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Nippon Paint Holdings Co., Ltd.

Representative Executive Officer & Co-President Yuichiro Wakatsuki

Contact for inquiries: Hiroshi Kanamori, Board of Directors Office General Manager TEL: 080-5400-4894

Securities Code: 4612

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

The corporate governance of Nippon Paint Holdings Co., Ltd. (the “Company”) is described below.

I . Basic approach to corporate governance and basic information about the Company including capital structure and corporate attributes. Updated

1 . Basic Concepts

■ The Company, based on its “Purpose”, which shows the significance of existence common to the Group, and its “Business Philosophy”, which is its policy, shall promote its business and engage in ongoing efforts to enhance and strengthen its corporate governance, and thereby, will “maximize the financial value remaining after the performance of obligations to customers, employees, trading partners, and society, etc.” (hereinafter referred to as “MSV” or “Maximization of Shareholder Value.”), including obligations relating to sustainability, as its ultimate objective.

■ “Purpose”

Enriching our living world through the power of Science + Imagination

■ “Business Philosophy”

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).

Powerful Partnership

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.

Science + Imagination

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

■ The Company has formulated and published the “Nippon Paint Holdings Corporate Governance Policies”, which presents the basic concepts and initiatives concerning corporate governance, and which can be viewed at the URL indicated below.

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

[Reason for not implementing the principles of the Corporate Governance Code]

The Company has implemented the principles of the Corporate Governance Code.

[Disclosure based on the principles of the Corporate Governance Code] Updated

The following statements are based on the Corporate Governance Code (including content for the prime market) revised in June 2021.

[General Principle 1-4]

■ Policy on cross shareholdings

· The Company makes a decision every year on the continued holding of cross-shareholders at the Board of Directors based on the policy described below and disposes of or reduces holdings of shares for which the rationality of their holding can't be recognized.

Company Policy: The Company holds shares of other listed companies as Cross-Shareholdings, limited to where it can be determined to be reasonable in consideration of, among others, the necessity of it for business activities

(e.g., to maintain and strengthen the relationship with the business partner), the status of the issuer, and the return on the capital cost.

- Standards for the exercising of voting rights of cross-shareholdings
 - The Company, based on the policy of the preceding paragraph and internal standards, exercises voting rights upon making comprehensive judgment, from the perspectives of maximization of corporate value in the medium to long term of the other company to the Cross-Shareholding, the effect on the Group, etc.

[General Principle 1-7]

- Mechanism for checks on transactions between related parties
 - The Company reports to the Board of Directors and discloses significant related party transactions exceeding a certain monetary threshold (such as transactions between the Company and a major shareholder, competing transactions between the Company and Directors or the Executive Officers, transactions for itself, and conflict of interest transactions, etc.) in Notice of convocation of the Annual General Meeting of Shareholders and Securities report.
 - When the Company intends to carry out a related party transaction, the Company will make a comprehensive judgment regarding the reasonableness of the transaction taking into consideration its terms and condition, profit and cost levels, etc., to ensure that the transaction will not harm the interests of the Company or the interests of its minority shareholders and obtain the approval of the appropriate decision-maker.
 - In particular, when conducting transactions with the Controlling Company of the Company, the Company shall ensure appropriate involvement and supervision by the Independent Outside Directors of the Board, such as obtaining approval at the Board of Directors with the majority of the Independent Directors, etc.
 - The Company has prescribed the “monitoring for conflicts of interests between the Company and its Directors of the Board, Executive Officers, and controlling shareholders, etc.” as one of the “Roles of Independent Directors of the Board” in Article 21 (Roles of Independent Directors of the Board) of the Company’s “Corporate Governance Policies”.
 - Notice of convocation of the Annual General Meeting of Shareholders (<https://www.nipponpaint-holdings.com/en/ir/stock/meeting/>)
 - Securities report(https://www.nipponpaint-holdings.com/ir/library/securities_report/)
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【[General Principle 2-6]

- Demonstration of function as a corporate pension asset owner<Defined Benefit Corporate Pension Fund>
 - The Company, in the management and operation of the “Nippon Paint Corporate Pension Fund (hereinafter the “Fund”),” in order to be able to demonstrate the function expected as the asset owner of the Fund, systematically secures personnel with the qualities required for the management and operation of the Fund from both within and outside the Group, and deploys such personnel as representatives of the corporate pension fund, and to the Asset Management Committee and Corporate Pension Fund Secretary’s Office. In addition, in partnerships with investment consultants, efforts are made to promote the understanding of the operation status and individual strategies of the pension assets in general, and to further improve the level of expertise.
 - In the operation of the Fund, decisions are made by the representative committee, based on the activities status report for the investment period, as well as the opinions of the Asset Management Committee, and investment consultants, with the objective of the maximization of the interest of the beneficiaries.
 - The selection of investment institution shall be determined in accordance with the standards prescribed in the Basic Policy on Asset Management, upon the performance of a comprehensive assessment of both quantitative aspects, such as investment performance, and qualitative aspects, such as investment policy and compliance.
 - In addition, in the exercising of voting rights in companies receiving investment, etc., we are appropriately managing any conflicts of interest that arise between the beneficiaries and the Company.
 - As part of corporate governance reforms, in December 2020, the Fund declared that it had received a Stewardship Code. Toward the resolution of social issues relating to global sustainability, through the Stewardship Code, we are promoting the improvement of the corporate value of investee companies and their sustainable growth and making efforts to increase the interests of final beneficiaries.

Nippon Paint Corporate Pension Plan “Regarding the Receiving of a Stewardship Code
(<https://www.nipponpaint-kikin.jp/stewardship/>)

<Defined Contribution Corporate Pension>

Members of the “Nippon Paint Group Defined Contribution Pension” plan are provided with education on asset management, such as through training, as well as support for the stable asset formation of members.

[General Principle 3-1]

- General Principle 3-1 (i) What the Company is aiming for (Management philosophy, etc.), management strategy, and management plan of the Company.
 - The Company has adopted and published the “Purpose” and “Business Philosophy”. The Company has also

published its “Purpose” and “Medium-Term Management Plan” on the website of the Company.

- <https://www.nipponpaint-holdings.com/en/company/purpose/>
- Medium-term management plan (<https://www.nipponpaint-holdings.com/ir/library/materials/>)

■ [General Principle 3-1] (ii) The basic concepts and basic policies in relation to corporate governance, based on each of the principles in this code

Stated in “1. Basic concepts” of this Report.

■ General Principle 3-1(iii) Policy and procedures when the Board of Directors determines the remuneration of Directors of the Board and management executives

· Stated in Article 25 (The Compensation Committee) and Article 26 (Decision Making Policy for Remuneration, etc., of Directors of the Board and Executive Officers) of the “Corporate Governance Policies”

■ General Principle 3-1(iv) Policies and procedures for the appointment and dismissal of management executives and the nomination of candidate Directors of the Board and Audit and Supervisory Board Members

· Stated in Article 18 (Composition of the Board of Directors), Article 19 (Director of the Board Appointment and Qualification Standards), Article 24 (The Nominating Committee), Article 30 (Policies and Procedures for the Election and Dismissal of Executive Officers), and Article 31 (Successor Plan for the Representative Executive Officers, etc.).

■ General Principle 3-1 (v) When the Board of Directors selects management executives or nominates Directors of the Board or Audit and Supervisory Board Members based on (iv) above, they will explain each selection and nomination

· Stated in “Notice of Annual General Meeting of Shareholders” published in the website of the Company

[Supplementary General Principle 4-1-1]

■ Overview of scope of delegation from the Board of Directors to management personnel

· Stated in Article 17 (Roles of the Board of Directors) of the “Corporate Governance Policies” of the Company.

[General Principle 4-8]

■ Effective use of Independent Directors of the Board

· The principle of a majority of the Directors of the Board being Independent Directors of the Board is stated in Article 18 (Composition of the Board of Directors) of the “Corporate Governance Policies” of the Company.

[General Principle 4-9]

■ Independence Criteria for Outside Director of the Board

· Stated in “II.1 [Independent Officers] Other matters relating to Independent Officers” of this Report.

[Supplementary General Principle 4-11-1]

■ Concepts on the balancing of knowledge, experience, and abilities, as well as the diversity and size of the Board of Directors overall

· Stated in Article 18 (Composition of the Board of Directors) and Article 19 (Director of the Board Appointment and Qualification Standards) of the “Corporate Governance Policies” of the Company.

[Supplementary General Principle 4-11-2]

■ Situation of concurrent service of Directors of the Board

· Stated on page 12 of the “Notice of Convocation of the 196th Annual General Meeting of Shareholders”

· Further, the obtaining of the prior approval of the Board of Directors of the Company in the event of an Outside Director of the Board being newly appointed as an Officer of another company is stated in Board of Directors Rule of the Company.

[Supplementary General Principle 4-11-3]

■ Overview of analysis and assessments on the effectiveness of the Board of Directors

◇ Continuing on from the period ending December 2019, in regard to the assessment for the period ending December 2020, we again implemented a Director of the Board assessment comprised of a questionnaire and individual interviews by a third party organization Board Advisors Japan, Inc.

