

**WE BELIEVE THAT A STRONG CORPORATE
SUSTAINABILITY FRAMEWORK, PRACTICE AND
CULTURE TRANSLATES TO A STRONG COMPANY
THAT DELIVERS FOR ALL ITS STAKEHOLDERS
OVER THE LONG TERM.**



At DuluxGroup, we help our consumers to imagine and create better places and spaces in which to live and work. We do this by manufacturing and marketing a wide range of products that enhance, protect and maintain those places and spaces. We recognise that doing business in a responsible and sustainable way is critical for us to earn and maintain the respect and trust of all stakeholders including our consumers, customers and communities, our people and our shareholders.

This report has been prepared by reference to the relevant core principles of the globally recognised reporting framework developed by the Global Reporting Initiative (GRI). The GRI reporting framework sets out the principles and indicators that organisations can use to report their environmental, social and governance practices and performance.



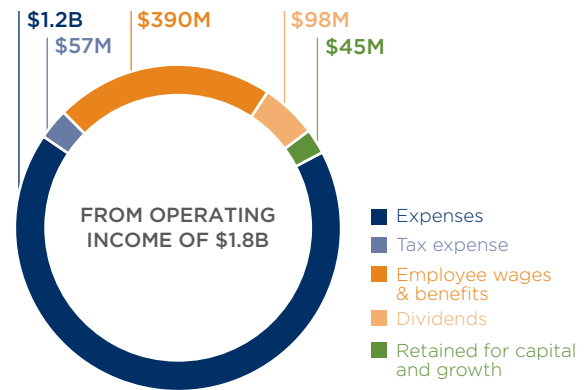
Dulux is helping to paint every Surf Life Saving Club in Australia

OUR COMMUNITIES

DuluxGroup is committed to being a welcome and positive participant in our communities.

Our commitment encompasses:

- giving back to our local communities through giving and volunteering programs to help them thrive;
- ensuring that our products and our operations cause no harm;
- employing thousands of local people;
- supporting the development of science and innovation through collaboration and investment;
- paying our fair share of taxes in all regions in which we operate;
- contributing positively to public policy debate to best represent the interests of our shareholders, employees, customers and community and to advocate for the global competitiveness of Australian industry.



DuluxGroup in the Community 2017

Of our \$1.8 billion in revenue this year, approximately: \$390 million went to wages and benefits for our 4,000 employees; \$57 million was contributed in company income taxes; \$98 million was returned to shareholders in the form of dividends; \$1.2 billion was paid in expenses, including to thousands of suppliers – small, medium and large – some of which rely on DuluxGroup’s businesses for their own viability and ability to employ. In addition, our employees contributed hundreds of hours volunteering to help out on community projects, to raise funds and to provide mentoring or technical expertise to help those in need.

Here are just some of the examples of where our people took time out to help their local communities to imagine and create a better place:

- B&D employees in New Zealand building bicycles to donate to children living with cancer
- DuluxGroup employees in Perth volunteering time and donating products to renovate emergency crisis accommodation for women and children escaping domestic violence
- Yates employees visiting schools to help students build community gardens and learn how to grow their own fruit and vegetables
- The Dulux Trade team raising more than \$20,000 for Beyond Blue in partnership with Dulux Accredited Painters
- Cabot’s employees supporting Men’s Sheds throughout the country
- Dulux Australia donating paint and working with local Dulux accredited painters to renovate Cancer Council accommodation in Townsville
- Employees volunteering for Food Bank in Perth, Melbourne, Sydney and Brisbane
- Berger donating product to help young Sydney people brighten up local community spaces
- DuluxGroup New Zealand employees forming a band and putting on a concert to raise more than \$NZ2000 for The Cancer Society

LOCAL SCHOOLS ‘LIVE THE JOY OF THE GARDEN’



Yates employees are driven by a core purpose to help their consumers and communities to ‘Live the Joy of the Garden’. In early Spring 2017, more than 20 Yates employees stepped away from their computers and got their hands dirty in a Community Give Back Program. The program saw three schools receive new gardens, which they won through the Yates ‘Raise A Patch’ competition. Students learned how to grow their own seedlings and saw how easy it is to grow their own vegetables at school and at home. The program is designed help Yates employees get out into the community and share the rewards of ‘living the joy of the garden’.

BERGER JET DRY GIVES KIDS SOMETHING TO JUMP ABOUT



Berger Jet Dry sponsored the Mt Druitt Youth Placemakers program to create a paving mural in a local shopping precinct. The mural was designed by a group of 14-15 year olds as a game for kids, to jump between the lily-pads and flowers. The team worked with Berger Jet Dry AquaTread paint and colours to draw the community to a previously unloved space. Berger is supporting our local communities as they hunt for more places to bring to life in this way.

Our employee volunteer work complements the more formal community support activities that our businesses undertake each year. Examples include:

- Dulux sponsors the Melbourne School of Design (MSD) at Melbourne University to foster excellence in architectural education. The Dulux Gallery at MSD hosts a range of exhibitions designed to inspire innovation in architecture.
- Dulux is helping to paint every Surf Life Saving Club in Australia – helping to protect the assets that protect and support our community.
- Feast Watson's 'Relove' campaign, which this year raised \$3,500 for the Salvation Army and is now in its fifth year.
- Dulux Australia donating \$15,000 to e.motion21, a not-for-profit organisation that provides innovative dance and fitness programs for children and young adults with Down syndrome. Dulux's donation helps fund e.motion21's annual concert which takes place on World Down Syndrome Day. Dulux employees volunteer on the day as marshals and organisers, while the Dulux Dog is on hand as support.
- Yates helped more than 3,000 students across 25 schools throughout Australia to create outdoor classrooms and gardens as part of the Yates Junior Landcare Grants for Gardens Program.
- Dulux provides paint to help the National Gallery of Victoria showcase permanent and temporary exhibitions in colour perfect surroundings.



Dulux supports e.motion21 on World Down Syndrome Day



SUPPORTING THE NEXT GENERATION OF ARCHITECTS

The Dulux Study Tour is a coveted program that inspires and fosters Australia's next generation of architects. Now in its tenth year, this year's five participants were selected from more than 200 applicants, following assessment by a panel of esteemed Australian architects. The talented five embarked on a tour of Barcelona, London and Prague where they experienced firsthand some of the best architectural sites and practices. For the participants, it's a back-stage pass to some of the brightest architectural minds in the world. Dulux is proud to help foster our emerging architectural 'stars'.

Dulux Study Tour participants at the Ludwig Mies van der Rohe designed 'Barcelona Pavilion'.



DuluxGroup employs more than 130 scientists and technologists across its businesses, and is one of Australia's largest employers of industrial chemists. DuluxGroup currently employs 17 graduate scientists as part of its three year graduate program. In addition to its formal graduate program, DuluxGroup has long-standing collaborations to support university students through industry projects, placements and scholarships.



Supporting Australian Science and Innovation

DuluxGroup takes fundamental enabling science and, through marketing and innovation, develops it into market leading brands, products and services.

