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Nippon Paint Holdings Co., Ltd.

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Securities Code: 4612

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

**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.**

### **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/sustainability/governance/cg/>

■ The Company established a Global Code of Conduct to be observed by all Directors of the Board, Executive Officers, and employees of the Group with respect to compliance, ethics and sustainability, and which can be viewed at the URL indicated below.

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

### **[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 22 (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/en/ir/library/statements/>)

[Supplementary General Principle 2-4-1]

■ Ensuring diversity in the promotion to core human resources

- The management team of the Company and its domestic and overseas partner companies ( the term that refers to consolidated subsidiaries of the Company) is composed of a diverse range of personnel with different nationalities, genders, and experiences.
- The Company has not set any measurable goals for our employees globally. However, overseas, about 90% of the Group's consolidated employees are non-Japanese, and they are promoted to management positions at each local partner company. The percentage of women in these positions is about 30%. In Japan, the Company is promoting the appointment of foreign nationals and midcareer hires to management positions. In addition, the action plan formulated in 2016 in response to the implementation of the Act on Promotion of Women's Participation and Advancement in the Workplace set the goal of increasing the ratio of women in management positions to 10% by 2025, and the Company is promoting the development of female employees, organizational development, and the improvement of systems from a long-term perspective.
- As of March 31, 2022, the Company had two female Directors (18%), one female Executive Officer (33%), and one female Corporate Officer (50%).
- Management Team (<https://www.nipponpaint-holdings.com/en/company/officer/>)
- Group Executive Profiles ([https://www.nipponpaint-holdings.com/en/ir/management\\_policy/top\\_management/](https://www.nipponpaint-holdings.com/en/ir/management_policy/top_management/))

[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/en/ir/library/materials\\_01/](https://www.nipponpaint-holdings.com/en/ir/library/materials_01/))

■ [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 26 (The Compensation Committee) and Article 27 (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 19 (Composition of the Board of Directors), Article 20 (Director of the Board Appointment and Qualification Standards), Article 25 (The Nominating Committee), Article 31 (Policies and Procedures for the Election and Dismissal of Executive Officers), and Article 32(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 3-1-3]

■ Ensuring diversity in the promotion to core human resources

Stated in the "Implementation of environmental protection activities, CSR activities, etc." section of "3. Measures to ensure due respect for the position of stakeholders" in "III Implementation status of measures concerning shareholders and other stakeholders" of this Report.

[Supplementary General Principle 4-1-1]