◇ An overview of the results of the assessment for the period ending December 2020 is as per the below.

· The separation of supervision and execution was advanced by changing the corporate design to a Company with a Nominating Committee, etc.. Further, two-thirds of Directors are now Independent Directors of the Board and the supervision function of the Board of Directors has been greatly strengthened, such as by securing the independence of Committee Members by having two-thirds of more of the members of the three committees being Independent Directors of the Board and not having Representative Executive Officers as Committee

Members. Further, when considering whether or not to make the Asia joint venture business with Wuthelam Group, to which our parent company NIPSEA INTERNATIONAL LIMITED belongs, a wholly owned subsidiary and whether or not to acquire the Indonesia business of Wuthelam Group, as well as the capital policies in association with these items, it was confirmed that minority shareholder interests were taken into account by the Company's Board of Directors through the establishment of a special committee composed of three Independent Directors of the Board and the holding of a total of 15 meetings to discuss the matter, including meetings of the Board of Directors.

- Among the issues that were pointed out as requiring strengthening in the effectiveness evaluations for the period ending December 2019, it was confirmed that although progress was being made in the handling with regard to the expansion of discussions of important agenda items, strengthening of supervisory functions, and strengthening of nomination functions, there is still room for further improvement.

- Based on the above, the evaluation that was received was that the effectiveness of the Company's Board of Directors has been largely secured and effectiveness has continued to improve since last fiscal year. On the other hand, the issues for which efforts should be strengthened for the period ending December 2021 were identified as: advancement of monitoring models through delegation to executives, etc., expansion of the discussion of an important agenda item—the medium-term growth strategy, further strengthening of monitoring functions to contribute to monitoring models, and strengthening of nomination functions with regard to the succession of the Directors of the Board and the next generation of management.

◇ Based on the results of the above, the Company's Board of Directors will continue to aim for "Maximization of Shareholder Value" and make efforts to improve effectiveness.

[Supplementary General Principle 4-14-2]

■ Policy on training for Directors of the Board

- Stated in Article 33 (Policy on Training for Directors of the Board) of the "Corporate Governance Policies" of the Company.

[General Principle 5-1]

■ Policies on the establishment of a system and initiatives for the promotion of constructive dialog with shareholders.

- Stated in Article 14 (Disclosure of Information), Article 35 (Basic Policy on Dialogue with Shareholders), and Article 36 (System for Dialogue with Shareholders)

2. Capital structure

Foreign shareholding ratio	Above 30%
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[Status off major shareholders] Updated

Name	Number of shares held	Shareholding ratio (%)
Nipsea International Limited (Standing proxy City Bank, NA Tokyo Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1,293,030,000	55.06
Fraser (HK) Limited (Standing proxy City Bank, NA Tokyo Branch)	85,000,000	3.61
Clearstream Banking S.A. (Standing proxy The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	83,509,645	3.55
HSBC Bank plc A/C CLIENTS 3 (Standing proxy The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	75,544,385	3.21
The Master Trust Bank of Japan, Ltd. (Trust Account)	65,012,400	2.76
Nippon Life Insurance Company (Standing Proxy The Master Trust Bank of Japan, Ltd.)	54,085,665	2.30
Sumitomo Life Insurance Company (Standing Proxy Custody Bank of Japan, Ltd.)	53,750,000	2.28
Sumitomo Mitsui Banking	49,998,305	2.12

The Bank of Tokyo-Mitsubishi UFJ, Ltd.	35,667,470	1.51
Sumitomo Mitsui Trust Bank, Ltd. (Standing proxy Custody Bank of Japan, Ltd.)	35,265,000	1.50
Controlling shareholders (other than the parent company)	-----	
Parent company	Nipsea International Limited (Unlisted)	

Supplementary explanation **Updated**

1. The total number of issued shares written are as of June 30, 2021.
2. The ratio of the number of shares owned to the total number of issued shares is calculated excluding treasury stock of 22,342,327 shares.
3. Nipsea International Limited is a wholly owned subsidiary of Wuthelam Holdings Ltd. where Goh Hup Jin, a Director of the Board of our Company, serves as Managing Director.
4. On January 25, 2021, the Company conducted a third-party allotment of shares with Nipsea International Limited and Fraser (HK) Limited as underwriters, where it issued 148,700,000 new shares of the Company, and as a result, the total number of issued shares was 474,102,443.
5. Based on the resolution of the Board of Directors meeting held on February 10, 2021, the Company set March 31, 2021 as the record date and April 1, 2021 as the effective date, and as of April 1, 2021, the number of common shares owned by shareholders noted or recorded in the final shareholder registry on the record date has been split at a rate of 5 shares for each share. As a result, the total number of issued shares (474,102,443 shares) after the above third-party allotment has increased by 1,896,409,772 shares to 2,370,512,215 shares.
6. A large shareholding report dated November 15, 2021 (submitted by The Bank of Tokyo-Mitsubishi UFJ, Ltd. and its joint holders Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ International Investment Trust and Banking Corporation, and First Sentier Investors (Australia) IM Ltd.) has been made available for public inspection. However, the portion for which the actual number of shares held as of June 30, 2021 cannot be confirmed by the Company is not included in the above status of the major shareholders.

3. Company attributex

Listed exchanges and market section	Tokyo Stock Exchange, 1st Section
Fiscal year-end	December
Business category	Chemical
Number of employees (consolidated) as of the end of the previous fiscal year	More than 1000
Net sales (consolidated) as of the end of the previous fiscal year	Not less than 100 billion yen, but less than 1 trillion yen
Number of consolidated subsidiaries as of the end of the previous fiscal year	Not less than 100, but less than 300

4. Guidelines for measures to protect minority shareholders in conducting transactions with the controlling shareholder

- To protect minority shareholders, when the company intends to conduct a transaction with its parent company, the Independent Directors appropriately conduct engagement and supervision, such as obtaining approval at the Board of Directors with the majority of the Independent Directors, etc.

5. Other special circumstances that may have material impact on corporate governance

- The Company's parent company is Nipsea International Limited, which belongs to the Wuthelam group. There are no agreements between the Company and the Wuthelam Group regarding the holding and sale of the Company's shares held by the Wuthelam Group, the exercise of voting rights, or other contracts that restrict management. Also, the Company has secured a certain level of independence since it has taken the measures described in "4. Guidelines for measures to protect minority shareholders in conducting transactions with the controlling shareholder" above.

II. Status of the corporate governance system including the business management organization pertaining to management decision-making, execution and supervision

1. Matters concerning governing institution structure, operations of organization, etc.

Organizational form	Company with a Nominating Committee, etc.
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[Directors]

Maximum number of Directors of the Board stipulated in the articles of incorporation	11 people
Term of office of Directors of the Board stipulated in the articles of incorporation	1 year
Chair of the Board of Directors	Outside Director of the Board
Number of Directors of the Board	8

[Matters relating to outside directors of the board]

Number of Outside Directors of the Board	6
Number of Outside Directors of the Board who are designated as Independent Director of the Board	6

Relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k		
Hisashi Hara	Attorney													
Takashi Tsutsui	Formerly a member of another company									△				
Toshio Morohoshi	Formerly a member of another company													
Masayoshi Nakamura	Formerly a member of another company									△				
Masataka Mitsuhashi	Certified public accountant									△				
Miharu Koezuka	Formerly a member of another company													

* Selections regarding the relationship with the company

* “○” if the person falls under each item in “current / recent,” “△” if the person falls under “past”

* “●” if a close relative falls under each item in “current / recent,” “▲” if they fall under “past”

- a Executive of a listed or its subsidiary
- b Executive or Non-Executive Director of the Board of the parent company of a listed company
- c Executive of a brother company of a listed company
- d Person whose major client or supplier is a listed company or an executive thereof
- e Major client or supplier of a listed company or an executive thereof
- f Consultant, accounting expert or legal expert who receives a large amount of monetary consideration or other property from a listed company besides executive compensation
- g Major shareholder of a listed company (or an executive of the said major shareholder if it is a corporation)

- h Executive of a client or supplier company of a listed company (which does not fall under any of d, e, or f) (the executive himself/herself only)
- i The previous executive in a relationship where there is a mutual appointment of outside officers (the executive himself/herself only)
- j Executive of a company or organization that receives a donation from the Company (the Outside Audit & Supervisory Board Member himself/herself only)
- k Other