A number of our businesses, including Dulux, Yates, Selleys and Parchem, have ongoing collaboration with a range of tertiary institutions. This can include sponsoring PhD students, offering internships and industry placements and collaborating on research for broader economic and social benefit. During 2017, our businesses worked with Melbourne University, the University of New South Wales, Monash University, Charles Sturt University, the University of Sydney and CSIRO.

Investment in New Manufacturing Technology Delivers Community Benefit

Dulux's brand new world-class factory at Merrifield, north of Melbourne, uses the latest technology and is delivering new jobs and tangible economic and social benefits for the local community. This investment will have spill-over employment and research & development benefits throughout our supply chain, including to suppliers of raw materials. This \$165 million investment in new manufacturing technology will have the capacity and flexibility to support Dulux's growing Australian business for decades to come.



The 2017 'Dulux Prize' is awarded to Sonia Poetrodjojo, BSc (Chemistry) Honours student at the University of Melbourne. Dulux has sponsored the award since 1987, to foster academic excellence in chemistry.



With the opening of its new factory, Dulux is investing in local jobs and manufacturing, which is benefiting the local community and broader economy.

TALENTED SCIENTISTS EARN A SUMMER IN THE LAB

Foregoing a well-earned summer break this year, five Monash Pharmaceutical Science students spent their time undertaking an industry placement at the Dulux Innovation Centre.

Dulux has a long standing relationship with the Monash Pharmaceutical (formulation) Science course, providing a range of industry based activities throughout the year. Industry placements provide valuable hands-on work experience that can be difficult to obtain prior to graduating. Dulux is always a popular choice for industry placements amongst students and, over the past few years, several students who have been placed at Dulux have successfully secured full-time employment at the Dulux Innovation Centre.

Monash University 3rd year science students participate in the Dulux industry placement, with Dulux Chemists.



Contributing to Public Policy and Debate

In 2017 DuluxGroup engaged with Government and contributed to public policy debate through:

- Regular meetings with political representatives and government officials by our Managing Director and CEO and senior executives
- Participation in industry forums and delegations through memberships of the Business Council of Australia, Manufacturing Australia and the Plastics & Chemicals Industry Association
- Submissions to Government Policy Reviews – specifically, the Australian Government’s Review of the R&D Tax Incentive
- Hosting of political representatives at DuluxGroup sites to demonstrate the tangible benefits of local investment in science, innovation and manufacturing

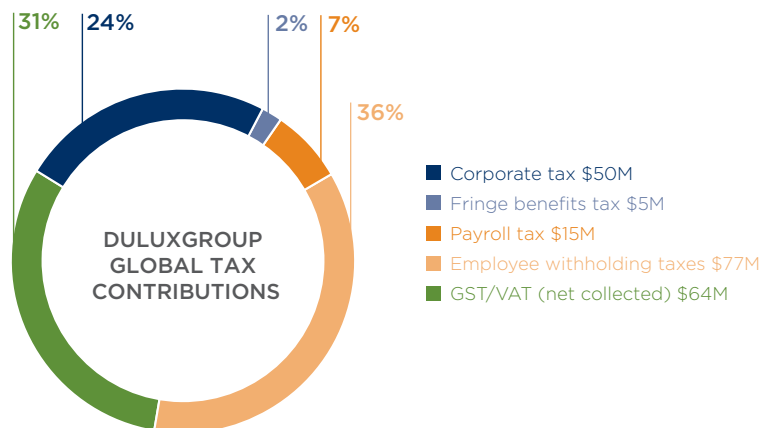
Some of the key issues raised included incentives for Australian industry to invest in genuine research and development that generates Australian jobs and delivers a long term economic and community benefit, and policies to ensure energy security and affordability that allows Australian manufacturers to compete globally.

Tax Transparency

DuluxGroup’s tax culture is driven by our commitment to enrich the communities in which we operate. Our community expects that DuluxGroup pays its fair share of taxes – and we do. We manage our tax affairs appropriately and have robust governance, overseen by senior executives, our Board Audit and Risk Committee and our full Board.

In 2017, DuluxGroup adopted the voluntary Tax Transparency Code. DuluxGroup believes that increased transparency will enable more informed tax policy debate. It will also build community confidence in the integrity of Australia’s taxation system and highlight the significant contribution made by Australian businesses.

Below is a summary of the taxes paid by DuluxGroup in regard to our global operations in 2017. Please refer to our Tax Contribution Report 2017 for more detailed information, which is available at www.duluxgroup.com.au.



Ivanhoe Grammar Senior Years and Science Centre by McBride Charles Ryan, a finalist in this year’s Dulux Colour Awards.
Photographer: John Gollings





Sustainable Products

We are committed to ensuring that our products make a positive impact on our communities and that we minimise the risks throughout our products' lifecycles. Our improvement priorities for sustainable products are focussed on ensuring effective identification and management of the material risks associated with our products. This includes a common strategic framework structured around three critical risk areas.

Sustainable Products Strategy

Product stewardship	Minimisation of potential harm from products throughout their life cycle, including formulation, manufacture, distribution, use and disposal
Chemicals of concern	Management of risks for hazardous chemicals used in products, particularly those with potential long term health or environmental effects
Sourcing	Sourcing of products, raw materials and services in an ethical and responsible manner

Product Stewardship

DuluxGroup conducts an annual risk assessment and improvement process for all products, which is focused on reducing their sustainability impacts. This includes all facets of products throughout their life cycle (cradle to grave), such as consumer safety, product misuse, post-consumer waste, non-renewable resources, volatile organic compound (VOC) content, packaging, and distribution. We are building on our long term focus on improvement in this area, which stems from our heritage under ICI's global ownership. Our current process was introduced in 2012 and more than 150 improvement actions continue to be implemented annually.

Chemicals of Concern

Managing the risks associated with hazardous chemicals used in formulation of our products, especially those with potential for long term health or environmental effects ("chemicals of concern"), is an important priority. Historically this was managed through our product stewardship process and many improvements have been implemented as a result (e.g. elimination of hazardous solvents from a large range of paints, sealants and adhesives). A new group standard and management process for chemicals of concern was developed during 2016. This is to ensure we stay abreast of international toxicological and regulatory developments and that we apply a consistent approach across all businesses. The process focuses on development of comprehensive risk management plans for all chemicals we identify as high priority or restricted use.

Sourcing

DuluxGroup is committed to sourcing products in an ethical and responsible manner, and to ensuring that risks associated with our significant expenditure on sourcing are well managed. Our newly developed 'sustainable procurement policy and standard' aims to ensure that environmental, health and safety, labour conditions and human rights considerations (including modern slavery) are embedded in procurement processes. Our goal is to only work with suppliers that are honest, transparent and committed to continuous improvement. We do not accept non-conformance with our requirements related to fraud, bribery and corruption, child labour, forced/bonded labour and illegal labour, and in such circumstances, will not proceed with supply until improvements are made. A formal supplier evaluation process has been established and was piloted during the year, complementing an existing evaluation process for contract manufacturers, which commenced in 2016.

