

# Purpose

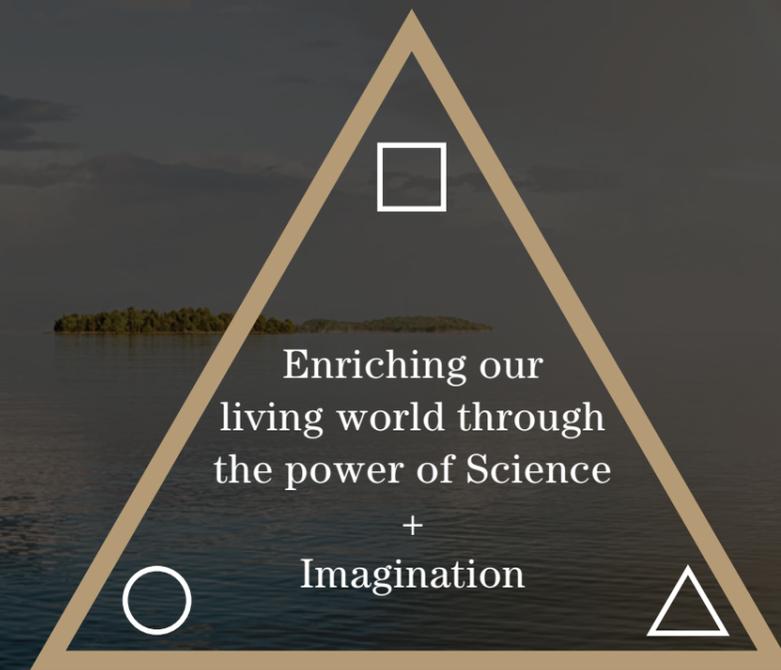
## — Our Shared Identity

Nippon Paint Group positions Purpose as a guiding philosophy that defines the shared identity of the Group, while respecting the autonomy of our partner companies\* based on their own Missions, Visions, and Values. Based on our shared values, diverse people at our partner companies around the world will form strong bonds and collaborate to achieve Maximization of Shareholder Value (MSV).

\* Consolidated subsidiaries of Nippon Paint Holdings

### Prosper Together

We prosper with absolute integrity and fairness by fulfilling our obligations and maximizing our commitments to all stakeholders (consumers, customers, communities, employees, suppliers, governments).



### Science + Imagination

The unlimited power of Science + Imagination, leading to ground-breaking technology and useful innovation that preserve, enhance and enrich the world.

### Powerful Partnerships

Our unique approach between our partner companies is based on respect, trust, empowerment and accountability. These partnerships form a powerful catalyst for innovation and growth.