Relationship with the company (2) Updated

Name	Affiliated Committee			Independent Officers	Supplementary explanation regarding conforming items	Reason for appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Hisashi Hara	○			○	(concurrent service) Senior Advisor at Nagashima Ohno & Tsunematsu	Hisashi Hara has a career as an attorney spanning over 40 years, has participated in many cross border M&A transactions, and in addition, has been involved in various corporate legal affairs projects. He is highly regarded as an attorney involved in cross border M&A transactions, and in 2011 was awarded the Chambers Area-Pacific Lifetime Achievement Award by Chambers Partners. He was appointed as an Outside Director of the Board of the Company in March 2018, and prior to the transition to a Company with a Nominating Committee, etc. in March 2020, as Chairperson of the Nominating Advisory Committee, he played an important role in selecting the next President and nominating candidates for the Board of Directors from an objective standpoint. Even after this transition in March 2020, he has fulfilled important responsibilities as the chairperson of the Nominating Committee. We have determined that his opinions and experience are required for the construction of governance towards "Maximization of Shareholder Value" in the medium to long term in fulfilling obligations to the various stakeholders surrounding the Company, and therefore request his appointment as an Outside Director of the Board. He has also been designated as an independent officer as he satisfies the requirements for an independent officer established by the Tokyo Stock Exchange as well as the "Independence Criteria for Outside Officers" established by the Company and it is therefore determined that there is no risk of any conflict of interest with general shareholders.
Takashi Tsutsui		○		○	(concurrent service) Outside Director of the Board of MetaReal Corp.(former Rozetta Corp.) Nomura Securities Co., Ltd., at which Takashi Tsutsui previously served as executive officer, is the lead securities	Takashi Tsutsui worked for Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc. and Nomura Securities Co., Ltd.) for many years, and has experience as a Representative Director of Jasdac Securities Exchange, Inc. (currently Japan Exchange Group, Inc.) as well as managing M & A, IR, etc. as a member of the management team at LIXIL Group Co., Ltd. (currently LIXIL Corporation). Therefore, he also has a great deal of experience in global business operations and

				<p>companies of the Company, however over 10 years have passed since he retired as an advisor of said company, and we have determined that there is no concern of a conflict of interest arising with general shareholders.</p>	<p>a high level of insight into corporate governance, including the need to secure the rights of minority shareholders. Appointed as an Outside Director of the Board of the Company in March 2018, prior to the transition to a Company with a Nominating Committee, etc. in March 2020, as Chairperson of the Remuneration Advisory Committee he worked to revise the compensation system for Directors of the Board, such as the introduction of a stock compensation system with transfer restrictions. Even after this transition in March 2020, he has fulfilled important responsibilities as the chairperson of the Compensation Committee. We have determined that his opinions and experience are required for the construction of governance towards “Maximization of Shareholder Value” in the medium to long term in fulfilling obligations to the various stakeholders surrounding the Company, and therefore request his appointment as an Outside Director of the Board.</p> <p>He has also been designated as an independent officer as he satisfies the requirements for an independent officer established by the Tokyo Stock Exchange as well as the “Independence Criteria for Outside Officers” established by the Company and it is therefore determined that there is no risk of any conflict of interest with general shareholders.</p>
Toshio Morohoshi	○	○	○	<p>(concurrent service) Outside Director of the Board of T-Gaia Corporation</p>	<p>Toshio Morohoshi has had a career of over 40 years as an IT specialist; he has participated in the management of Japanese flagship global electronics company Fujitsu Ltd., has been the Japanese representative of many global companies, and up to May 2018, participated in the management of Yaskawa Information Systems Corporation (currently YE Digital Corporation) as President & CEO, Representative Director of the Board. After assuming the service of Outside Director of the Board of the Company in March 2018, with a background as an IT expert, we can anticipate accurate advice from him for the Company, which is bringing diversity to the composition of the Board of Directors of the Company to contribute to revitalizing discussions, and is promoting ICT strategies. After transitioning to a Company with a Nominating Committee, etc. in March 2020, he has served as a member of the Nominating Committee and Audit Committee. We have determined that his opinions and experience are required for the construction of governance towards “Maximization of Shareholder Value” in the medium to long term, upon completely fulfilling obligations to the various stakeholders surrounding the Company, and therefore request his appointment as an Outside Director of the</p>

					<p>Board.</p> <p>He has also been designated as an independent officer as she satisfies the requirements for an independent officer established by the Tokyo Stock Exchange as well as the “Independence Criteria for Outside Officers” established by the Company and it is therefore determined that there is no risk of any conflict of interest with general shareholders.</p>
Masayoshi Nakamura	○	○	○	<p>Masayoshi Nakamura has been an executive officer of Mitsubishi UFJ Securities Co., Ltd., a subsidiary of Mitsubishi UFJ Financial Group, Inc., and although Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., which took over the company, and its brother company, MUFG Bank, Ltd., have a business relationship, more than 10 years have passed since he retired from all positions of Mitsubishi UFJ Financial Group, and we believe that there is no risk of conflict of interest with general shareholders.</p>	<p>Masayoshi Nakamura, since 1984, has worked at major US banks Lehman Brothers and Morgan Stanley, as well as at Mitsubishi UFJ Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), which is the core securities company of the Mitsubishi UFJ Financial Group, and has a wealth of practical experience spanning over 30 years as a specialist in the M&A advisory business and raising funds from capital markets. During this time, he has led many large cross-border M&A transactions and has also contributed to the internationalization of business through M&A transactions involving Japanese companies. With many years of experience in M & A transactions, we can expect him to contribute to the development of our business through advice regarding accurate risk control and other matters concerning domestic and overseas M & A transactions. He was appointed as an Outside Director of the Board in March 2018, and after the transition to a Company with a Nominating Committee, etc. in March 2020, he became chair of the Independent Director of the Board Meeting as the Lead Independent Director of the Board to gather the opinions of the Independent Directors of the Board. Having done so, he then conveys these opinions to the Chairman, Representative Executive Officer & Co-President or other Executive Officers to contribute to revitalizing discussions among the Board of Directors from an objective viewpoint. He also works as a member of the Nominating Committee and Compensation Committee. We have determined that his opinions and experience are required for the construction of governance towards “Maximization of Shareholder Value” in the medium to long term, upon completely fulfilling obligations to the various stakeholders surrounding the Company, and therefore request his appointment as an Outside Director of the Board.</p> <p>He has also been designated as an independent officer as he satisfies the requirements for an independent officer established by the Tokyo Stock Exchange as well as the “Independence Criteria for Outside Officers” established by the Company and it is therefore determined that there is no risk of</p>

					any conflict of interest with general shareholders.	
Masataka Mitsuhashi			○	○	<p>(concurrent service) Outside Audit & Supervisory Board Member of Fujifilm Holdings Corporation and Integral Corporation, and an Outside Director of the Board of Skymark Airlines Inc.</p> <p>The Company has a trading relationship with the PwC Japan Group, which includes PwC Advisory LLC and PricewaterhouseCoopers Aarata LLC, where Masataka Mitsuhashi has previously served as a business executive; said trading relationship has included the receipt of support for corporate acquisitions and the construction of an internal audit system. In addition, Mr. Masataka Mitsuhashi worked as an advisor of the Governance Advisory Committee established as an advisory committee for the Board of Directors of the Company until December 31, 2019. However, as the amount of such transactions was less than the amount prescribed in the “Outside Director of the Board Independence Judgment Standards” of the Company, the Company has determined that there is no concern of a conflict of interest arising with general shareholders.</p>	<p>Masataka Mitsuhashi has accumulated diverse experience in accounts auditing as a chartered public accountant at an audit firm as well as through his many years of involvement in M&A related businesses, and in addition, has also been active as a Representative Director of the Board of a consulting firm. Furthermore, in June 2019, he was appointed as an advisor of the Company's Governance Advisory Committee, and he provided useful advice to the Board of Directors of the Company for the organizational reforms towards the transition to a Company with a Nominating Committee in March 2020. Furthermore, after assuming the service of Outside Director of the Board of the Company in March 2020, as the Chairperson of the Audit Committee he has fulfilled important responsibilities such as working toward establishing the Company's global audit system by utilizing his abundant experience at audit firms, etc. We have determined that his opinions and experience are required for the construction of governance towards “Maximization of Shareholder Value” in the medium to long term, upon completely fulfilling obligations to the various stakeholders surrounding the Company, and therefore request his appointment as an Outside Director of the Board.</p> <p>He has also been designated as an independent officer as he satisfies the requirements for an independent officer established by the Tokyo Stock Exchange as well as the “Independence Criteria for Outside Officers” established by the Company and it is therefore determined that there is no risk of any conflict of interest with general shareholders.</p>
Miharu Koezuka			○	○	<p>(concurrent service) Outside Director of the Board of Japan Post Holdings Co., Ltd. and Nankai Electric Railway Co., Ltd.</p>	<p>Miharu Koezuka has been involved in management for many years as a member of the management team at Takashimaya Company, Limited, and currently serves as an Outside Director of the Board of Japan service Holdings Co., Ltd., and Nankai Electric Railway Co., Ltd. After assuming the service of Outside Director of the Board in March 2020, she has utilized her experience in various industries to provide multifaceted and accurate advice, and as the first female director of the Company, she has greatly contributed to increasing the diversity of the</p>

