<p>https://www.songkhlaarea.org/frontpage</p>
	<p>www.realestatenonthaburi.or.th/</p>
<p>Address local and international governance issues. Focus on new paint and coatings regulations. Encourage groups to collaborate with regulating agencies. Promote Philippine National Standards on Paints. Provide advanced Paint Technology Education to members and students.</p>	<p>www.papmpaints.org</p>
<p>Participate in LISP that will help maintain, provide support and focus on community relations.</p>	<p>-</p>
	<p>https://www.facebook.com/groups/isuzusuppliers/</p>
	<p>https://www.facebook.com/toyotasupplierclub</p>
	<p>https://local.infobel.ph/PH100650994/mitsubishi_motors_phils_corp_suppliers_association-santa_rosa_city.html</p>
	<p>https://cmaphil.ph/</p>
	<p></p>

MEMBERSHIP ASSOCIATIONS

Organisation	Relevant Reporting Unit	Significance
Laguna Chamber of Commerce and Industry	Nippon Paint (Coatings) Philippines, Inc.	Organisation of local industries) in Laguna P further the interests of linkages and share
CRIF D-B Philippines Inc.	Nippon Paint (Coatings) Philippines, Inc.	Vendor
Samahan sa Pilipinas ng Mga Industriyang Kimika (SPIK)	Nippon Paint (Coatings) Philippines, Inc.	
Overseas Investors Chamber of Commerce and Industry (OICCI)	Nippon Paint (Pakistan) (Private) Limited	To receive market,
Lahores Chamber of Commerce and Industry (LCCI)	Nippon Paint (Pakistan) (Private) Limited	To receive market,
Bangladesh Paint Manufacturing Association (BPMA)	Nippon Paint (Bangladesh) Private Limited	To actively engage in sha current market trends ar
Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI)	Nippon Paint (Bangladesh) Private Limited	To get LC in Bangladesh Initially, we affiliated wi engage in business trans
APCI (Asosiasi Produsen Cat Indonesia)	Pt. NIPSEA Paint and Chemicals	Paint M
Science and Technology in Society forum (STS forum)	NIPSEA Management Company Pte. Ltd	To deliver the benefits resolve the new types of sc
Massachusetts Institute of Technology Industrial Liaison Program (MIT-ILP)	Nippon Paint Group	Nippon Paint is dedicat beneficial relationship

Significance to NIPSEA Group	Website
<p>businesses and companies (from different Province with the intention to develop and local companies and businesses. Strengthen business experiences and contacts with governments.</p>	
<p>Supplier Integrity Accreditation.</p>	<p>https://www.vendorintegrityaccess.ph/</p>
	<p>https://spik.com.ph/members/</p>
<p>economic and regulatory information.</p>	<p>www.OICCI.org</p>
<p>economic and regulatory information.</p>	<p>www.lcci.com.pk</p>
<p>Understanding government policies, staying abreast of and obtaining various licenses such as IRC and ERC.</p>	<p>www.bpmabd.org</p>
<p>When, it is necessary to join a business chamber. With BMCCI for this purpose, and now we can transact within the BMCCI business network.</p>	<p>www.bmcci.org.bd</p>
<p>Automotive Manufacturers Association.</p>	<p>www.apci.info</p>
<p>Transfer of science and technology to the world and solving problems stemming from the application of science and technology.</p>	<p>https://www.stsforum.org/</p>
<p>Committed to creating and strengthening mutually beneficial relationships between MIT and companies worldwide.</p>	<p>https://ilp.mit.edu/membership</p>

MEMBERSHIP ASSOCIATIONS

Organisation	Relevant Reporting Unit	Significance
Waterborne Platform	Nippon Paint China	Participate in the development of waterborne technologies
Singapore Paint Industry Association (SPIA)	Nippon Paint Singapore	SPIA aims to benefit the paint industry in Singapore

Significance to NIPSEA Group	Website
Development of industry standards and obtain the latest trends in the industry.	http://www.wbplatform.org/
Connect paint makers/brands with businesses in Singapore only.	NA