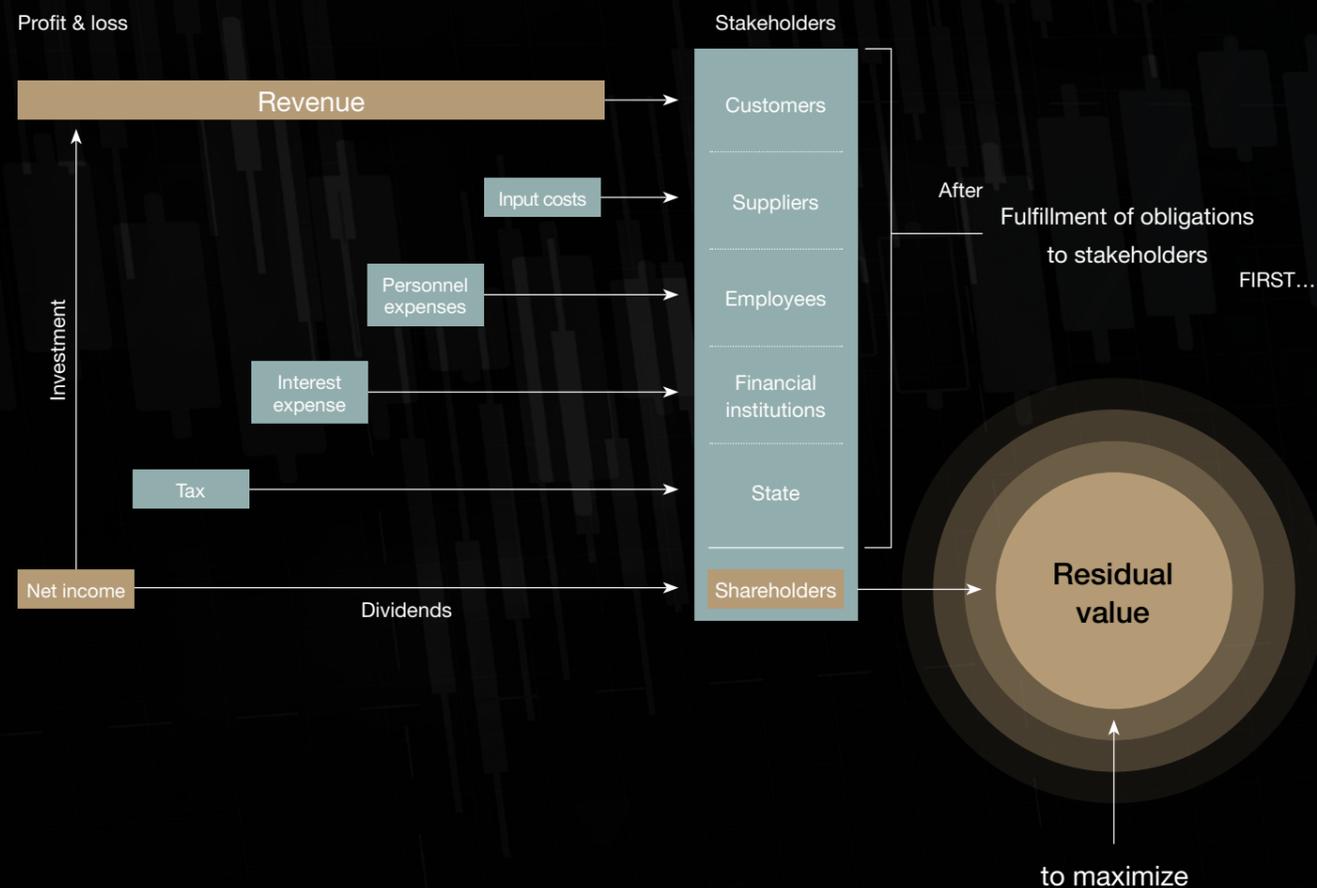
# Maximization of Shareholder Value (MSV) — Our Sole Mission

The diagram below shows the stakeholder relationships using a profit and loss statement. Fulfilling our obligations to all stakeholders first and foremost is the primary premise. These obligations include not only legal ones but also social, ethical and sustainability obligations.

MSV is about maximizing the residual value after fulfilling our obligations to all stakeholders. However, while obligations to stakeholders have upper limits, residual shareholder value has none.

$$MSV = M(EP\text{S}) \times M(PER)$$

Stock price equates to EPS (earnings per share) multiplied by PER (price-to-earnings ratio). Therefore, we pursue the maximization of both EPS and PER.



## Maximize EPS

Why do we maximize EPS instead of just earnings? We note that an earnings increase can sometimes result in EPS reduction if accompanied by less than ideal share issues which dilute EPS.

There are 2 pillars of EPS maximization:

1. Organic growth
2. Asset assembly

We strive to maximize both pillars through operational efforts as well as disciplined M&A accompanied by ideal financing.

## Maximize PER

PER basically reflects capital markets' expectation of the company's EPS growth. We focus on maximizing our PER by using a variety of IR activities, a carefully formulated finance strategy, sustainability initiatives, as well as assembling quality assets to raise our EPS growth potential.