					<p>Board of Directors of the Company. She also serves as a member of the Audit Committee. We have determined that his opinions and experience are required for the construction of governance towards “Maximization of Shareholder Value” in the medium to long term, upon completely fulfilling obligations to the various stakeholders surrounding the Company, and therefore request his appointment as an Outside Director of the Board.</p> <p>She has also been designated as an independent officer as she satisfies the requirements for an independent officer established by the Tokyo Stock Exchange as well as the “Independence Criteria for Outside Officers” established by the Company and it is therefore determined that there is no risk of any conflict of interest with general shareholders.</p>
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[Various Committees]

Composition of Members and Affiliation of Chairpersons of Each Committee

	Total number of committee members	Number of full-time committee members	Number of Inside Directors	Number of Outside Directors	Committee Chair (Chairperson)
Nominating Committee	4	0	1	3	Outside Director of the Board
Compensation Committee	3	0	1	2	Outside Director of the Board
Audit Committee	4	0	1	3	Outside Director of the Board

[Executive Officers]

Number of Executive Officers Updated	9
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Concurrent service status Updated

Name	Presence or absence of representation rights	Presence or absence of concurrent service as director of the board			Presence or absence of concurrent service as employee
			Nominating Committee Member	Compensation Committee Member	
Yuichiro Wakatsuki	Yes	Not adopted	×	×	Not adopted
Wee Siew Kim	Yes	Not adopted	×	×	Not adopted
Yoshiaki Kuroda	Not adopted	Not adopted	×	×	Not adopted
Masuo Kida	Not adopted	Not adopted	×	×	Not adopted
Takeshi Shiotani	Not adopted	Not adopted	×	×	Not adopted
Seiichiro Shirahata	Not adopted	Not adopted	×	×	Not adopted
Kohei Tsushima	Not adopted	Not adopted	×	×	Not adopted
Satoshi Nishimura	Not adopted	Not adopted	×	×	Not adopted

Yuri Inoue	Not adopted	Not adopted	×	×	Not adopted
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[Audit System]

Whether there are directors or employees to assist in the duties of the Audit Committee	Yes
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Matters concerning the independence of directors and employees from Executive Officers

- The Company has established the Audit Department as an organization to assist in the duties of the Audit Committee.
- The Audit Department shall serve as secretariat of the Audit Committee, and furthermore, based on the instructions of the Audit Committee, investigate, analyze, and report on matters subject to auditing, and support the audit activities of the Audit Committee.
- Furthermore, in order to ensure independence from the Executive Officers of the Audit Department, the authority to consent to the Audit Committee concerning the necessary matters (matters related to the personnel rights of the General Manager of the Audit Department, basic policy of the Audit Department, audit plan, budget, etc.), and the priority authority over the Representative Executive Officer and President for the Audit Committee's instructions concerning audits are prescribed in the Company's "Audit Committee Rules."

Status of coordination among Audit Committee, the Accounting Auditor, and the Internal Audit Department

- The Audit Committee has established a group audit system centered on the Company and is making efforts to improve the effectiveness of audits through various activities, such includes the holding of a Group Audit Committee jointly attended by Audit and the persons responsible at the internal auditing departments of domestic and foreign partner companies to carry out information sharing, opinion exchange, etc.; the conduct of information sharing and opinion exchange with regard to issues, etc., identified over the course of audits through the holding of three-way audit meetings attended by the Accounting Auditor and the General Manager of Audit; and regular meetings with domestic partner company Audit & Supervisory Board Members.

[Independent officers]

Number of independent officers	6
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Other matters concerning independent officers

The Company has specified all Outside Directors of the Board who meet the qualifications for to be independent officers as independent officers.

The < Independence Criteria for Outside Director of the Board > prescribed by the Company are as set forth below.

<Independence Criteria for Outside Director of the Board>

1. The Company will determine that Outside Directors of the Board or candidates for Outside Directors of the Board are sufficiently independent from the Company if they are found to satisfy all the requirements prescribed in the following items as a result of a reasonable investigation by the Company.

- (1) The person in question is not a controlling shareholder (Note 1).
- (2) The person in question is not an executive (Note 3) or director or former executive or director (Note 4) of a parent company (Note 2) of the Company.
- (3) The person in question is not an executive or ex-executive (Note 5) of the Company or a subsidiary of the Company (hereinafter referred to as "the Group").
- (4) The person in question is not an executive or ex-executive of a fellow subsidiary of the Company (Note 6).
- (5) The person in question does not fall under any of the following persons either currently or anytime during the past three years:
 - (i) A major shareholder (Note 7) of the Company, or an executive of such a major shareholder
 - (ii) A person whose major business partner is the Group (Note 8) or an executive of such a person
 - (iii) A major trading partner (Note 9) of the Group or an executive of such a trading partner
 - (iv) A person belonging to an audit corporation that conducts statutory audits of the Group
 - (v) A person who receives a significant amount (Note 10) of money, etc. from the Group aside from officer remuneration
 - (vi) An executive of an organization that receives a significant amount (Note 10) of donation or aid from the Group
- (6) The person in question is not the spouse or a relative within the second degree of a person who falls applicable under any of the items of (1) and (5) above.

2. Outside Directors of the Board shall strive to maintain the independence prescribed by these Independence Criteria until their resignation from office. If an Outside Director of the Board no longer satisfies these Independence Criteria, he/she shall promptly notify the Company of the fact.

(Notes)

1. A controlling shareholder means an individual who is a controlling shareholder as defined by the “Securities Listing Rules (Tokyo Stock Exchange)” (Listing Rules) Article 3, No. 42-2 and the Enforcement Rules thereof Article 3-2
2. A parent company means parent company as defined in the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Financial Statement Rules), Article 8, Paragraph 3.
3. An executive means an Executive Director, an Executive Officer, a Corporate Officer, or a person holding a similar position at a corporation or other organization.
4. A former executive or director means a person who has been an executive or director anytime during the past 10 years.
5. An ex-executive means a person who has been an executive anytime during the past 10 years.
6. A fellow subsidiary means another company that has the same parent company as the Company.
7. A major shareholder means a person who directly or indirectly holds 10% or more of the total voting rights.
8. A person whose major business partner is the Group means a person who has received from the Group a payment equivalent to 2% or more of the annual consolidated sales revenue or annual consolidated net sales for the latest fiscal year of that person.
9. A major business partner of the Group means a person who has paid to the Group an amount equivalent to 2% or more of the annual consolidated sales revenue for the latest fiscal year of the Company or a person who has an outstanding balance of loans to the Company that is equivalent to 2% or more of the consolidated total assets of the Company as of the end of the latest fiscal year of the Company.
10. A significant amount means an amount exceeding an annual amount of 10 million yen on average over the past three fiscal years of the Company.

[Incentives]

Implementation status of measures to provide incentives to Directors of the Board and Executive Officers

Introduction of a performance-linked remuneration plan, stock option plans, and others

Supplementary explanation of the applicable items

1. The Company transitioned to a Company with a Nominating Committee, etc., with the approval of the 195th Annual General Meeting held on March 26, 2020. Before the transition to a Company with a Nominating Committee, etc., (from January 2020 to March 2020), the remuneration of Directors of the Board (excluding Outside Directors of the Board) consisted of “job-based remuneration,” “performance-linked remuneration,” and “long-term incentive remuneration.”

2. After the transition to a Company with a Nominating Committee, etc., (from April 2020 to December 2020), the remuneration, etc., of Directors of the Board and Executive Officers consisted of, based on the above remuneration structure of officers before the transition to a Company with a Nominating Committee, etc., with regard to Directors of the Board, “job-based remuneration,” “stipends for positions such as being a Committee Member,” and “long-term incentive remuneration”; and, with regard to Executive Officers, “job-based remuneration,” “performance-linked remuneration,” and “long-term incentive remuneration,” and job-based remuneration in accordance with the position of each Executive Officer has been newly stipulated.

- “Job-based remuneration” is provided as fixed salary that is specified for each position in the Company in accordance with the applicable roles and responsibilities.
- “Performance-linked remuneration” for Directors of the Board (excluding Outside Directors of the Board) before the transition to a Company with a Nominating Committee, etc., (from January 2020 to March 2020) was provided as a variable amount within the range of 0% and 160% of job-based remuneration for Directors of the Board (excluding Outside Directors of the Board), depending on evaluations; “Performance-linked remuneration” for Executive Officers after the transition to a Company with a Nominating Committee, etc., (from April 2020 to December 2020) was provided as a variable amount within the range of 0% and 180% of job-based remuneration depending on individual performance evaluations.
- “Long-term incentive remuneration” involves remuneration through the granting of Restricted Stock Compensation in accordance with a design under which the Company and the recipient execute an agreement for the allotment of shares of the Company with restrictions on transfer equal to an amount determined as a ratio, stipulated in accordance with each position, of the job-based remuneration, and such ratio increases depending on the position. Remuneration through the granting of Restricted Stock Compensation provide an incentive for

the Company's Directors of the Board and Executive Officers to maximize shareholder value of the Company and are aimed at promoting further value sharing with shareholders. Further, with regard to Independent Directors of the Board as well, in addition to traditional "job-based remuneration," "long-term incentive remuneration" has been introduced. Because the Company's Outside Directors of the Board not only supervise management, but also hold positions relating to the long-term perspective of the Company with regard to important decision-making, including corporate acquisitions, the aim was to provide Outside Directors of the Board with a remuneration system that takes this into account.