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

· Stated in Article 18 (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 19 (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 19 (Composition of the Board of Directors) and Article 20 (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 13 of the “Notice of Convocation of the 197th 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 from the fiscal year ending December 31, 2020, for the fiscal year ending December 31, 2021, the Company conducted an evaluation of the effectiveness of the Board of Directors using 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 2021 is as per the below.
- It was confirmed that the Board of Directors is proactively and positively responding to the evolution of the Company's management, including the transition to a co-president system. In addition, the agenda setting and facilitation by the new Chairperson of the Board of Directors, who is an independent director, has greatly contributed to the effectiveness of the Board of Directors meetings. It was also confirmed that preparations are underway to nominate directors with the experience, skills, and so on required for the Board of Directors of the Company in order to further improve the function of the Board of Directors.
- Among the issues pointed out to be strengthened in the evaluation of the effectiveness of the Board of Directors for the fiscal year ending December 31, 2020, it was confirmed that significant progress has been made in further strengthening the audit function, and that progress is also being made in upgrading the monitoring model, expanding discussion of important agenda items, and strengthening the nomination function.
- Based on the above, the Company's Board of Directors was evaluated to be generally effective. On the other hand, as issues to be strengthened in the fiscal year ending December 31, 2022, it was recognized that the Board of Directors should enhance discussions on growth strategies, improve the efficiency of the Board of Directors meeting' operations, make further contributions by Independent Directors, and strengthen the Board of Directors' secretariat functions to support Independent Directors.
- ◇ 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 34 (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 15 (Disclosure of Information), Article 36 (Basic Policy on Dialogue with Shareholders), and Article 37 (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 (%)
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Nipsea International Limited (Standing proxy City Bank, NA Tokyo Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1,293,030,000	55.05
The Master Trust Bank of Japan ,Ltd. (Trust Account)	120,214,200	5.11
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)	84,061,728	3.57
HSBC Bank plc A/C CLIENTS 3 (Standing proxy The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	76,244,385	3.24
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.)	46,941,800	1.99
GIC PRIVATE LIMITED – C (Standing proxy The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	39,905,173	1.69
Custody Bank of Japan, Ltd. (Trust Account)	34,571,300	1.47
The Master Trust Bank of Japan,Ltd.(Toyota Motor Corporation Account)	25,547,760	1.08
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, 2022.
2. The ratio of the number of shares owned to the total number of issued shares is calculated excluding treasury stock of 22,085,512 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 January 31, 2022 (submitted by Mitsubishi UFJ Financial Group, Inc. and its joint holders Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Kokusai Asset Management Co., Ltd., First Sentier Investors (Australia) IM Ltd. and First Sentier Investors (Hong Kong) Limited) has been made available for public inspection. However, the portion for which the actual number of shares held as of June 30, 2022 cannot be confirmed by the Company is not included in the above status of the major shareholders.
7. Since the Company was able to confirm the intention of the financial institutions to sell the shares of the Company's common stock held by them, the Company resolved at the Board of Directors the meeting held on January 7, 2022 to conduct a secondary offering of shares in the overseas market, in order to provide such sellers with a smooth opportunity to sell their shares and to resolve the issue of the low market liquidity of the

Company's shares relative to its market capitalization. This secondary offering of shares in overseas markets is intended to increase the market liquidity of the Company's shares, build a global investor base that understands the Company's growth strategy from a long-term perspective, and alleviate concerns about the potential sale of Cross-shareholdings. This secondary offering will also contribute to the improvement of the tradable share ratio required to maintain listing on the Prime Market, a new market segment of the Tokyo Stock Exchange.

### 3. Company attributes Updated

Listed exchanges and market section	Tokyo Stock Exchange, Prime
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	11

#### [Matters relating to outside directors of the board]

Number of Outside Directors of the Board	8
Number of Outside Directors of the Board who are designated as Independent Director of the Board	8

#### 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											
Peter M Kirby	Formerly a member of another company											
Miharu Koezuka	Formerly a member of another company											
Lim Hwee Hua	Formerly a member of another company											
Masataka Mitsuhashi	Certified public accountant								△			
Toshio Morohoshi	Formerly a member of another company											
Masayoshi Nakamura	Formerly a member of another company								△			
Takashi Tsutsui	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 Position) Senior Counsel at T&K Partners	<p>With a career of over 40 years as an attorney, Hisashi Hara has been involved in numerous cross-border M&amp;A deals and has assisted in various corporate legal matters. In 2011, he received the Chambers Asia-Pacific Lifetime Achievement Award from Chambers Partners, which is just one of many commendations in recognition of his good reputation as an attorney involved in cross-border M&amp;A deals. As Chairman of the Special Committee, he provided objective advice from the perspective of protecting the interests of minority shareholders in making the Company's joint venture in the Asian region a wholly owned subsidiary and during the acquisition of the Indonesian business announced in August 2020, and in the share transfer of the European and Indian subsidiaries decided in August 2021. As Chairman of the Nominating Committee, he played an important role in the appointment and election of candidates for the Director of the Board and Executive Officer, and also demonstrated strong leadership by leading the nomination process for the establishment of the Co-President structure in April 2021. In light of these contributions, the Company's Nominating Committee deems his advice based on his knowledge and experience to be essential for establishing the corporate governance to pursue "Maximization of Shareholder Value" from a medium- to long-term perspective after fulfilling responsibilities to all the stakeholders surrounding the Company, and nominates him again as a candidate for Outside Director of the Board. In addition, he was elected as a director at the General Meeting of Shareholder and satisfies the requirements for independent directors set forth by the Tokyo Stock Exchange and the Company's "Independence Criteria for Outside Director of the Board". Since the Company judged that there is no risk of conflict of interest with general shareholders,</p>