Focus Area

2017 Priorities

Product stewardship	Stewardship risks, including: <ul style="list-style-type: none"> • post-consumer waste • renewable resources • consumer safety • VOC content • packaging • distribution 	<ul style="list-style-type: none"> • Completion of annual product stewardship improvement plans and risk assessments • Completion of action plans associated with regulatory commitments, including Australian Packaging Covenant and waste paint recovery (Paintback)
Chemicals of concern	Hazardous chemicals used in products	<ul style="list-style-type: none"> • Continuing to develop and improve risk management plans for high priority chemicals of concern
Sourcing	Sourcing of products, raw materials and services	<ul style="list-style-type: none"> • Continued evaluation of contract manufacture suppliers to identify and manage sourcing risks • Developed a new sustainable procurement policy and piloted completion of an evaluation process to assess supplier policy compliance

2017 Performance

Product stewardship (improvement)

More than 150 improvement actions identified in annual Strategic Business Unit (SBU) product stewardship plans were implemented. Examples include:

- Dulux Australia continued to be an active, founding member of Paintback, a recovery scheme for leftover paint and packaging. More than 50 collection points have been established across Australia (to 30 July 2017), with more than 4 million kilograms collected.
- Dulux Acratex formulated and trialled a render product containing a Dulux Powders by-product, while Parchem replaced cement in three Renderoc products with waste fly ash.
- Yates introduced redesigned packaging for rodenticide products to reduce the potential for children to access the products, while Dulux, Selleys and Yates introduced enhanced labelling for safe use and disposal of aerosol products.
- Dulux Australia developed the first independently verified Environmental Product Declarations (EPDs) for a range of premium architectural decorative paints, providing comprehensive reporting of their environmental footprint (cradle to grave).

Product stewardship (community safety)

- There were no serious product incidents (Category 3) involving harm during product use by consumers and customers during the year, compared with two such incidents in 2016.
- There were no serious distribution incidents (Category 3) involving harm during distribution of products to customers during the year, compared with one such incident in 2016. There were no regulatory improvement and/or infringement notices received compared with one in the prior year.
- Our emergency response service responded to 599 calls during the year, compared with 555 calls in 2016. This service provides emergency support 24 hours a day, with more than 98% of calls involving minor human and animal exposures to products during use.

Chemicals of concern

Implementation of the group's new chemicals of concern standard commenced, with risk management plans developed for 50% of high priority chemicals. These plans have identified a range of improvement actions and complement actions identified and implemented via stewardship assessments. Examples include:

- Selleys developed new formulations for water based gap sealants and adhesives that eliminate a commonly used chemical with potential for aquatic toxicity. Trials and commercialisation are planned for 2018.
- DGL Camel replaced ethylene glycol in emulsion paints with a non-hazardous alternative and reformulated solvent based wood coatings to eliminate a common hazardous solvent.

Sourcing

Dulux, Selleys and Yates continued implementation of an evaluation process for key contract manufacturers that commenced in 2016, with more than 30% of significant spend manufacturers now formally evaluated and approved. Lincoln Sentry and Dulux piloted the new supplier evaluation process for sustainable procurement, with formal implementation to commence across the group in 2018.

DuluxGroup recognises the importance of a viable and productive network of suppliers, including the many small businesses who make up our supply chain. In 2017, DuluxGroup became a signatory to the *Australian Supplier Payment Code*. This is consistent with DuluxGroup's sustainable procurement practices and our already established practice of paying suppliers in a timely manner.

REDUCING PAINT WASTE

The Dulux Envirosolutions range provides trade painters with practical ways to dispose of waste paint, without harming the environment.

Dulux Envirosolutions Waste Paint Hardener turns unwanted water based paints and water based timber coatings into solid waste for responsible disposal.

Dulux is also a founding member of Paintback®, an industry led initiative that prevents unwanted paint and packaging going to landfill by establishing collection and treatment facilities around Australia. It is investing in research to find ways to re-purpose the valuable materials in leftover paint.

The program is funded by a 15 cent per litre levy on products sold by Australia's major paint manufacturers. After 12 months, more than 50 collection sites have been established and more than 4 million kilograms of paint and packaging has been diverted from landfill (as at July 30, 2017).



OUR ENVIRONMENT

Sustainable Operations

Our improvement priorities for sustainable operations are focussed on ensuring effective identification and management of the material risks associated with our sites. This includes a common strategic framework structured around three critical risk areas.

Sustainable Operations Strategy

Resource efficiency	Minimisation of operational resource use and impacts, including waste generation, water consumption and energy consumption
Land protection	Management and prevention of soil and groundwater contamination
Compliance	Management of operational environmental risks (e.g. air, odour, noise, waste, effluent) to meet regulatory standards and community expectations

Development and implementation of landfill waste reduction plans targeted to the largest waste generating sites has comprised our primary resource efficiency focus to date. Landfill waste generation levels have declined 25% over the last decade and a number of our largest sites have achieved significant reductions. This has been offset in recent years by implementation of reporting across acquired sites. During 2018 we will move to a focus on total waste generation (e.g. landfill, recycling, recovery) and materials efficiency reviews to identify further reduction opportunities.

Benchmarking indicates that our energy and water consumption levels are not highly significant compared with peer organisations and this is consistent with the nature of our manufacturing operations. A number of sites have implemented improvements in this area over time and we have recently completed a review of energy efficiency. LED lighting and solar in selected locations were identified as the key improvement opportunities and these are currently being pursued.

Prevention and management of soil and groundwater contamination is an important priority, particularly for our sites handling chemicals. We apply a targeted assessment and monitoring approach to our existing and acquired sites to ensure any risks are identified and managed. Localised, stable contamination associated with historic activities exists on some older sites, however no remediation is currently required.

Ensuring operational environmental compliance in order to meet regulatory standards and community expectations is a foundation of our approach to risk management. A new program of specialist audits has recently commenced to ensure this is achieved and sustained.

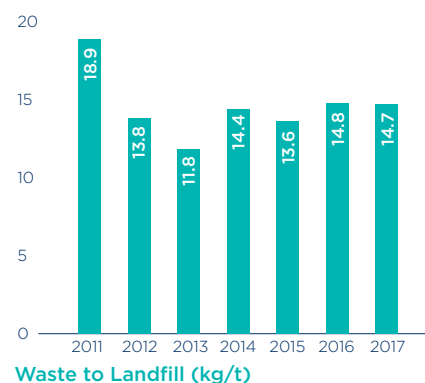
Focus Area	2017 Priorities	
Resource efficiency	Resource efficiency (waste, water, energy)	<ul style="list-style-type: none"> • Implementation of waste reduction improvement actions for priority sites • Review of energy efficiency improvement opportunities and development of plans
Land protection	Soil and groundwater	<ul style="list-style-type: none"> • Continued monitoring and investigation of soil and groundwater contamination risks
Compliance	Environmental compliance	<ul style="list-style-type: none"> • Commenced a new environmental specialist audit program



2017 Performance

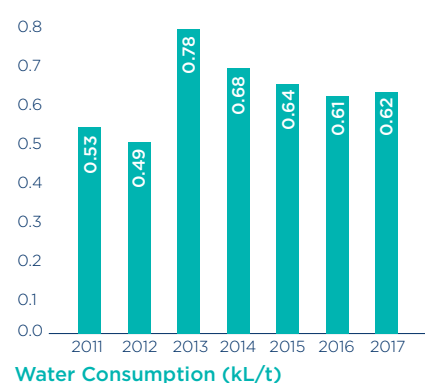
Waste generation

Waste to landfill (kilograms per tonne of production) decreased 1% to 14.7 kg/t. Significant waste reductions were achieved across some businesses, including decreases of 41% across Parchem and 11% across B&D Group. These improvements were largely offset by increased waste generation at Selleys Padstow, associated with operation of a waste water treatment plant.