Persons to whom stock options are granted	Inside Directors of the Board, employees
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Supplementary explanation of the applicable items

With regard to share remuneration as a part of "long-term incentive remuneration," stock options are converted to Restricted Stock. With regard to stock options, they are scheduled to come to an end after the completion of their being awarded to overseas dispatched personnel, who are eligible for these, upon their return to Japan. There were no new grants of stock options in the period ending December 2020.

[Director of the board and executive officer remuneration]

Disclosure status (of remuneration of individual Directors of the Board)	Remuneration of only some of the Directors of the Board is disclosed
Disclosure status (of remuneration of individual Directors of the Board)	Remuneration of only some of the Directors of the Board is disclosed

Supplementary explanation of the applicable items

- The Company transitioned to a Company with a Nominating Committee, etc., with the approval of the 195th Annual General Meeting held on March 26, 2020. Separating the period into before the transition to a Company with a Nominating Committee, etc., (from January 2020 to March 2020) and after the transition to a Company with a Nominating Committee, etc., (from April 2020 to December 2020), the remuneration, etc., in the Securities Report, the "total amount of remuneration, etc., for each officer category, total amount of remuneration, etc., by type, and number of target officers" are disclosed and, with regard to officers whose total amount of consolidated remuneration, etc., is 100 million JPY or more, the "total amount, etc., of consolidated remuneration by officer" is disclosed.

- Securities report (https://www.nipponpaint-holdings.com/ir/library/securities_report/)

Policy for determining the amount of remuneration or its calculation method	Yes
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Disclosure of policy for determining the amount of remuneration or its calculation method

- The Company transitioned to a Company with a Nominating Committee, etc., with the approval of the 195th Annual General Meeting held on March 26, 2020. Before the transition to a Company with a Nominating Committee, etc., (from January 2020 to March 2020), the policy for determining the remuneration, etc., of Directors of the Board (excluding Outside Directors of the Board) was as per the below.

- Global competitors shall be used as the benchmark, and the standard shall be one in which talented managers are attracted and kept

- The ratio of performance-linked remuneration and share remuneration shall be increased, and "Maximization of Shareholder Value (MSV)" shall be incentivized.

With regard to the process for the determination, in accordance with the above policies, of the remuneration structure for Directors of the Board, their level of annual remuneration (which serves as the standard for other remuneration), etc., the Remuneration Advisory Committee has deliberated fairly and transparently, taking into account social trends, comparisons with other companies, market levels, etc., and the Board of Directors has determined them based on the findings of such committee.

The remuneration, etc., of Audit & Supervisory Board Members are determined through consultation by Audit & Supervisory Board Members. Further, remuneration, etc., of Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, consists solely of job-based remuneration in view of the nature of their duties, and "no performance-linked remuneration" nor "long-term incentive remuneration" have been

introduced for them.

2. The determination policy for the remuneration of Directors of the Board and Executive Officers after the transition to a Company with a Nominating Committee, etc., (from April 2020 to December 2020) is the same as above, and such remuneration has been determined in accordance with the above policy after the Compensation Committee carried out fair and transparent deliberations, taking into account social trends, comparisons with other companies, market levels, etc.

3. With regard to the determination policy for the remuneration of Directors of the Board and Executive Officers from January 2021, the Compensation Committee has stipulated the following remuneration philosophy and the FY2021 remuneration system will be deliberated and determined in accordance with such remuneration philosophy.

[Remuneration Philosophy]

Overarching Principle

· In order to implement "Maximization of Shareholder Value" (MSV), to build a remuneration system that is transparent and satisfactory and to continue to provide appropriate motivation, incentives, etc., to key executives by implementing individual treatment based on the system.

Guiding Principles

- To be able to attract and keep management talent that excels at practicing MSV.
- To be able to continuously provide motivation so that maximum potential can be encouraged even under changing environment.
- To function effectively and in harmony with the current state of business development, level of maturity of organizational systems, organizational values, and the community.

In accordance with this remuneration philosophy, the design policies for the remuneration of the Representative Executive Officer and President has been determined to be the below.

["Design Policies for the remuneration of the Representative Executive Officer and President]

- A total amount of remuneration that is commensurate with the performance of the Representative Executive Officer and President
- A remuneration structure that promotes appropriate and decisive risk taking
- Strengthening of share remuneration that contributes to MSV

[Support system for Outside Directors of the Board]

- The Company will strive to put in place an environment that encourages lively discussion to ensure that discussions at the board meetings are rewarding. For example, the Company will notify board meeting agenda and deliver materials related to them to Directors of the Board in advance in addition to the provision of prior explanation to Outside Directors of the Board as necessary.
- The Board of Directors, Nominating Committee, Compensation Committee, Audit Committee, and Independent Director of the Board Committee may appoint attorneys, chartered public accountants, tax accountants, consultants, and other external specialists at the cost of the Company as necessary, and may receive advice therefrom.
- The Company, in order to ensure the effectiveness of the Board of Directors, the Nominating Committee, the Compensation Committee, the Audit Committee, as well as meetings of the Independent Directors of the Board, shall establish a secretary's office for each meeting body that has been assigned an appropriate budget and personnel.

2. Matters concerning such functions as business execution, audit, oversight, nomination, and the determination of remuneration (overview of the current corporate governance system) Updated

1. An overview of the corporate governance system of the Company is set forth below.

(1) Board of Directors and Directors of the Board

- The Board of Directors supervises the general management of the Group. The Board of Directors delegates decision-making authority for the execution of business to executive officers, with the exception of matters requiring the resolution of the Board of Directors pursuant to laws and ordinances and the Articles of Incorporation, matters delegated to the Board of Directors by resolution of a shareholders' meeting, and important matters relating to the management of the Group.
- As a general rule, the Board of Directors shall be composed of a majority of Independent Directors of the Board.
- As of December 1, 2021, three-quarters of Directors of the Board are Independent Directors of the Board.
- By a resolution of the Board of Directors, the Board Chair is Masayoshi Nakamura who is Lead Independent Director of the Board, since Independent Director of the Board, in a position of independence from controlling

shareholders, etc.(Article 21, item 4 of the Company's Corporate Governance Policy), plays a role in protecting minority shareholder .

· The number of members of the Board of Directors, as of December 1, 2021, is as set forth below (eight males and one female).

Goh Hup Jin (Chairman)

Manabu Minami

Hisashi Hara (Independent Director of the Board)

Takashi Tsutsui (Independent Director of the Board)

Toshio Morohoshi (Independent Director of the Board)

Masayoshi Nakamura (Board Chair, Lead Independent Director of the Board)

Masataka Mitsuhashi (Independent Director of the Board)

Miharu Koezuka (Independent Director of the Board)

· As of December 1, 2021, 21 meetings of the Board of Directors were held.

· In regard to the tenure of Outside Directors of the Board, as a general rule, the same person may be nominated as a candidate for Outside Director of the Board by the Nominating Committee up to four times, however, if agreed beforehand by a majority of the Directors of the Board, the same person may be nominated a maximum of eight times.

· The Company, through a mutual election by Independent Directors of the Board, has appointed Masayoshi Nakamura as the Lead Independent Director of the Board. The Lead Independent Director of the Board, upon collecting the opinions of the other Independent Directors of the Board as necessary, conveys the opinion of the Independent Directors of the Board to the Chairman, Representative Executive Officer & Co-President and other Executive Officers, and holds consultation as needed.

· The Lead Independent Director of the Board may convene a meeting of the Independent Directors of the Board, composed of all Independent Directors of the Board, before or after a meeting of the Board of Directors, etc., as necessary.

(2) Committees

The following committees prescribed by the Companies Act have been established as of December 1, 2021.

(i) Nominating Committee

(Role) To make decisions on the content of proposals on the appointment and dismissal of Directors of the Board to be submitted to the General Meeting of Shareholders, and to deliberate and report to the Board of Directors on the Directors of the Board successor plan, as well as the appointment, dismissal, and successor plan for Representative Executive Officer and President.

(Composition) Pursuant to the Nominating Committee Rules of the Company, the Nominating Committee has three or more Committee Members. A majority of the Committee Members are Independent Directors of the Board and the Committee Chairperson is elected from among the Committee Members who are Independent Directors of the Board. Further, among the Executive Officers, Representative Executive Officer and President or Directors of the Board holding an equivalent position cannot become Nominating Committee Members.

(Number of times convened) 15 meetings were convened as of December 1, 2021.