GRI Standards	Disclosure	GENERAL DIS
The Organisation and its		
2-1	Organisational details	NIPSEA Gro Wuthelam serving var
2-2	Entities included in the organisation’s sustainability reporting	Data and
2-3	Reporting period, frequency, and contact point	
2-4	Restatement of information	
2-5	External assurance	All data an However, l r
Activities an		
2-6	Activities, value chain, and other business relationships	
2-7	Employees	
2-8	Workers who are not employees	

Page number(s) and/or Remark(s)

Reporting Practices

NIPSEA Group, formed in 1962 through a partnership between Nippon Paint, our parent company, and Nippon Holdings Pte Ltd, has grown to become a prominent paint and coatings solutions company across various sectors in Asia. Our growth in the region has been substantial, with expansions into 27 locations to date.

The information presented in this report applies to 49 reporting units across 27 geographic locations.

Financial period from 1st January to 31st December 2023
 Annual Sustainability Report
 Contact point: sustainability@nipsea.com.sg

There were no restatements made in this report.

The information presented in this report have not undergone external assurance at present. NIPSEA Group intends to evaluate possibilities to externally assure sections of significant materiality once a more advanced level of reporting maturity has been attained.

Employees

Sustainable Procurement, pages 94 to 97.

29,271 employees across 27 geographical locations in NIPSEA Group.

ESG Performance Data, pages 100 to 121.

N.A.

GRI Standards	Disclosure	
Governance		
2-9	Governance structure and composition	For more information
2-10	Nomination and selection of the highest governance body	For more information
2-11	Chair of the highest governance body	The Board For more information
2-12	Role of the highest governance body in overseeing the management of impacts	
2-13	Delegation of responsibility for managing impacts	For more information
2-14	Role of the highest governance body in sustainability reporting	Please refer to
2-15	Conflicts of interest	For more information

Page number(s) and/or Remark(s)

ance

Corporate Governance, pages 80 to 85.

information, please refer to the Nippon Paint Holdings' [website](#) on The Board of Directors.

Corporate Governance, pages 80 to 85.

information, please refer to the Nippon Paint Holdings' [website](#) on Election and dismissal of Directors and Executive Officers.

Board of Directors of Nippon Paint Holdings is Goh Hup Jin, who is an Independent Director.

information, please refer to the Nippon Paint Holdings' [website](#) on The Board of Directors.

Corporate Governance, pages 80 to 85.

Risk Management, pages 86 to 90.

information, please refer to the Nippon Paint Holdings' [website](#) on Overview of Corporate Governance.

information, please refer to the Nippon Paint Holdings' [website](#) on ESG statement • ESG management.

Risk Management, pages 86 to 90.

information, please refer to the Nippon Paint Holdings' [website](#) on Overview of Corporate Governance.

GENERAL DISCLOSURES		
GRI Standards	Disclosure	
Governance		
2-16	Communication of critical concerns	Please refer to page 10
2-17	Collective knowledge of the highest governance body	Please refer to page 10
2-18	Evaluation of the performance of the highest governance body	Please refer to page 10
2-19	Remuneration policies	Please refer to page 10
2-20	Process to determine remuneration	
2-21	Annual total compensation ratio	
Strategy, Policies		
2-22	Statement on sustainable development strategy	
2-23	Policy commitments	
2-24	Embedding policy commitments	
2-25	Processes to remediate negative impacts	
2-26	Mechanisms for seeking advice and raising concerns	
2-27	Compliance with laws and regulations	
2-28	Membership associations	

DISCLOSURES

Page number(s) and/or Remark(s)
ance
Risk Management, pages 86 to 90. Please refer to the Nippon Paint Holdings' website on ESG statement • ESG management.
Corporate Governance, pages 80 to 85. Please refer to the Nippon Paint Holdings' website on ESG statement • ESG management.
Corporate Governance, pages 80 to 85. Please refer to the Nippon Paint Holdings' website on Analysis and evaluation of the effectiveness of the Board of Directors.
Corporate Governance, pages 80 to 85. Please refer to the Nippon Paint Holdings' website on Remuneration and Other Matters Concerning Directors and Executive Officers.
N.A.
s, and Practices
A Message from the Group Chief Executive Officer, pages 4 to 5.
Environment & Safety, pages 20 to 30. People & Community, pages 34 to 66. Innovation & Product Stewardship, pages 70 to 76. Sustainable Procurement, pages 94 to 97.
Stakeholder Management, pages 89 to 91.
Instances of non-compliance at the Group-level: 0
Membership Associations, pages 128 to 143.