Water consumption

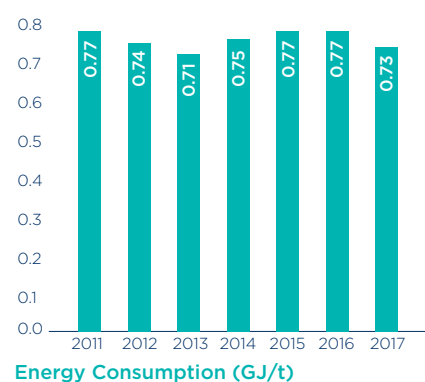
Water consumption (kilolitres per tonne of production), including water used in production processes and in products as a raw material, increased 2% to 0.62 kL/t, due to increased consumption at DGL Camel Dongguan. The paints and coatings businesses account for more than 75% of group water consumption, with approximately 40% of this water used as raw material in formulation of water based products. Excluding DGL Camel, water consumption across the Dulux paints and coatings businesses declined 9%.



Energy consumption and Greenhouse gas emissions

DuluxGroup is not an energy intensive manufacturer. Total energy consumption (gigajoules per tonne of production) decreased 5% to 0.73 GJ/t. This reduction was associated with a plant shutdown at Yates Wyee for a major project and closure of the Dulux Padstow and Selleys Moorebank warehouses in late 2016.

DuluxGroup meets the Australian National Greenhouse and Energy Reporting Scheme (NGERS) reporting criteria, primarily due to use of solvents in formulation of products. Excluding this raw material use, the operational energy consumption and greenhouse gas emissions from our Australian sites and businesses are below the reporting thresholds. The total greenhouse gas emissions (Scope 1 and 2) from our Australian sites and business activities were 31,100 tonnes (CO₂-e or equivalent carbon dioxide emissions), 7% lower than 2016. Total energy consumed was 547,000 GJ, 13% higher than 2016. These variations were due to changes in solvent raw material mix and changes in calculation methodologies.



Land protection

A number of soil and groundwater investigations have been undertaken in prior years. Further monitoring was completed during the year and no significant issues were identified.

Compliance

A new program of environmental specialist audits commenced, with four factories completed during the year.

Community

There were no serious community or environmental incidents (Category 3) during the year, consistent with none in 2016. There were no regulatory improvement and/or infringement notices received compared with two in the prior year.

Our Corporate Sustainability Report

Climate Change

DuluxGroup is committed to operating efficiently to limit our own climate change impact while adapting to the effects of climate change.

Reducing our Impact on the Climate

While our operations are not resource intensive relative to other benchmarked manufacturing organisations, our focus on resource efficiency ensures that we optimise energy and water use to limit the impacts of our activities on the environment.

DuluxGroup reports energy use and scope 1 and scope 2 greenhouse gas emissions under the National Greenhouse Energy Reporting Scheme (NGERS). More than 80% of our greenhouse gas emissions arise from electricity consumption with the remainder associated with use of natural gas, diesel and LPG fuels. DuluxGroup will continue to report NGER and corporate resource efficiency performance as a means of tracking improvements in energy efficiency and water consumption.

An assessment of the footprint of raw materials and services in 2017 has identified the most carbon-intensive inputs to our business. This information will be utilised in our Product Stewardship program to identify opportunities to reduce the life-cycle carbon footprint of our products.

Reducing the Impact of Climate Change on Our Operations

It is recognised that rising energy prices, declining reliability of energy supply and water scarcity could impact on our operations and put upward pressure on the price of utilities and raw materials. We use a combination of procurement strategy and operational efficiency to reduce our exposure to rising utility prices.

Climate change forecasts show a likely increase in the intensity of extreme rain events and harsher fire weather in southern and eastern Australia (*CSIRO and Bureau of Meteorology, Climate Change in Australia 2015*). DuluxGroup manages this risk through business continuity risk planning, infrastructure design and risk assessment processes and site emergency planning.





Our Corporate Sustainability Report

OUR PEOPLE

At DuluxGroup, we believe that our diverse, skilled and engaged workforce is critical to our success. As a growing, multi-brand, increasingly global organisation, with more than 4000 employees in Australia, New Zealand, Europe, Papua New Guinea, South East Asia and China, our people are bound together with a common purpose: "To Imagine a Better Place for our Consumers".

Our Values and Behaviours

Our values are the foundation of the way that we work, internally and with all our stakeholders. They are reinforced to all our new employees who attend a values workshop, as part of their induction. We celebrate those who are outstanding examples of Living our Values through quarterly and annual values awards.





Be consumer driven, customer focused.

- Walk in the shoes of our consumers & customers
- Ask, listen, learn and act
- Help your customers win
- Use and understand our products
- Think like tomorrow's consumer



Unleash your imagination.



- Challenge the status quo – imagine 'what if'
- Seek, encourage and support new ideas
- Fight for good ideas and don't give up
- Embrace change and get on board
- Be brave – make it happen



Value people, work safely and respect the environment.

- Protect yourself and others – work safe, home safe
- Work as a team, win as a team for DuluxGroup
- Behave with respect and integrity, embrace diversity
- Lead, recognise, help others succeed
- Strive to leave our environment better than we found it
- Participate in our communities



Run the business as your own.

- Know your role, be accountable & deliver
- Take a responsible approach to costs
- Plan for tomorrow, act today
- Build partnerships that add value
- Be decisive



Employee Engagement

Our DuluxGroup Values and Behaviours underpin our world class levels of employee engagement. We measure our employee engagement every two years using KornFerry HayGroup's global engagement survey. We invite all our people to respond and enjoy a very high response rate of above 90%. This year, our engagement was 72%, which is above the Asia Pacific standard and in line with the norm for high performing companies globally.

The survey highlights that our people recognise and value that DuluxGroup is a caring place to work, where we support each other and place a high value on safety and reducing our impact on the environment. It also reinforces the high value our employees place on our strong customer focus, where they can be proud to showcase our premium brands and provide first class products and service.

Safety at Work

Our safety improvement priorities are focussed on ensuring effective identification and management of the material risks associated with our operations and people. This includes a common strategic framework structured around three differentiated risk areas.