					the Company designated him as an independent director.
Peter M Kirby			○		<p>Peter M Kirby has worked globally in the paint industry since 1972, culminating in his appointment as Chairman/CEO of ICI Paints world-wide which was the largest paint company in the world based in the UK. From 1998 to 2003 he was CEO/MD of CSR Ltd, a listed international building materials group. From 2003 he served as an independent director of Australian-listed Orica which became the largest producer of mining explosives and chemicals in the world. In 2010 Orica demerged DuluxGroup and he became its Chairman until retiring in 2018. Dulux is the market leader in Oceania and is now a subsidiary of Nippon Paint Holdings. From 2003 to 2014 he was also an independent director of Macquarie Bank and Group which is an Australian-listed investment bank and a leader in financing infrastructure internationally.</p> <p>The Nominating Committee of Nippon Paint Holdings judges that his global business experience mainly in the paint and coatings industry and his extensive experience and expertise serving on the boards of multinational corporations are indispensable for establishing the corporate governance structure of the Company to pursue Maximization of Shareholder Value with a long-term perspective after fulfilling its obligations to its stakeholders, and nominates him as a candidate for Director of the Board. In addition, he was elected as a director at the General Meeting of Shareholder and satisfies the requirements for independent directors set forth by the Tokyo Stock Exchange and the Company's "Independence Criteria for Outside Director of the Board". Since the Company judged that there is no risk of conflict of interest with general shareholders, the Company designated him as an independent director.</p>
Miharu Koezuka			○	○	<p>(Concurrent Position) Outside Director of the Board of Japan Post Holdings Co., Ltd., Nankai Electric Railway Co., Ltd. and Sekisui Chemical Co., Ltd.</p> <p>Miharu Koezuka was involved in business management of Takashimaya Company, Limited, a leading company in the Japanese department store industry, as part of its management team for many years and served as its Representative Senior Managing Director. Miharu Koezuka currently serves as Outside Director of both Japan Post Holdings Co., Ltd. and Nankai Electric Railway Co., Ltd. She has contributed to the vitalization of discussions at the Company's Board of Directors meetings by providing multifaceted and accurate advice based on her experience in building marketing strategies in local markets and improving employee engagement, which she gained through her management of a retail business. In addition, she has performed duties as an Audit Committee Member, such as by providing</p>

					<p>advice on the Group’s risk assessment and establishing the framework of “Audit on Audit” system. In light of these contributions, the Company’s Nominating Committee deems her advice based on her knowledge and experience to be essential for establishing the corporate governance to pursue “Maximization of Shareholder Value” from a medium- to long-term perspective after fulfilling responsibilities to all the stakeholders surrounding the Company, and nominates her again as a candidate for Outside Director of the Board.</p> <p>In addition, she was elected as a director at the General Meeting of Shareholder and satisfies the requirements for independent directors set forth by the Tokyo Stock Exchange and the Company’s “Independence Criteria for Outside Director of the Board”. Since the Company judged that there is no risk of conflict of interest with general shareholders, the Company designated her as an independent director.</p>
Lim Hwee Hua				<p>○</p> <p>(Concurrent Position) Independent Director, Jardine Cycle &amp; Carriage Limited Senior Advisor, Kohlberg Kravis Roberts &amp; Co. L.P.</p>	<p>Lim Hwee Hua was elected to the Parliament of Singapore in 1996 and held several important ministerial positions in the Singapore Government until 2011. From 2002 to 2004, she served in important positions of the Parliament including Deputy Speaker of Parliament and Chairman of the Public Accounts Committee. Prior to joining the Singapore Cabinet, she was engaged in investment banking services at Swiss Bank Corporation and Jardine Fleming. She also served as Managing Director at Temasek Holdings, an investment company owned by the Singapore Government, where she oversaw restructuring and divestment of companies, realigned boards, established strategic relations with key foreign counterparts including China and Vietnam, and sat on the boards of investee companies. After retirement from politics in 2011, she has sat on the boards of directors of several financial institutions while engaging in private equity activity such as Kohlberg Kravis Roberts. Her post-politics career also included her academic posts as Distinguished Visiting Fellow of National University of Singapore at both the Business School and the Lee Kuan Yew School of Public Policy. The Nominating Committee of Nippon Paint Holdings judges that her experience and expertise are indispensable for establishing the corporate governance structure of the Company to pursue Maximization of Shareholder Value with a long-term perspective after fulfilling its obligations to its stakeholders, and nominates her as a candidate for Director of the Board. In addition, she was elected as a director at the General Meeting of Shareholder and satisfies the requirements for independent directors set forth by the Tokyo Stock</p>

