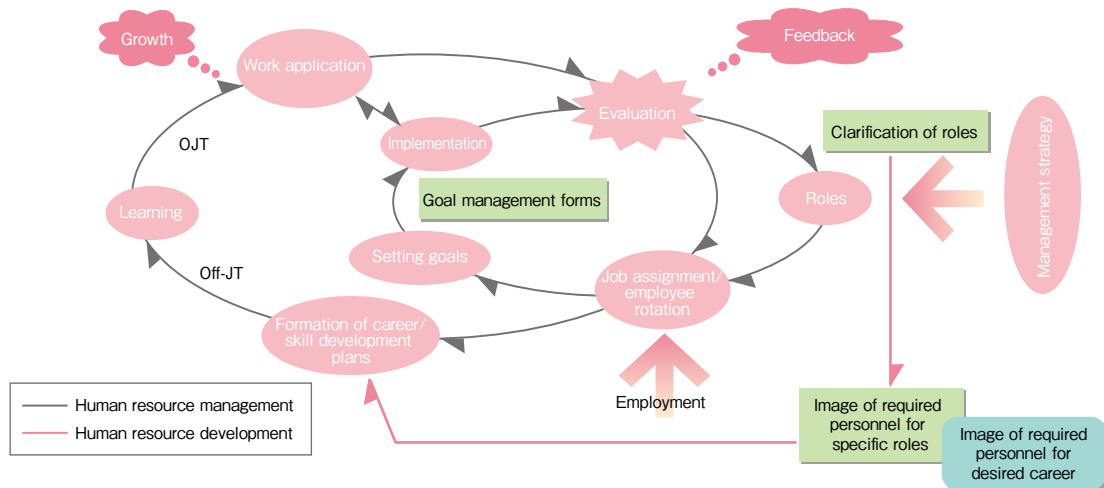


# Employee Relations

Nippon Paint strives to create a workplace that encourages all employees to raise their individual capabilities so as to fully demonstrate their united Group power.

## Human Resource Management

We have set forth various initiatives designed to help employees realize satisfaction while also revitalizing our organization.



### Personnel treatment/remuneration

Our human resource management system is aimed to motivate employees so that they can fully demonstrate their abilities and energies. It also combines individual strengths to maximize unified Group power. Accordingly, Nippon Paint has established its policy concerning human resource management as follows:

1. Cultivate an active and vitalized corporate culture, stressing mutual trust between management and employees.
2. Achieve both rewarding work and improvement of corporate performance through teamwork.
3. Encourage employees to demonstrate their individual capabilities to the fullest.

Based on this policy, we revised a remuneration system for managerial-class employees in fiscal 2007.

General staff members set their individual targets and are evaluated for their achievements through open discussion with their managers to maintain transparency and enhance employee consent of evaluation. Moreover, in fiscal 2008 Nippon Paint revised its personnel treatment/remuneration system by reflecting the policy listed on the left.

The revised system is designed to encourage all employees to feel confident in dealing with their tasks. With this system, employees can also experience motivating and enjoyable work, while being assured of job security to support their families.

A self-declaration system is also in place to help employees design their own career plans and meet their individual targets.

### Post-retirement re-employment initiative

Along with a rapidly aging population and declining birthrate, the working population is decreasing and public pension eligibility age is increasing. In response to

this situation, we adopted a re-employment initiative for employees who reach retirement age. This also helps to make maximum use of the expert knowledge and skill of veteran workers and to cultivate successors.

### Comfortable, easy-to-work workplace

We believe that guaranteeing stable employment and providing a comfortable working environment not only benefits our employees but also contributes to society. Specific measures taken to improve the working environment are:

1. Childcare/family care leave  
In fiscal 2008, 14 employees took childcare/family care leave.
2. Employment of persons with disabilities  
In fiscal 2008, the percentage of disabled employees at Nippon Paint was 1.9%, which is above the legally mandated level of 1.8%.
3. Mental healthcare  
We are also committed to management of employees' mental health by relying on external counselors.

## Human Resource Development

With the watchwords “generous toward people, strict about work,” the Nippon Paint Group aims to continually cultivate quality personnel.

As part of our Group-wide “Survival Challenge” initiative intended to overcome the current economic crisis, we are implementing various measures to comprehensively support development and utilization of human resources, based on our belief that quality people are the key to overcoming our difficulties.

The Human Resources Development department, which had formerly been responsible for personnel development, was

placed within the new Human Resources division established in fiscal 2009, along with the Human Resource management department. The Human Resource Development department will promote personnel training and development in cooperation with various other departments.

### ● Human Resource Development Policy (Philosophy)

Human resource development is the most important issue for both corporate management and employees.

1. Management must take responsibility for human resource development through sponsorship.
2. Employees should help to develop each other through healthy competition so that they can perform high-quality teamwork.
3. Employees should help to develop each other to acquire the ability to think through problems, find real causes and solve them.

## Skills Development

In fiscal 2008, a new employee training program was developed by adding on-the-job training to the conventional education aimed at providing business knowledge. The purpose of this was to encourage employees to think deeply about working at a company from both the individual and organizational points of view. In the middle of their first year, new employees are also given on-the-job training at factories and other workplaces, based on the policy that new employee education is the responsibility of the entire Group.

In developing the skills of Group employees, the Human Resource Development department works together with each worksite to review and identify the ideal image of required personnel. This is designed to encourage each employee to enjoy rewarding work and to develop people who are capable

of executing management strategies.

Based on the education system and training programs built around the ideal image of required personnel, we will help employees raise their skills and achieve their goals so as to strengthen the Group’s overall structure. We will also reflect the ideal image of required personnel in Nippon Paint Group’s employment and personnel allocation systems to help enhance the efficiency of Group management.

Also available are work exchange programs for personnel both in and outside Japan, as well as special training courses for expatriate staff and language training. These programs are intended to help nurture personnel suitable for and capable of engaging in global business.



New employees being trained in color-matching.

## Corporate Culture Reform

Our corporate culture reform initiative that we have been promoting since fiscal 2006 is increasing in importance along with the establishment of the “Survival Challenge” initiative.

The “seeds” we have planted for corporate culture reform have begun to bear fruit. For example, in the production sector’s onsite quality assurance study workshop, mid-career production-sector employees of Group companies aligned the direction of their activities, and began moving ahead on their own initiatives toward building a powerful production system.

This workshop is expected to make a great contribution to boosting the Group’s key strengths.

Activities are also underway in the technical and sales sectors, aiming to transform Nippon Paint into an organization that will meet society’s expectations by drawing on its comprehensive Group strengths.



Onsite QA study workshop

## COLUMN

### Trade-use Paint Seminar for Technical Staff from Asia

On June 2-7, 2008 at the Neyagawa office, a total of 22 staff members from ten sites in four countries—China, Thailand, Singapore and Malaysia—visited Japan and participated in a technical seminar for trade-use paints.

The six-day, hands-on seminar was intended to enhance knowledge and skills related to a series of

operations from resin synthesis to paint manufacture to evaluation. After the seminar, many participants had positive comments. One person said, “It was a great experience for me because I was able to learn techniques that I can apply to my future work. I was also able to exchange information and views with people from other Group companies.”



Small group evaluation and review session



Hands-on training for resin synthesis