Safety Strategy

Disaster prevention

Prevention of disasters such as a major fire or explosion from manufacturing process safety risks and handling of dangerous goods

Fatality prevention

Prevention of fatalities from common significant hazards such as forklifts, working at height and driving

Injury prevention

Prevention of non-fatal injuries and illnesses from everyday hazards such as manual handling, sharp objects and exposure to noise or chemicals

This differentiated strategic approach recognises that a singular management focus on everyday injuries does not prevent high consequence events such as major fires or fatalities. These strategies are underpinned by a focus on risk management basics (e.g. incident reporting, change management) and most importantly, leadership and culture. The strategies are linked to a continuous improvement focus, reinforced by targeted improvement plans and measurable performance indicators.

Governance of safety risk management is achieved via regular management reviews and due diligence processes that focus on both safety and sustainability (products, environment).

Safety & Sustainability Governance

Board Committee	A Board Safety and Sustainability Committee that meets four times per year to review performance, objectives and strategies, in addition to reviews at each Board meeting
Executive Council	All members of our Group Executive are on the Safety and Sustainability Council, which meets three times per year to review performance, approve strategy and lead implementation, in addition to reviews at each Group Executive meeting
Assurance process	An annual safety and sustainability assurance process whereby all businesses report on improvement progress and develop prioritised plans
Audit program	A safety and sustainability audit program for all businesses to assess effectiveness of risk management and identify improvement priorities

All line managers are responsible for managing safety and sustainability risks, supported by a number of dedicated specialists. The role of leadership, and therefore culture, is recognised as critical to achieving success and we continue to invest in a differentiated development approach. Since introduction commenced in 2012, more than 200 managers have completed our safety and sustainability leadership program (focused on how to influence and create culture) and over 400 managers have completed our safety and sustainability management program (focused on how to effectively manage risks).

Senior management remuneration is linked to safety and sustainability performance, including leading improvement activities (e.g. implementation of specific improvement actions for effective management of process safety, fatality and product stewardship risks) and lagging performance indicators (e.g. injury rates).

Disaster Prevention

Our priority focus on prevention of high consequence incidents such as a major fire or explosion from manufacturing process safety risks in our factories (e.g. flammable solvents, combustible dusts) or from handling of dangerous goods continued during the year. More than 33 years has elapsed since our last major incident (fire) involving a chemical process safety risk, however we know from the regular occurrence of such high consequence events in similar industries around the world that continuous vigilance and improvement action is required.

The key improvement activity in this area is our in-depth periodic hazard study process, which involves a deep multi-month hazard analysis to ensure that effective critical risk controls are being implemented and sustained. Specialist progress reviews are conducted every six months, including updating of each site's process safety lead indicator scorecard, to ensure improvement actions are effective. This is further supported by disaster prevention protocols that specify the minimum, generic control standards for management of flammable solvent and combustible dust risks.

A global best practice review of our process safety management framework by external specialists in 2016 rated our approach at 83% versus 342 organisations and operating sites with similar risk profiles (that is, we are operating in the top 17%). While several elements of the group framework were rated as excellent, some best practice improvement opportunities were identified and we are focused on addressing these in order to further enhance our approach.

Focus Area

2017 Priorities

Process safety	Manufacturing with flammable solvents and combustible dusts	<ul style="list-style-type: none"> • Completion of new Periodic Hazard Studies at three factories (Yates Wyee, Selleys Padstow, Dulux Glenfield) • Continued implementation of improvement plans at all factories where studies have previously been completed, including six-monthly progress reviews and use of lead indicator scorecards • Disaster prevention protocol reviews at all relevant factories and implementation of actions to address any identified significant gaps • Commenced implementation of best practice improvements identified during the 2016 external specialist review of our management framework
Dangerous goods	Storage, handling and distribution of dangerous goods	<ul style="list-style-type: none"> • Completion of specialist dangerous goods audits and associated improvement actions at a number of sites

2017 Performance

Process safety

There were no major process safety near miss incidents (Category 4) during the year, following one such incident in 2016 (Parchem Wyong solvent spill). More than seven years has now elapsed since the last major near miss incident across our heritage Dulux, Selleys and Yates businesses, and more than three years at DGL Camel in China. This represents significant improvement over time.

Dangerous goods

There were no serious incidents involving storage and handling of dangerous goods (e.g. loss of containment) across the business during the year. There were no regulatory improvement and/or infringement notices received, compared with one in 2016.

Our Corporate Sustainability Report

Fatality Prevention

DuluxGroup has been fatality-free for more than 23 years. The foundations of our fatality prevention strategy are hazard and near miss reporting, auditing of significant risks, risk management basics (e.g. permit to work, management of change), and implementation of protocols that prescribe higher levels of mandatory risk controls than traditional, historic standards. Our hazard and near miss reporting (“Total General Learning Incidents”) is a foundation of maintaining risk awareness, especially for high consequence risks, so that we can take action before harm occurs.

During 2017 we continued this improvement work in order to protect our people and ensure we sustain our current fatality-free performance. From further benchmarking with peer organisations in similar risk sectors, we continue to recognise that this is an exceptional safety performance, however it cannot be taken for granted and the imperative for constant improvement in our management of significant fatality risks remains.

Focus Area

2017 Priorities

Fatality risks

- Common fatality risks, including:
- forklifts
 - racking
 - falls
 - electrical safety
 - machine guarding
 - lifting equipment
 - traffic management
 - driving

- Continued further implementation and verification of fatality prevention protocols that commenced in prior years. This included actions relating to electrical safety, falls prevention, traffic management and lifting equipment.
- Introduced new protocol best practice reviews of the 14 largest sites, designed to drive full compliance to protocol requirements and identify best practice solutions for sharing across sites.

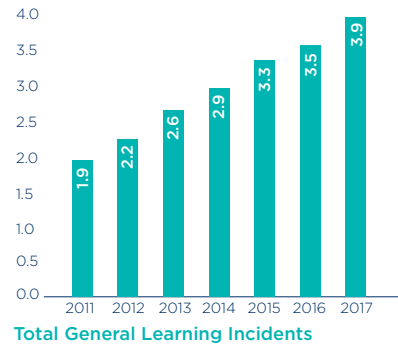
2017 Performance

Near misses

There were no major near miss incidents (Category 4) involving fatality risks during the year, with more than two years having elapsed since the last such incident. Serious near miss incidents (Category 3) decreased 45% to the lowest level on record since our focus on near miss reporting first started in 2007.

Reporting

Steady progress was made in ensuring we sustain a proactive culture for identification and reporting of all hazards and near misses (“Total General Learning Incidents”), with total numbers increasing 11% to a positive, historic high level of 3.9 per employee.



Injury Prevention

During 2017 we maintained our focus on prevention of common injuries and associated compensation claims from non-fatal risks such as manual handling, hazardous chemicals and slips, trips and falls. Manual handling risks are our major source of injuries and we continue to invest in reducing these risks via changes to workplace and equipment design. This is supported by risk assessments, training in standard operating procedures, health assessments and monitoring, and hazard reporting.