(Attendance rates)

Committee Chairperson	Hisashi Hara (Independent Director)	Attendance rate: 15/15 (100%)
Committee Member	Goh Hup Jin	Attendance rate: 15/15 (100%)
Committee Member	Toshio Morohoshi(Independent Director)	Attendance rate: 15/15 (100%)
Committee Member	Masayoshi Nakamura (Independent Director)	Attendance rate: 15/15 (100%)

(ii) Compensation committee

(Role) To make decisions on the decision-making policy for the individual remuneration, etc., of Directors of the Board and Executive Officers, and to make decisions on the content of remuneration, etc., for individuals

(Composition) Pursuant to the Compensation Committee Rules of the Company, the Compensation Committee has three or more Committee Members. A majority of the Committee Members are Independent Directors of the Board and the Committee Chairperson is elected from among the Committee Members who are Independent Directors of the Board. Further, among the Executive Officers, Representative Executive Officer and President or Directors of the Board holding an equivalent position cannot become Compensation Committee Members.

(Number of times convened) 17 meetings were convened as of December 1, 2021.

(Attendance rates)

Committee Chairperson	Takashi Tsutsui (Independent Director)	Attendance rate: 17/17 (100%)
Committee Member	Goh Hup Jin	Attendance rate: 17/17 (100%)
Committee Member	Masayoshi Nakamura (Independent Director)	Attendance rate: 17/17 (100%)

(iii) Audit Committee

(Role) The auditing of the execution of duties of Executive Officers and Directors of the Board, the creation of audit reports, and the making of decisions on the content of proposals relating to the appointment, dismissal, and non-reappointment of the Accounting Auditor to be submitted to a General Meeting of Shareholders

(Composition) Pursuant to the Audit Committee Rules of the Company, the Audit Committee has three or more Committee Members. A majority of the Committee Members are Independent Directors of the Board and the Committee Chairperson is elected from among the Committee Members who are Independent Directors of the Board. Further, an Audit Committee Member may not concurrently serve as an Executive Officer, Director of the Board who executes business, or employee of the Company or a subsidiary of the Company. In addition, a Director of the Board who concurrently serves as an Executive Officer and, at present or within the past 10 years, is, or has been a Director of the Board, Executive Officer, Audit & Supervisory Board Member, or employee (includes positions equivalent to these) of a major shareholder with 10% or more of the total number of issued shares of the Company (includes the parent company, etc., thereof), may not become an Audit Committee Member.

(Number of times convened) 16 meetings were convened as of December 1, 2021.

(Attendance rates)

Committee Chairperson	Masataka Mitsuhashi (Independent Director)	Attendance rate: 16/16 (100%)
Committee Member	Manabu Minami	Attendance rate: 16/16 (100%)
Committee Member	Toshio Morohoshi (Independent Director)	Attendance rate: 16/16 (100%)
Committee Member	Miharu Koezuka (Independent Director)	Attendance rate: 16/16 (100%)

(3) Executive Officers

As of December 1, 2021, there are 9 Executive Officers, and the Executive Officers make decisions on the execution of business of the Company that they have been delegated by resolution of the Board of Directors, and execute such business. The company has established a Co-President system with the aim to further accelerate global business growth to pursue Maximization of Shareholder Value on April 28, 2021. Yuichiro Wakatsuki, Representative Executive Officer & Co-President, oversees back-office operations including promotion of M&A, financial policies, and fund procurement. Wee Siew Kim, Representative Executive Officer & Co-President, takes charge of all the operations of the Group.

(4) Corporate Officers

The Company has introduced a Corporate Officer system, and as of December 1, 2021, there are 8 Corporate Officers (6 male, 2 female) engaged in the execution of the specified businesses.

2. The situation of audits is as set forth below.

(1) Situation of Audit Committee audits

- As of December 1, 2021, the Audit Committee is composed of four Audit Committee Members, of which three are Independent Directors of the Board, they include a person holding a CPA qualification, who can perform audits from a specialized perspective, and a person with international experience and abundant international experience as a manager. The Director of the Board, who has a background in the company, who fills the last position has many years of experience in the Finance & Accounting Department of the Company and as an officer of the Company.

- The main items with regard to which deliberations are being conducted are the audit policy and audit plan, building and operation of the internal control system, development of the group audit system, and evaluation of the reasonability of accounting audits, as well as the promotion of the digital transformation of audit, issuance of new shares through third party allotment, etc.

- Aside from the deliberation of the above agenda, etc., the Audit Committee conducts audits on the execution of duties of Executive Officers and Directors of the Board through the activities of each of the Audit Committee Members appointed by the Audit Committee (confirmation of the execution of duties of Executive Officers, Directors of the Board, etc. of the Company and Partner Companies, receipt of reports, attendance at meetings of the Board of Directors, the Executive Committee, and other important meeting bodies, as well as the viewing of important decision-making documents, etc.), as well as the audit activities of Audit and the audits conducted by the Audit Committee itself.

- In addition, regular meetings are held with Representative Executive Officer and President, and views are exchanged with regard to issues that the Company should deal with, the status of the audit environment, important audit issues, etc.

(2) Situation of Internal Audits

- As of December 1, 2021, Audit, which is the department in charge of internal audits, consists of 28 members, in addition to the General Manager; and, pursuant to an internal audit plan approved by the Audit Committee and Representative Executive Officer and President, and under the instructions of the Audit Committee and Representative Executive Officer and President, Audit carries out investigations of whether or not the internal control system within the Group is appropriately composed and operated and carries out audits, within the Group, with regard to the effectiveness and efficiency of the company operations, reliability of financial statements, status of asset preservation effective utilization, status of risk management, status of compliance with laws, etc., and internal rules and standards, etc.

- In FY2020, a risk assessment investigation wherein risk information of domestic and foreign partner companies was collected and analyzed in particular and the results were reported to the Audit Committee and Representative Executive Officer and President, and feedback was given to each region/partner companies, etc., and issues were shared and future policies were consulted on.

(3) Situation of Accounting Auditors

- Audit duties are performed by three companies (all of which are designated limited liability employees and business execution employees): Certified Public Accountant Motohiro Tanaka, Certified Public Accountant Shimpei Takeshita, and Certified Public Accountant Akishige Nanbara, who are affiliated with KPMG AZSA LLC.
- These audit firms have taken measures with regard to their executive employees such that such employees are not involved in the accounting audits of the Company for longer than a certain period.
- The assistants for the audit duties are comprised of 29 certified public accountants and 15 others.

3. Liability limitation agreements are as described below.

- The Articles of Incorporation of the Company contain provisions relating to the agreements prescribed in Article 427 Paragraph 1 of the Companies Act (liability limitation agreements) with Outside Directors of the Board (Article 25 of the Articles of Incorporation).
- An overview of the liability limitation agreements executed by the Company with Outside Directors of the Board based on the Articles of Incorporation is provided below.
(Liability Limitation Agreements with Outside Directors of the Board)
- If an Outside Director of the Board, after the execution of this agreement, has performed their duty in regard to the liability to compensate of Article 423 Paragraph 1 of the Companies Act in good faith and there is no gross negligence, such liability shall be limited to the minimum amount of liability prescribed in Article 425 Paragraph 1 of the Companies Act, and the Company will exempt the Outside Director of the Board from liability for the portion in excess of this as a matter of course.

3. Reasons for adopting the current corporate governance system Updated

The Company, in order to improve the transparency, objectivity, and fairness of management, as well as to separate and strengthen functions of business execution and supervision of management, with the approval of the 195th Annual General Meeting held on March 26, 2020, transitioned to a Company with a Nominating Committee, etc.

III Implementation status of measures concerning shareholders and other stakeholders

1. Measures to vitalize the general meeting of shareholders and smoothen the exercise of voting rights

	Supplementary explanation
Early notice of general meeting of shareholders	The Company sends notice of general meeting of shareholders by mail before the legal cut-off time to ensure that shareholders can attend the meeting after giving sufficient consideration to the proposals and can also exercise their voting rights in advance, etc. The Company also publishes the same information on TDnet and the website of the Company before sending notice of general meeting of shareholders by mail.
Scheduling the date of the general meeting of shareholders in a manner to avoid the peak day	The Company's policy is to set the schedule related to the general meeting of shareholders appropriately to ensure, among others, that shareholders can attend the meeting after giving sufficient consideration to the proposals and can also exercise their voting rights in advance.
Exercise of voting rights by electronic means	Exercise of voting rights through the Internet is available.
Participation in electronic voting platforms and other measures to improve the environment for the exercise of voting rights by institutional investors	The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of convocation notice (summary) in English	Convocation notices (narrow definition) are translated to English and published on the website of the Company and in an electronic voting platform for institutional investors.
Other	<p>The Company's first priority concerning the general meeting of shareholders is to operate it in an appropriate and legal manner. The Company's policy is to strive to provide explanations that are easy to understand in a manner friendly to shareholders through, for example, reports using visual materials and to answer any questions from them conscientiously.</p> <p>Following on from the 195th Annual General Meeting, at the 196th Annual General Meeting as well, in order to activate the Annual General Meeting as a venue for dialog with shareholders, the venue has been set as a hotel close to a major terminal station, which has excellent convenience for participation.</p>