# How Shareholder Value Is Maximized

Shareholder value is  $EPS \times PER + \text{dividends}$ . As we believe in our ability to obtain a much higher return than our shareholders, dividends constitute a relatively small component of our total shareholder value. As such we approximate shareholder value as  $EPS \times PER$ .

## MSV Logic Tree

The logic tree right shows what we toil for day in and day out.

EPS

MSV

PER

**Sustainability**

- Environment & Safety
- People & Community
- Innovation & Product Stewardship
- Governance
- Sustainable Procurement

**Organic (existing businesses)**

Strive for market share & profitability

**Inorganic (M&A)**

Asset Assembler model

**Balance sheet management**

Financial discipline

**Communications with capital markets**

Nurture market expectation

### Our pursuit

Develop low-carbon/eco-friendly products + Ensure safe people and operations

Recruit/train diverse employee + Earn the trust of stakeholders

Develop sustainable products (NPSI ↗ monitor LCA) + Chemicals of concern

Oversee management + Encourage risk-taking

Low-cost and sustainable procurement + Reduce environmental and human rights risks

Relentless pursuit of technologies, talents. Intensive use of IT

Vigorous pursuit of higher quality, lower cost, capex efficiency

Rally targets to aspire to joining the federation

Strive to lower funding cost & risk, maintain high PER

Debt leverage with market acceptance + Equity financing with EPS accretion

Ingrain equity story + Increase engagement + Enhance disclosure materials

Promote our medium to long-term management strategy and forge a solid group management structure

**Environmental Strategy** ▶ P65

**Safe People and Operations** ▶ P81

**Message from Co-President Wee** ▶ P17  
**Human Resource Strategy** ▶ P71

**Growth with Communities** ▶ P82

**R&D Strategy** ▶ P77

**Corporate Governance** ▶ P99

**Risk Management** ▶ P121

**Sustainable Procurement** ▶ P83

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**Strategy by Asset** ▶ P85

**Accumulated Management Resources** ▶ P39  
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Promote our medium to long-term management strategy  
and forge a solid group management structure

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# Key message of the Integrated Report 2023 (Editorial Policy)

The main theme of the Integrated Report 2023 is about our strive to maximize shareholder value via inorganically skillful assembling of assets, and organically value enhancing management of assets.

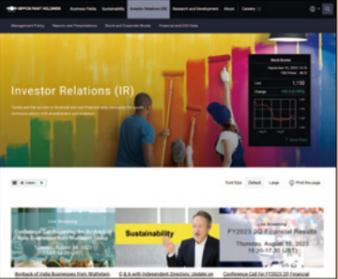
Editorial work referenced the Integrated Reporting Framework developed by the International Financial Reporting Standards Foundation, Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry, and the Sustainability Accounting Standards Board (SASB) Standards, etc.

This report is unaudited.



# Information Disclosure Structure

### Investor Relations (IR)

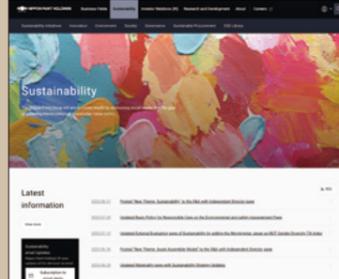


**Key content**

- Management Policy
- Reports and Presentations (Annual Securities Report (only available in Japanese), financial statements, etc.)
- Stock and Corporate Bonds
- Financial and ESG Data
- Information for Individual Investors (only available in Japanese)