					Exchange and the Company's "Independence Criteria for Outside Director of the Board". Since the Company judged that there is no risk of conflict of interest with general shareholders, the Company designated her as an independent director.
Masataka Mitsuhashi			○	○	<p>(Concurrent Position) Outside Audit &amp; 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>
Toshio Morohoshi	○		○	○	<p>(Concurrent Position) Outside Director of the Board of T-Gaia Corporation</p> <p>With a career of over 40 years as an IT specialist, Toshio Morohoshi was formerly involved in the management of Fujitsu Limited, Japan's leading global electronics company. After serving as Japan representative for multiple global enterprises, he had managed Yaskawa Information</p>

					<p>Systems Corporation as its President &amp; CEO until May 2018.</p> <p>With his experience in management of IT companies in Japan and overseas, he has added diversity to the composition of the Company's Board of Directors, contributing to vitalizing discussions by the Board, and has provided accurate advice in the development of IT strategies. In addition, as a Nominating Committee Member, he was responsible for the nomination process when the Co-President structure was established in April 2021, and as an Audit Committee Member, he established the framework of "Audit on Audit" system for the Group.</p> <p>In light of these contributions, the Company's Nominating Committee deems his advice based on his knowledge and experience to be essential for establishing the corporate governance to pursue "Maximization of Shareholder Value" from a medium- to long-term perspective after fulfilling responsibilities to all the stakeholders surrounding the Company, and nominates him again as a candidate for Outside Director of the Board. In addition, he was elected as a director at the General Meeting of Shareholder and satisfies the requirements for independent directors set forth by the Tokyo Stock Exchange and the Company's "Independence Criteria for Outside Director of the Board". Since the Company judged that there is no risk of conflict of interest with general shareholders, the Company designated him as an independent director.</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>Since 1984, Masayoshi Nakamura has built up over 30 years of hands-on experience as a specialist in M&amp;A advisory and capital market financing, at major US investment banks Lehman Brothers and Morgan Stanley, as well as at Mitsubishi UFJ Securities, a core member of Mitsubishi UFJ Financial Group. During this time, he has helped globalize Japanese companies by guiding them through a number of major cross-border M&amp;A deals. He provides appropriate and useful comments to the Company's management according to his keen insight based on his long years of rich practical experience in the global financial and capital markets, as well as his knowledge and network in various industries. As the Lead Independent Director of the Board since 2020, and as the Chairman of the Board of Directors meetings since 2021, he has been leading vitalizing discussions at the meetings. As a Nominating Committee Member and Compensation Committee Member, he contributed to the process of establishing the Co-President structure and compensation design when it was established in April 2021. As a Special Committee Member, he played an important role in making the Company's joint venture in the Asian region a wholly</p>