2. Status of IR-Related Activities

	Supplementary explanation	Explanation by representatives
Development and publication of a disclosure policy	The Company has formulated a disclosure policy and published it on the Company's website. https://www.nipponpaint-holdings.com/ir/info/	
Regular investor briefings for individual investors	Briefings for individual investors are held regularly. In FY2020, briefings were conducted online. The status of	Not adopted

	<p>briefings, briefings materials, etc., are published on the Company's website. https://www.nipponpaint-holdings.com/ir/personal/presentation/</p>	
Regular investor briefings for analysts and institutional investors	<p>A briefing is held of analysts and institutional investors by conference call on each quarterly results announcement date. Further, a briefing, etc., for analysts and institutional investors will be held after the announcement of these financial statements.</p> <p>In addition, interviews, etc., with analysts and individual investors are held quarterly to give explanations with regard to the Company's financial status, future strategy, etc.</p> <p>The status of briefings, briefings materials, etc., are published on the Company's website. https://www.nipponpaint-holdings.com/ir/library/materials/</p>	Yes
Regular investor briefings for foreign investors	Individual individuals are conducted for overseas investors. We participate in conferences held by securities companies.	Yes
Publication of IR materials on the website	<p>Various IR materials are published on the Company webpage. https://www.nipponpaint-holdings.com/ir/</p> <p>(Published materials)</p> <ul style="list-style-type: none"> ▪ Short-form financial results ▪ Financial results briefing materials ▪ Briefing summaries and QA overviews from financial results briefings ▪ News releases, including timely disclosures ▪ Integrated reports ▪ Reports regarding corporate governance ▪ notices of General Meeting of Shareholders ▪ Securities reports and quarterly reports ▪ Year-end reports and interim reports, etc. 	
Establishment of a department (or a person) in charge of investor relations	<ul style="list-style-type: none"> ▪ Responsible in charge: Investor Relations ▪ Person in charge: Yuichiro Wakatsuki, Representative Executive Officer & Co-President 	

3. Measures to ensure due respect for the position of stakeholders Updated

Supplementary explanation	
Stipulation of internal rules to ensure due respect for the position of stakeholders	<p>The Company, in Article 8 (Relationship with Stakeholders) of the "Corporate Governance Policies," has prescribed the following: "The Company fulfills its social responsibility as a corporate citizen to our stakeholders including customers, business partners, employees, local communities, and shareholders both in Japan and overseas, and will provide appropriate opportunities to have dialogue with these stakeholders to promote their understanding of the business of the Company."</p>
Implementation of environmental protection activities, CSR activities, etc.	<p>The Nippon Paint Group positions the perspectives of SDGs and ESG at the core of its business and seeks to create wealth and maximize shareholder value through the resolution of social issues.</p>

	<p>As such, in 2020, the Group formulated its “ESG Statement,” positioned ESG at the core of its business, held horizontal discussions across the Group with regard to the sustainable creation and improvement of shareholder value, and, in order to accelerate ESG promotion activities, established the ESG Committee. https://www.nipponpaint-holdings.com/sustainability/about/statement/</p> <p>Furthermore, we carried out a revision of the materialities (important issues) for the Company. https://www.nipponpaint-holdings.com/sustainability/about/materiality/</p> <p>(Integrated reports) https://www.nipponpaint-holdings.com/ir/library/annual_report/ (Company website “sustainability”) https://www.nipponpaint-holdings.com/sustainability/</p>
<p>Development of a policy on the provision of information to stakeholders</p>	<p>With regard to information disclosure, the Company, in accordance with the “Disclosure Policy” published on the Company’s website, strives to provide, based on the principles of transparency, fairness, and consistency, information promptly to all stakeholders including shareholders and investors so that they can understand the Purpose, Business Philosophy, management strategies, business activities, etc., of the Company, through which we aim to gain a fair evaluation of the corporate value of the Company and trust from stakeholders. https://www.nipponpaint-holdings.com/ir/info/</p>
<p>Other</p>	<ul style="list-style-type: none"> • In the 2021-2023 Group Medium-Term Management Plan, as part of its further commitment to SDGs and ESG, the Company stipulated “diversity & inclusion” as a materiality and, toward its achievement, the Company is promoting the “improvement of the female management personnel ratio” and “improvement of employee engagement.” • Further, in its “Integration Report,” the Company has announced the details of activities, achievements, etc., in its creation of a working environment where each and every employee can work actively. https://www.nipponpaint-holdings.com/ir/library/annual_report/ • Further, through the Group’s Action Plan, which was formulated after the implementation of the Act on Promotion of Women’s Participation and Advancement in the Workplace, we have promoted the training of women from a long term perspective and the establishment of organizational development and systems; as a result of which, we have established a goal of having 10% of the Group’s overall management positions being held by women by 2025, and since 2015, we have conducted women’s leadership training and development, and change in the attitudes of the management class is progressing. In addition, as of December 1, 2021, among officers, there is one female director of the board, one female Executive Officer, and two female Corporate Officers.

IV Matters concerning the internal control system

1. Basic approach to the internal control system and its implementation status

<Basic Policy on Internal Control System>

The Company has built the internal control system of the Company and the corporate group comprising of the subsidiaries of the Company (hereinafter referred to as “the Group”) based on this policy, and continually assesses the situation of its establishment and operation and takes the necessary improvement measures. Further, the Company conducts ongoing reviews of this policy in accordance with changes in the management environment, etc., and endeavors to establish and operate an internal control system that is even more effective.

1. System for ensuring that the execution of the duties of Executive Officers is performed effectively (governance and management plan)

(a) The Company has selected the form of a Company with a Nominating Committee, etc., in order to separate and strengthen audit and execution, and the Board of Directors, with the exception of the following, delegates decision-making authority on the execution of business to the Executive Officers.

- Matters requiring a resolution of the Board of Directors pursuant to laws and ordinances or the Articles of Incorporation.

- Matters delegated to the Board of Directors by resolution of a General Meeting of Shareholders

- Important matters relating to the operation of the Group

(b) The Company formulates its medium-term management plans based on the management policies and strategies of the Group. Based on this medium-term management plan, the Company develops an annual budget for the Group and clarifies implementation measures. The progress status and the degree of achievement of targets in the budgets are reported by the Executive Officers to the Board of Directors of the Company.

2. System for the management of the risk of loss at the Company (risk management)

(a) Risks associated with the business operations of the Group are monitored properly and continuously through reporting and deliberation at the meetings of the Board of Directors, the Executive Committee, and other important governing bodies of the Company.

(b) The Company, at the Risk Management Committee, which is chaired by Representative Executive Officer and President of the Company, continually reviews important risk management relating to the safety, environment, and compliance, etc., of the Group, as well as the internal control system, and engages in deliberations on its improvement.

(c) The Company has appointed a General Counsel and promotes the optimization of the Group’s operations through risk management based on legal compliance.

(d) The Company has established Audit to be in charge of the internal audit function of the Group; Audit supervises the effectiveness of the internal control system of the Group.

3. System for ensuring that the execution of duties of Executive Officers and employees is in line with laws and ordinances and the Articles of Incorporation (compliance)

(a) The Company positions compliance as its most important management issue, and it has established a Risk Management Committee and engages in risk management, including the promotion of compliance activities at the Company.

(b) The Directors of the Board and executive officers of the Company are required to receive training on, among other things, necessary legal knowledge each year to ensure that they act in a manner that complies with laws and ordinances and the articles of incorporation.

(c) The Company, through the creation of a Guidebook on Compliance with Laws and Ordinances, etc., and the spreading of awareness and the provision of education, etc., for officers and employees of the Group, has established a system for compliance with laws and ordinances, etc., by the Group.

(d) The Company, for cases where it is discovered that an officer or employee of the Group has committed a compliance violation at the Group, or that there is a possibility of such a violation, has established a whistleblowing contact point to which reports can be filed without the suffering of disadvantageous treatment. The operating status of the internal reporting system at the Group is reported as needed and regularly to the board of directors and the Audit Committee of the Company.

(e) The Company, through the provision of education to Officers and employees of the Group and partnerships with external specialist agencies, etc., has established a system in which the Group has absolutely no relationship with antisocial forces that threaten the order and safety of civil society, and under which, in the case of an approach by such an antisocial force, the approach is rejected absolutely and responded to with a resolute stance.

4. System for the preservation and management of information about the execution of duties by Executive Officers (information management)

Pursuant to the provisions of laws and ordinances and the Information Management Regulations, the Company has put in place a system to enable the preservation and management, in accordance with the level of importance, of documents and electromagnetic records concerning the execution of duties by Executive Officers, including minutes of the General Meeting of Shareholders, minutes of the Board of Directors, minutes of the Executive Committee, and documents relating to the approval system and the execution of other duties of Executive Officers, and in addition, and to keep them available for inspection by Directors of the Board as necessary.