Focus Area

Injuries and health

Common non-fatal injury risks and associated compensation claims, including:

- manual handling
- sharp objects/tools
- chemicals
- noise
- slips, trips and falls
- health and well-being

2017 Priorities

- Continued implementation of targeted reduction plans for the 20 sites/areas that account for the majority of injuries
- Continued improvements in management of compensation claims and premiums
- Completed over 1,200 health assessments and over 500 hygiene tests to monitor employees working with chemicals or high-risk activities
- Conducted various well-being activities, such as health initiatives (e.g. walking, diet) and piloting of a new mental health awareness program

2017 Performance

Injuries

Our Recordable Case Rate, or the total number of employee and contractor injuries requiring time off work, restricted duties or medical treatment per 200,000 hours, decreased 1% to 1.62 (representing 69 recordable injuries). This was in line with our 2016 injury performance and represents our second lowest level in the last 11 years. Additionally, benchmarking shows that this is top quartile performance for our industry. Our serious injuries (Category 3), involving more than 10 days of lost and/or restricted time, increased 13% and involved 34 injuries. These injuries were predominantly manual handling related strain injuries and the 2017 level remains 32% below our peak level recorded in 2015.



Claims

Compensation claims performance was positive, with claim numbers and compensation premiums reducing 26% and 8% respectively to historic low levels.

Compliance

There were no regulatory prosecutions or prohibition notices received during the year, consistent with none in 2016. There were three improvement and/or infringement notices received compared with one in the prior year, all of which were fully addressed.



Diversity and Inclusion

Building a diverse and inclusive workforce to deliver our business strategy continues to be a key priority for DuluxGroup's management team and the Board.

We recognise that diverse and inclusive workplaces deliver engaged employees, innovative thinking and improved results. We think about diversity in terms of gender, culture and age, as well as diversity of experience, skills and thinking. We aim to create a culture where each individual can bring their unique perspective to the work, share ideas, feel heard and achieve their potential. This is reflected in our value of 'embracing diversity'.

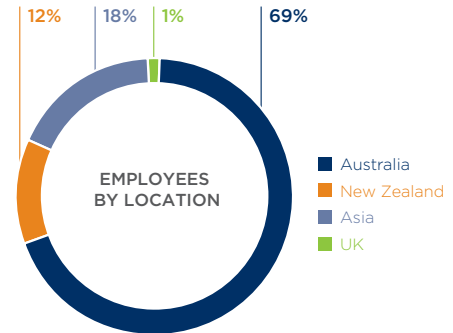
A copy of our diversity policy can be found on our website at www.duluxgroup.com.au.

Building a Diverse and Inclusive Culture

DuluxGroup currently operates in ANZ, Asia and the UK with more than 4,000 employees from diverse backgrounds.

We are focused on building an inclusive culture through:

- recruiting for diversity of experience and background
- incorporating inclusive leadership principles in all our leadership programs
- celebrating initiatives that encourage diverse and inclusive work cultures.



Gender Diversity

Our gender diversity objectives:

1. To increase the number of women in DuluxGroup
2. To increase the number of women in leadership positions in DuluxGroup
3. To build awareness of the business case for diversity in DuluxGroup

Our Progress in 2017

- Women make up 33% of our workforce in ANZ and 31% globally.
- Women make up 38% of our applicants to DuluxGroup, up from 31% in 2016.
- Women make up 25% of our senior leadership roles, up from 23% in 2016.
- Three of our business units are run by women.
- We have commenced quarterly tracking of the percentage of women on our business leadership teams.

We report our progress on gender diversity to the Workplace Gender Equality Agency on an annual basis. Our Gender Equality Indicators as defined by the Workplace Gender Equality Act can be found on the WGEA website at www.wgea.gov.au/report/public-reports.

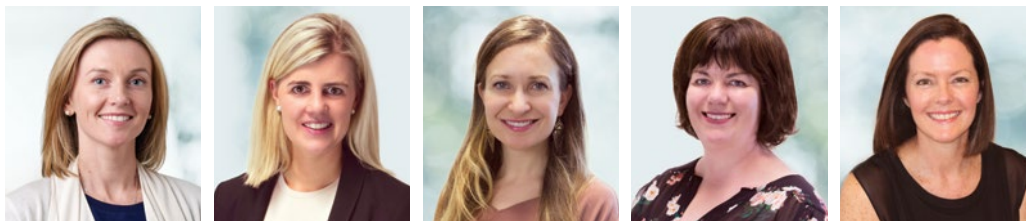
Increasing the Percentage of Women in Leadership

Our gender diversity strategy has a focus on increasing the percentage of women in leadership in DuluxGroup. We recognise that providing flexible work is a key factor in retaining talented women through the crucial middle years of their careers. DuluxGroup has long supported employees with flexible work arrangements, including part time, job share, working remotely, and staggered hours.

Women currently represent 25% of our senior leadership, up from 23% in 2016 and just 15% in 2012. We continue to increase our women in leadership by attracting talented women, retaining women in the middle years of their career through flexible working and active career pathing, and identifying and accelerating high potential women in our talent acceleration program.

In particular, we are focused on developing women in roles with ultimate ownership of business profitability. We are one of the 37% of ASX200 companies with a woman in a line role on our Executive team. (Source: Chief Executive Women's 2017 Senior Executive Census)

Our key business areas run by women include: Dulux Retail, Yates, Cabot's, Dulux Marketing and Innovation and Selleys Global Marketing Director.



From left: Jennifer Tucker (Executive General Manager - Yates), Natalie Ruuska (General Manager - Cabot's), Dorothy Grouios (General Manager - Dulux Retail), Helen Fitzpatrick (Director, Dulux Marketing and Innovation) and Joanne Smith, (Global Marketing Director, Selleys).

Attracting and Retaining Women to DuluxGroup

Our sector is viewed as traditionally male-dominated. However, we have had good success attracting women to work at DuluxGroup by promoting our employee value proposition. In 2017, 38% of applicants were female, up from 31% in 2016. 72% of roles had women on shortlists, with 57% of these roles filled by women.

We offer 12 weeks paid parental leave for the primary care-giver. While on parental leave, we encourage parents to keep in touch with the organisation, resulting in an 89% return rate of women after parental leave.

Gender Pay Equity

DuluxGroup is committed to gender pay equity. We conduct an annual pay equity analysis. Our process ensures that all roles are rewarded at competitive market rates and that there is no gender differential when setting salary levels or awarding incentives to employees. All employees are considered against job size, merit, and experience to ensure that any pay inconsistencies that do not relate to job performance are rectified.

Our Dulux Merrifield site is a state of the art \$165 million manufacturing facility in the northern suburbs of Melbourne. As a greenfield site, it provided us with a unique opportunity to create a culturally and gender diverse workforce, representative of the community that we operate in.

The team built a recruiting process that minimised bias and tapped into diverse talent pools.