					<p>owned subsidiary and during the acquisition of the Indonesian business announced in August 2020, and in the share transfer of the European and Indian subsidiaries decided in August 2021. In light of these contributions, the Company's Nominating Committee deems his advice based on his knowledge and experience to be essential for establishing the corporate governance to pursue "Maximization of Shareholder Value" from a medium- to long-term perspective after fulfilling responsibilities to all the stakeholders surrounding the Company, and nominates him again as a candidate for Outside Director of the Board.</p> <p>In addition, he was elected as a director at the General Meeting of Shareholder and satisfies the requirements for independent directors set forth by the Tokyo Stock Exchange and the Company's "Independence Criteria for Outside Director of the Board". Since the Company judged that there is no risk of conflict of interest with general shareholders, the Company designated him as an independent director.</p>
Takashi Tsutsui		○	○	<p>(Concurrent Position) Outside Director of the Board of MetaReal Corp.(former Rozetta Corp.)</p> <p>Nomura Securities Co., Ltd., at which Takashi Tsutsui previously served as executive officer, is the lead securities 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>As an employee for many years at Nomura Securities Co., Ltd., and having served as Representative Director of Jasdq Securities Exchange, Inc. and member of management responsible for M&amp;A, investor relations, etc. at LIXIL Group Corporation, Takashi Tsutsui has ample experience in global business operations and keen insight into corporate governance, such as the need to safeguard the rights of minority shareholders. After the shift to a Company with Three Committees in March 2020, he has continuously led the design of executive compensation that contributes to maximizing shareholder value, including the establishment of the compensation philosophy as Chairman of the Compensation Committee and the development of a new executive compensation system after the establishment of the Co-President structure in April 2021. In light of these contributions, the Company's Nominating Committee deems his advice based on his knowledge and experience to be essential for establishing the corporate governance to pursue "Maximization of Shareholder Value" from a medium- to long-term perspective after fulfilling responsibilities to all the stakeholders surrounding the Company, and nominates him again as a candidate for Outside Director of the Board.</p> <p>In addition, he was elected as a director at the General Meeting of Shareholder and satisfies the requirements for independent directors set forth by the Tokyo Stock Exchange and the Company's "Independence Criteria for Outside Director of the Board". Since the Company judged that there is no risk of conflict of interest with general shareholders,</p>

						the Company designated him as an independent director.
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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	3	0	0	3	Outside Director of the Board

## [Executive Officers]

Number of Executive Officers	3
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### Concurrent service status

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	Adopted	×	×	Not adopted
Wee Siew Kim	Yes	Adopted	×	×	Not adopted
Yuri Inoue	Not adopted	Not adopted	×	×	Not adopted

## [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 Company's Audit Committee rules stipulate that matters related to the personnel rights of the General Manager of the Audit Department, basic policy of the Audit Department, the Audit Committee's authority to consent to audit plan and budget, and the Audit Committee's instructions concerning audits take precedence over those of the Representative Executive Officer & Co-President.

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

- The Audit Committee is working to establish the framework of "Audit on Audit" system that relies on the results of internal audits conducted by each location, while holding the Group Audit Committee, which brings together the heads of the internal audit departments of the Audit Department and domestic and overseas partner companies to share best practices and exchange opinions on internal audits, thereby developing and

strengthening the internal audit system for the entire Group and enhancing the internal audit system implemented by each site.

· In addition, the Audit Committee is making efforts to improve the effectiveness of audits through various activities, such as the holding of three-way audit meetings attended by the Accounting Auditor and the General Manager of the Audit Department, regular meetings with Audit & Supervisory Board Members of domestic partner companies, and interviews with local audit firms of overseas subsidiaries, and sharing information and exchanging opinions on issues identified through audits.

## [Independent officers]

Number of independent officers

8

### 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

The performance-linked remuneration system is disclosed in the "Composition and Calculation Method of Directors' Remuneration, etc." in Securities Report. The stock option plan is disclosed in "Details of Stock Option Plan" in Securities Report.