5. System to ensure proper business operations in the Group (Group system)

(a) The Company, towards the achievement of sustainable growth and Maximization of Shareholder Value in the medium to long term through agile management that uses the comprehensive abilities of the Group, has selected a holding company structure. As a holding company, the Company manages and guides the business operations of its subsidiaries to ensure sound and proper business operations of the entire Group.

(b) The Company has appointed or dispatched its Corporate Officers, Executive Officers, or their equivalents to be Directors of the Board of significant affiliates under the Group umbrella in order to fully enforce the management policy of the Company.

(c) The Company has established rules, such as the Rules on Authority Relating to Group Management; and, in accordance with these rules, with regard to the specified projects, the Company receives reports from the Group, and with regard to important projects, deliberates these at its Board of Directors and Executive Committee.

(d) In order to ensure the fairness and propriety of relationships with the Company's controlling shareholders, when the company intends to carry out a transaction with its controlling shareholder, Independent Directors of the Board will be appropriately involved and will carry out appropriate supervision, such as requiring the approval of a meeting of the Board of Directors where a majority of the participants are Independent Directors of the Board.

6. Matters relating to organizations that should assist with the duties of the Audit Committee

(a) The Audit Department assists with the duties of the Audit Committee. In addition, the Audit Department serves as the secretary of the Audit Committee, and furthermore, based on the instructions of the Audit Committee, either itself or in partnership with related departments, investigates, analyzes, and reports on matters subject to auditing, and conducts on-site audits as necessary.

(b) In order to ensure independence of the Audit Department from the Executive Officer, the Audit Committee has the authority to agree beforehand to matters relating to human resources rights, such as the appointment, assessment, transfer, and disciplinary action, etc., of the General Manager of the Audit Department.

(c) The Audit Committee, with regard to the basic policy of Audit, the contents of the audit plan, and the formulation of the budget, has the authority to agree beforehand, and in addition, submits specific instructions to Audit as necessary. Further, in the event that an instruction relating to an audit matter to Audit issued by the Audit Committee conflicts with an instruction issued by Representative Executive Officer and President, the instruction from the Audit Committee will have priority.

7. System for reporting to the Audit Committee

(a) The Audit Committee seeks reports from Directors of the Board (excluding Directors of the Board who are Audit Committee Members of the Company), Executive Officers, and Audit & Supervisory Board Members of the Group (hereinafter referred to as "Officers, Etc."), regularly, in regard to the status of duties.

(b) The Company has established a system whereby Officers, etc., and employees of the Group report without delay on the matters set forth below to the Audit Committee and the Audit Department, and in addition, in regard to matters outside of the below, promptly provide a report if requested to do so by the Audit Committee or Audit.

- Matters that may cause significant damage to the business or finances of the Group
- Matters relating to internal audits and risk management
- Matters relating to violations of laws and ordinances, etc., as well as the occurrence of major accidents
- Other important matters relating to compliance

(c) The Audit Committee holds regular meetings with the Accounting Auditor, and requests reports on the necessary matters, including the status of accounting audits. The Accounting Auditor provides reports on accounting to the Audit Committee as appropriate.

(d) The Company has clarified, in internal regulations, etc., that a person who issues a direct report to the Audit Committee or Audit, or who has issued a report via the whistleblowing system, shall not suffer any disadvantageous treatment on the grounds of having filed such a report, and in addition, the Company spreads awareness of this to ensure compliance.

8. Other systems to ensure the effectiveness of audits conducted by the Audit Committee

(a) The Audit Committee holds regular meetings with Representative Executive Officer and President and exchanges opinions on issues that should be addressed by the Company, the establishment status of the auditing environment, important audit-related issues, etc., and Representative Executive Officer and President, based on the requests of the Audit Committee, establishes Audit systems for the effective provision and

operation of a system for contact with Audit Committee members and a system for reporting to the Audit Committee.

(b) The Audit Committee, in partnership with the Audit Department and the audit & supervisory board members and the internal audit departments, etc., of the Group, is constructing a system for the performance of group audits, with a focus on the Company.

(c) The Audit Committee members appointed by the Audit Committee and the general manager of the Audit Department shall attend meetings of the Executive Management Committee and other meeting bodies that are deemed important by the Audit Committee members, and may check and audit the meeting materials, minutes, the circular letter decision making system, contracts, and other important decision making records, etc., of these bodies.

(d) In regard to the costs required for the execution of the duties of the Audit Committee (includes the costs for the hiring of attorneys, consultants, and other external specialists), if requested beforehand by the Audit Committee, the Company shall promptly pay these, and for costs that have been paid by the Audit Company, shall promptly reimburse these upon the issuance of a claim.

Supplementary Provisions

1. Revision and abolition of this Policy is drafted by the officers in charge of the Company (Chief Legal Officer) who has jurisdiction over the internal controls system, and the roles of the Audit Committee and internal audit work shall be approved by the Board of Directors of the Company with the prior consent of the Audit Committee of the Company. However, amendments for legal compliance, organizational restructuring of the Group, and other amendments that do not involve substantial changes shall be amended with the approval of the officers in charge of the Company, and the details thereof shall be reported to the Board of Directors of the Company.

2. Basic approach to and implementation status of the elimination of relationships with antisocial forces

Stated in "IV. 1. Basic approach to the internal control system and its implementation status" above.

V. Other

1. Adoption of anti-takeover measures

Adoption of anti-takeover measures	Not adopted
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Supplementary explanation of the applicable items

2. Other matters related to the corporate governance system, etc.

[Outline of the timely disclosure system]

The status of the internal system for timely disclosure of our corporate information is as follows.

1. We are working to enhance and strengthen corporate governance to realize fair and highly transparent management. In particular, the Company regards speedy and accurate disclosure to investors in compliance with the provisions of the Financial Instruments and Exchange Act and other applicable laws and regulations and timely disclosure rules prescribed by financial instruments exchanges as an important management role and has adopted the following internal system.

2. Information on financial results will be reported to the Board of Directors after these results are finalized by the Finance & Accounting Department and audited by the accounting auditor, and they are then disclosed as a summary of accounts on the day of approval. Regarding revisions of financial forecasts, Representative Executive Officer & Co-President receive regular reports on the earnings outlook from the Finance & Accounting Department, monitor any changes in the expected financial performance of the Group due to changes in the business environment and deliberate on measures to respond to such changes. Based on the results, the Board of Directors reports and deliberates whether the announced earnings forecast should be revised.

3. Information on the decision is promptly disclosed in accordance with timely disclosure rules after the decision is made by an appropriate decision making authority such as the Board of Directors.

4. Regarding information on the occurrence of such, the officer in charge of the head office collects and promptly discloses all information in accordance with timely disclosure rules, and also voluntarily discloses certain other important facts.

5. Information on subsidiaries is specified in the internal rules as a matter that the officer in charge should report to the Company, and since matters of high importance require approval by the Board of Directors of the Company, they are disclosed in accordance with timely disclosure rules through deliberation.

6. The general affairs department manager has been appointed as the insider trading information manager. Handling of information subject to insider trading regulations is stipulated in the Insider Trading Prevention Rules, and the insider trading information manager manages the operation thereof.

7. After registering with TDnet, the Investor Relations Department and the Public Relations Department will handle any inquiries regarding disclosure information, The Company strives to provide opportunities for investors, etc., to have fair and easy access to information. For example, the Company publishes the same information in the website of the Company promptly after it is disclosed to the financial instruments exchange.

[Disclosure policy]

The Company's disclosure policy is as follows.

1. The Company will make efforts so that all stakeholders starting with shareholders and investors understand the management philosophy, management strategy and business activities, etc. and to promptly provide information based on transparency, fairness, and continuity to gain appropriate evaluation of corporate value and trust.

2. The Company will make timely disclosure via TDnet in accordance with timely disclosure rules established by financial instruments exchanges, and will promptly disclose this information on its website. Furthermore, will also actively disclose information that we consider useful for all stakeholders to understand our Group.

3. To prevent leakage of financial results information and thereby ensure fairness, we set a certain period from

the announcement of financial results to about one month before as a quiet period when we refrain from answering questions and commenting regarding financial results. However, in the event of an expectation arising that significantly differs from the performance forecast during the quiet period, information shall be disclosed at the appropriate time and in the appropriate manner, in accordance with the timely disclosure rules, etc.

4. From the viewpoint of fairness, we will work to disclose information in English.

***Note**

- Any posting on the website of the Company that is not a historical fact is a statement of forecasts made by the Company based on information that was available when it was published. These forward-looking statements include known and unknown risks, uncertainties and other factors. Actual results may prove to be different from these forecasts.
- Although the Company strives to ensure the accuracy of information published on its website with the greatest possible care, the Company shall not be held liable for any damage arising from an error in the published information or a failure during the browsing and downloading of information.
- The information published on the website of the Company is intended for the purpose of providing information and not for the purpose of investment solicitation. The readers of the website of the Company are asked to make investment decisions based on their own judgment and at their own responsibility.

[Model Diagram] **Updated**