GENERAL DISCLOSURES		
GRI Standards	Disclosure	
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	
2-30	Collective bargaining agreements	

MATERIAL DISCLOSURES		
GRI Standards	Disclosure	
3-1	3-1 Process to determine material topics	
3-2	3-2 List of material topics	
Energy and Emissions		
3-3	Management of material topics	
302-1	Energy consumption within the organization	
302-3	Energy intensity	
305-1	Direct (Scope 1) GHG emissions	
305-2	Energy indirect (Scope 2) GHG emissions	
305-4	GHG emissions intensity	
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	
Water Conservation		
3-3	Management of material topics	
303-1	Interactions with water as a shared resource	
303-2	Management of water discharge-related impacts	
303-3	Water withdrawal	
303-4	Water discharge	
303-5	Water consumption	

DISCLOSURES

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Engagement

Stakeholder Management, pages 89 to 91.

N.A.

TOPICS

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GRI-SASB Materiality Assessment, pages 13 to 15.

Reduction Strategy

Energy and Emissions Reduction Strategy, pages 20 to 22.

Energy and Emissions Reduction Strategy, pages 20 to 22.
ESG Performance Data, pages 100 to 121.

Conservation Strategy

Water Conservation Strategy, pages 23 to 25.

Water Conservation Strategy, pages 23 to 25.
ESG Performance Data, pages 100 to 121.

		MATERIAL
Waste Management		
3-3	Management of material topics	
306-1	Waste generation and significant waste-related impacts	
306-2	Management of significant waste-related impacts	
306-3	Waste generated	
306-4	Waste diverted from disposal	
306-5	Waste directed to disposal	
Workforce Safety		
3-3	Management of material topics	
403-1	Occupational health and safety management system	
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational health services	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-9	Work-related injuries	
Diversity and Inclusion		
3-3	Management of material topics	
405-1	Diversity of governance bodies and employees	
401-3	Parental leave	

TOPICS

Waste Management Strategy

Waste Management Strategy, pages 26 to 27.

Waste Management Strategy, pages 26 to 27.
ESG Performance Data, pages 100 to 121.

Safety and Well-being

Workforce Safety and Well-being, page 27.

Workforce Safety and Well-being, page 27.
ESG Performance Data, pages 100 to 121.

Diversity and Inclusion

Diversity and Inclusion, pages 34 to 35.

Diversity and Inclusion, pages 34 to 35.
ESG Performance Data, pages 100 to 121.

MATERIAL		
Training and D		
3-3	Management of material topics	
404-1	Average hours of training per year per employee	
Communit		
3-3	Management of material topics	
413-1	Operations with local community engagement, impact assessments, and development programs	
Sustainably Advan		
3-3	Management of material topics	
203-1	Infrastructure investments and services supported	
Product Safe		
3-3	Management of material topics	
416-1	Assessment of the health and safety impacts of product and service categories	

TOPICS

Development

Training and Development, page 36.

Training and Development, page 36.
ESG Performance Data, pages 100 to 121.

Community Impact

Community Impact, pages 38 to 66.

Sustainably Advantaged Products

Sustainably Advantaged Products, pages 70 to 73.

Sustainably Advantaged Products, pages 70 to 73.
ESG Performance Data, pages 100 to 121.

Product Safety Design

Product Safety Design, page 75.

Product Safety Design, page 75.
ESG Performance Data, pages 100 to 121.



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**NIPPON PAINT HOLDINGS SINGAPORE PTE LTD,
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