<https://www.nipponpaint-holdings.com/en/ir/>

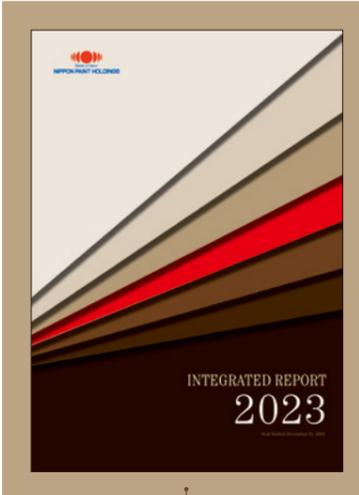
### Sustainability



**Key content**

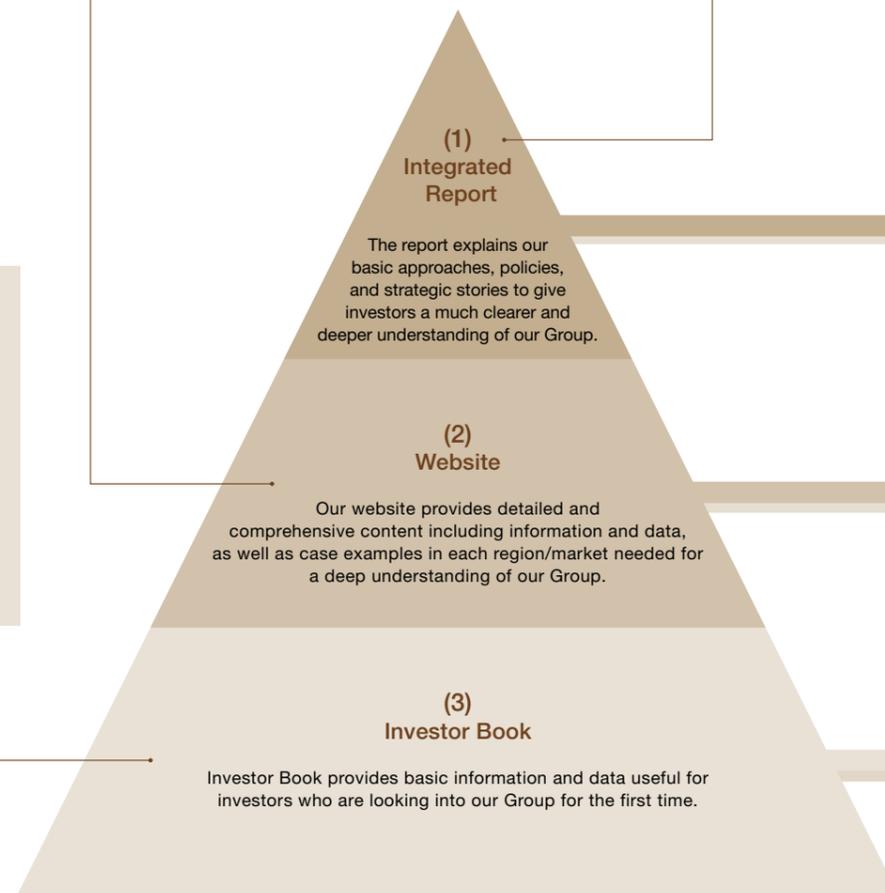
- Sustainability Initiatives
- Innovation
- Environment
- Society
- Governance
- Sustainable Procurement
- ESG Library