- We tapped into non-traditional talent pools by understanding the intrinsic qualities required for the role and recruiting for those (rather than experience in paint manufacturing or operator work).
- We attracted diverse applicants by: engaging directly with community groups and residents including the local council careers teams and the Hume Council Immigrant Women's Association; and showcased women and culturally diverse employees on the Dulux Merrifield website, billboards, and in other recruitment material.
- The recruitment process had a strong focus on removing opportunities for unconscious bias through utilising extensive objective, online testing and assessment centres, rather than a standard CV and interview.

This resulted in diverse team with a range of cultural backgrounds and experience, as well as a large percentage of women.



Our Corporate Sustainability Report

NAWO INTERNSHIP



DuluxGroup is committed to increasing the number of women in supply chain, traditionally male dominated. We participate in the National Association of Women in Operations (NAWO) Path4Graduates intern program which offers project based, paid internships to female university students. This initiative aims to attract talented women to operational careers.

“During my internship, I’ve had the opportunity to gain insights into what’s involved in large scale production; from supply chain planning, to procurement, logistics coordination, engineering and production floor operations. Learning not just about the procedures that go into production but the people behind them and how they implement DuluxGroup values daily has been invaluable, and provided a fantastic example of what I can expect from my career with DuluxGroup.”

Carly, NAWO intern at DuluxGroup who has recently been offered a role in our graduate program in Supply Chain.

Gender Diversity Key Statistics

Number and Percentage of Women

	2017		2016	
	Number	Percentage	Number	Percentage
Board	1 of 7	14	2 of 8	25
Non-Executive Directors	1 of 5	20	2 of 6	33
DuluxGroup Executive	2 of 9	22	3 of 10	30
Senior Leadership*		25		23
Organisation**		31		30
Graduates (ANZ)		46		46

* Leadership is defined as DuluxGroup senior managers (employees at CEO - 3 roles and above). These employees work in a variety of roles including business management, sales, supply chain, research and development, marketing and functional roles such as finance, IT, legal and human resources. They are responsible for delivering substantial commercial and operational outcomes and for leading people.

** Inclusive of our global workforce.

Diversity and Inclusion Governance

Board	The Board is responsible for setting the diversity objectives.
Board Committee	A Board Remuneration and HR Committee meets four times per year to review performance against objectives.
Executive Council	All members of our Group Executive are on the Diversity Council, which meets three times per year to review performance, approve strategy and lead implementation, in addition to regular reviews at Group Executive meetings.

DULUX TRADE CENTRES: CELEBRATING DIVERSITY



Dulux has a network of 89 Trade Centres across Australia. Our employees in the Trade Centres are drawn from their local communities and represent the cultural diversity of our customers. We have a number of initiatives to recognise and celebrate the diversity within our business and our customer base.

These include events such as 'Harmony Day', where our Dulux Trade Centres hold a morning tea with store staff to celebrate their cultural diversity. All employees are encouraged to bring in an international dish to share with colleagues and to learn a little of their heritage.

Developing our Next Generation of Leaders

Graduate Development

Our three-year Graduate Development Program offers recent university graduates work in real jobs, while providing them with structured development opportunities. Graduates join across our business, including as graduate chemists, marketing product managers, site engineers and business analysts. Over the course of the program, they move between functional areas, locations, businesses and brands.

The Graduate Development program delivers much more than technical skills and knowledge - DuluxGroup is developing our graduates to be leaders of the future. During the three-year development program, they experience skills and development programs on finance, project management, presentation skills, communication skills and a variety of business simulations. The graduates do field work, spend time in various parts of the business and develop a holistic view of DuluxGroup. Our Executive team and other senior leaders actively sponsor and mentor graduates.

Talent Acceleration

We offer a number of leadership programs to support our people to progress their careers through the organisation. This includes our talent acceleration program for 'Future Leaders'. The program offers focused development in people leadership skills, business acumen through a 10 week business simulation program, and mentoring by our senior leaders.

Employee Relations

We operate under many jurisdictions with differing workplace laws. We are committed to complying with our legal obligations in relation to our employees, and use both individual and collective arrangements. We recognise and respect the right of our employees to have representation of their choice.



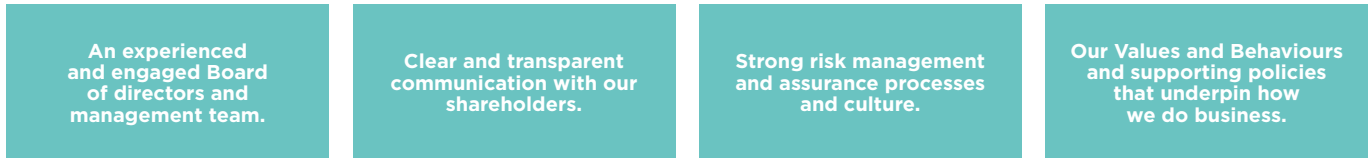
Top: DuluxGroup Graduates from around the globe gather at the annual Graduate dinner with Managing Director and CEO Patrick Houlihan

Bottom: Regular workshops help Graduates develop skills and knowledge

OUR GOVERNANCE

DuluxGroup's directors and management are committed to conducting business in an ethical, fair and transparent manner in accordance with high standards of corporate governance. We have a robust corporate governance framework in place and we are committed to fostering a culture of compliance that values personal and corporate integrity, accountability and continuous improvement.

Our corporate governance framework includes:



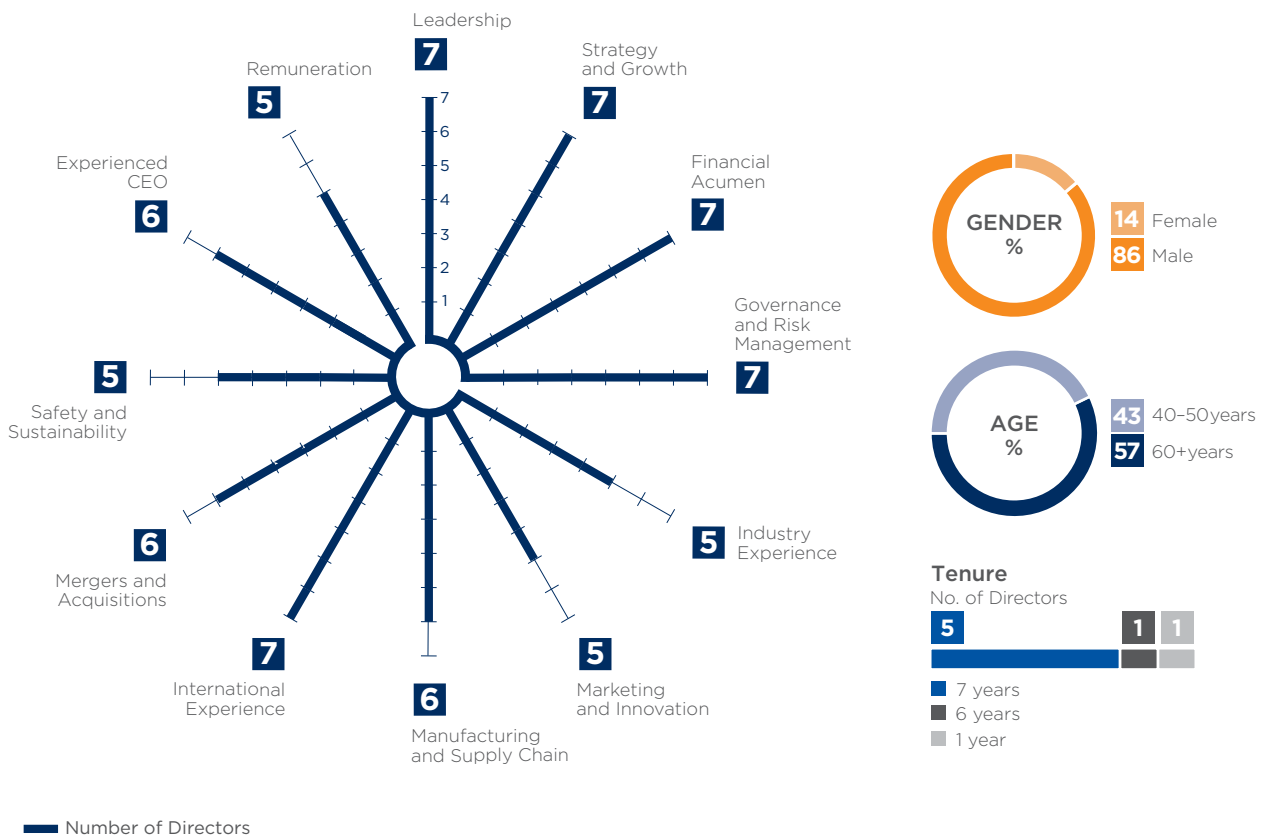
DuluxGroup's corporate governance framework complies with the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles**). For more information, read our latest Corporate Governance Statement at www.duluxgroup.com.au.

Board and Committees

The Board's primary role is to ensure the protection and enhancement of long term shareholder value taking into account the interests of all stakeholders. The Board has four standing committees that assist the Board in discharging its responsibilities. These cover audit and risk, remuneration and human resources, safety and sustainability, and Board succession and performance. Read our Board and Committee Charters at www.duluxgroup.com.au.

The Board believes that having a range of different skills, backgrounds, experience and diversity ensures a broad range of viewpoints which facilitate effective governance and decision making.

Board Skills, Experience and Diversity



The Board has an active continuous education program in place. During 2017, this program included:

- a visit to Dulux Australia's new \$165M paint manufacturing facility in Merrifield, Melbourne;
- tours of the USA, the United Kingdom and broader Europe to give the Board insight into growth opportunities, DuluxGroup's operations and the relevant markets; and
- presentations from key customers as well as subject matter experts on issues including marketing, technology, remuneration, capital markets and accounting developments.

More information on our Board members can be found on pages 60 to 61. Also, read our Corporate Governance Statement at www.duluxgroup.com.au for more information about our Board including our appointment, evaluation and succession planning processes, our independence policy and our expectations about managing conflicts of interests.

Management

The CEO, together with the DuluxGroup executive team, is responsible for the development and implementation of strategy and the overall day-to-day running of the company. This includes operational, financial and strategic delivery, risk management, leadership and oversight of people and culture. A formal delegation of authority is in place that sets out the powers that are reserved to the Board and those that are delegated to the CEO. More information on our DuluxGroup executive team can be found on pages 62 to 63.

Shareholder Engagement

DuluxGroup is committed to open, clear and timely communications with its shareholders. Our Shareholder Communications Policy and investor relations program encompasses our commitment to provide two-way communications through a number of channels including our website, AGM, Annual Report, ASX disclosures and engagement with investors, governance bodies and the media. We are also committed to encouraging greater online and electronic communications, including through improving the functionality of our website. Read our Corporate Governance Statement and our Shareholder Communications Policy for more information at www.duluxgroup.com.au.

Risk Management Framework

The Board and management have established controls which are designed to safeguard the company's interests and the integrity of its reporting. These include accounting, financial reporting, safety and sustainability and other internal control policies and procedures. We also have robust crisis management and disaster recovery plans in place, demonstrated by our response to the Queensland floods in 2011. By understanding and managing risk, greater certainty and confidence is provided to all our stakeholders.

- The Board's Audit and Risk Committee reviews the company's overall risk management framework each year and regularly meets with representatives from various business units to discuss the key risks affecting their businesses
- Our key business units and functions, together with the DuluxGroup Executive and the Board, review and update the Company's risk register on an annual basis
- The top 20 risks on the register are then systematically reviewed by the DuluxGroup Executive during the course of each year including controls and mitigating actions
- We also carry out theoretical and company-specific crisis management exercises from time to time with the assistance of external specialists to test our crisis management plans.

Read our Corporate Governance Statement on our website for more information.

Governance Policies

DuluxGroup people are united by shared values that underpin the way we ultimately deliver our core purpose. These values are supported by our Code of Conduct and policy framework. It is expected that all our people observe the highest ethical standards of corporate and business behaviour.

- **Code of Conduct:** This sets out the standards of business conduct required of all our people. This also includes a commitment to comply with all applicable laws and regulations. A Speak Up line has been established to enable our people to report (on an anonymous and confidential basis) breaches of the Code of Conduct. Our Speak Up line is available to all DuluxGroup employees around the world and can be reached any time, day or night. If a report is made, it is escalated for investigation and action. We prohibit retaliatory action against any employee, officer or director who reports a possible violation.
- **Fraud, Bribery and Corruption Control:** We have a zero tolerance stance towards fraud, bribery and other improper behaviour. We are committed to the prevention and detection of fraud and bribery (including in both local and foreign jurisdictions) through the development and implementation of our Fraud, Bribery and Corruption Control Policy and Framework along with our Gifts and Entertainment Policy. We recently refreshed these policies, as well as our training and monitoring programs, to ensure they meet the highest standards globally including those required under the relevant UK and US legislation.
- **Political Donations:** From time to time, we attend events hosted by political parties where relevant topics are being discussed, however, we do not make political donations. Our policy is that all political donations must be authorised by the DuluxGroup CEO and CFO. Any donation proposed by the CEO or CFO must be approved by the Chairman of the Board. All political donations must be disclosed as required by law, and appropriately recorded in the DuluxGroup accounts.
- **Competition and Consumer Law:** We take our legal obligations in relation to promoting competition and protecting consumers very seriously. We have robust policies, systems and training programs in place. Each of our people is responsible for compliance - no employee, whatever his or her position, is permitted to contravene this policy, and ignorance is no excuse.
- **Privacy:** The privacy of our consumers' personal information is of the utmost importance to us. We are committed to protecting all personal information that we collect and we have policies and procedures in place to ensure we meet the Australian Privacy Principles.

Other policies and procedures relevant to our corporate governance practices can be found on our website.