<https://www.nipponpaint-holdings.com/en/sustainability/>

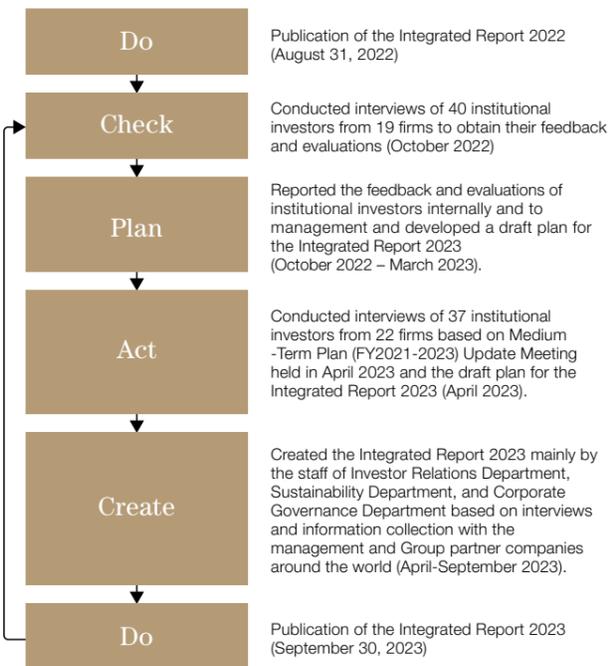



**INVESTOR BOOK**

<https://www.nipponpaint-holdings.com/en/ir/library/investors/>



## Integrated Report 2023 production process



## Participation and involvement of the management

The management is actively involved in the Plan and Create phases of the above production processes. In particular, Directors, Representative Executive Officers & Co-Presidents Yuichiro Wakatsuki and Wee Siew Kim and Lead Independent Director Masayoshi Nakamura engaged in the Create phase by participating in the planning meeting several times to discuss the concept, contents, and design of the report.

## Period and scope

Period covered: January 1 to December 31, 2022  
(Information on some activities after January 2023 is also included as necessary)

Scope of the report: Nippon Paint Holdings (NPHD) and its consolidated subsidiaries around the world

Accounting standard: Unless stated otherwise, figures to FY2017 are based on JGAAP and figures from FY2018 onwards are based on IFRS.

## Referenced Reporting Guidelines

- Integrated Reporting Framework developed by IFRS Foundation (former Value Reporting Foundation)
- Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry
- Sustainability Accounting Standards Board (SASB) Standards, etc.

## Inquiries about this report

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## Publication date

September 2023 (published annually)

## Notice concerning forward-looking statements

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

## Key content

	M&A	Human Capital
(1) Integrated Report 2023	<ul style="list-style-type: none"> <li>• Our Finance and M&amp;A Strategies Presented by Co-President Wakatsuki ▶ P55</li> <li>• Feature Article (1): M&amp;A Success Case ▶ P61</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability as the Prerequisite for MSV ▶ P41</li> <li>• Human Resource Strategy ▶ P71</li> <li>• Progress of Structural Reforms in Japan Group and Roadmap for Improving Profitability Presented by Co-President Wee ▶ P91</li> <li>• Embracing Transformation and Changing Work Style ▶ P95</li> </ul>
(2) Corporate website	<ul style="list-style-type: none"> <li>• M&amp;A Strategy Content: M&amp;A basic policy and track record (a tabulation of information about our key M&amp;A deals including the year, region, business activities, market share and revenue growth of acquired companies, etc.)</li> <li>• M&amp;A information Content: Press releases, presentation materials, presentation summaries, Q&amp;A summaries, and on-demand videos of investor briefing meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Human resources management Content: Basic approach, Management system, Human capital for sustained growth, Recruitment of a diverse range of human resources, and training of managers, Career management, Labor practices, Improvement of employee engagement</li> <li>• Diversity and Inclusion Content: Basic policy, Management system, Ensuring and enhancing diversity, work-life balance initiatives, Establishment of Working from Home System, Encouraging men to take childcare leave</li> <li>• Human rights Content: Basic approach, Policy implementation structure, Due diligence in human rights, Establishment of a harassment help desk</li> <li>• Human Resource Development Initiatives Aimed at MSV Content: Our path for reforming the mindset of employees, J-LFG Awards, Feedback from award winners</li> <li>• Viewpoints of Independent Directors Content: Our Independent Directors provide their thoughts about our Company's appeal and challenges.</li> </ul>
(3) Investor Book	<ul style="list-style-type: none"> <li>• Data on the acquired companies (1) Regions covered: China, Singapore, Malaysia, Indonesia, Türkiye, Pacific/Europe, Americas, Japan (2) Content: Company overview, performance trends, sales composition, market share, SWOT analysis</li> <li>• The list of major brands</li> </ul>	—