- Securities Report for the 196th Fiscal Year ([https://www.nipponpaint-holdings.com/ir/library/securities\\_report/](https://www.nipponpaint-holdings.com/ir/library/securities_report/))

Persons to whom stock options are granted

Inside Directors of the Board, employees

#### 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 in Fiscal Year 2019. In addition, there were no new grants of stock options in the period ending December 2021.

- Securities Report for the 196th Fiscal Year ([https://www.nipponpaint-holdings.com/ir/library/securities\\_report/](https://www.nipponpaint-holdings.com/ir/library/securities_report/))

### [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

• In 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 for the 196th Fiscal Year ([https://www.nipponpaint-holdings.com/ir/library/securities\\_report/](https://www.nipponpaint-holdings.com/ir/library/securities_report/))

Policy for determining the amount of remuneration or its calculation method

Yes

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

• With regard to the determination policies for the remuneration of Directors of the Board and Executive Officers, the Compensation Committee has stipulated the following remuneration philosophy and Design Policies for remuneration of Representative Executive Officers and Co-Presidents. The FY2022 remuneration system has been determined after fair and transparent deliberations in accordance with such determined policies.

#### [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]

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

The "Composition and Calculation Method of Directors' Remuneration, etc." determined in accordance with the above decision-making policy is disclosed in Securities Report. Securities Report for the 196th Fiscal Year ([https://www.nipponpaint-holdings.com/ir/library/securities\\_report/](https://www.nipponpaint-holdings.com/ir/library/securities_report/))

### **[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)**

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 March 31, 2022, eight-elevenths 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 22, item 4 of the Company's Corporate Governance Policies), plays a role in protecting minority shareholder .
- The number of members of the Board of Directors, as of March 31, 2022, is as set forth below (9 males and 2 females).

Yuichiro Waktsuki	(Director, Representative Executive Officer & Co-President)
Wee Siew Kim	(Director, Representative Executive Officer & Co-President)
Goh Hup Jin	(Director, Chairman)
Hisashi Hara	(Independent Director)
Peter M Kirby	(Independent Director)
Miharu Koezuka	(Independent Director)
Lim Hwee Hua	(Independent Director)
Masataka Mitsuhashi	(Independent Director)

Toshio Morohoshi (Independent Director)  
 Masayoshi Nakamura (Board Chair, Lead Independent Director)  
 Takashi Tsutsui (Independent Director)

- 21 meetings of the Board of Directors were held in FY2021.
- 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 March 31, 2022.

### (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) 16 meetings were convened in FY2021.

(Attendance rates)

Committee Chairperson	Hisashi Hara (Independent Director)	Attendance rate: 16/16 (100%)
Committee Member	Goh Hup Jin	Attendance rate: 16/16 (100%)
Committee Member	Toshio Morohoshi (Independent Director)	Attendance rate: 16/16 (100%)
Committee Member	Masayoshi Nakamura (Independent Director)	Attendance rate: 16/16 (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) 19 meetings were convened in FY2021.

(Attendance rates)

Committee Chairperson	Takashi Tsutsui (Independent Director)	Attendance rate: 19/19 (100%)
Committee Member	Goh Hup Jin	Attendance rate: 19/19 (100%)
Committee Member	Masayoshi Nakamura (Independent Director)	Attendance rate: 19/19 (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) 17 meetings were convened in FY2021.

(Attendance rates)

Committee Chairperson	Masataka Mitsuhashi (Independent Director)	Attendance rate: 17/17 (100%)
Committee Member	Toshio Morohoshi (Independent Director)	Attendance rate: 17/17 (100%)
Committee Member	Miharu Koezuka (Independent Director)	Attendance rate: 17/17 (100%)

### (3) Executive Officers

As of March 31, 2022, there are 3 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 (2 males, 1 female).

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) Execution Structure

Under the Co-Presidents' system, the Company has simplified the rules of delegation of authority, standardized it among domestic partner companies and adopted a system that enables flexible business execution by discussing issues related to management, human resources, risk management, compliance, governance, ESG, and responsible care with the necessary parties to resolve specific issues before final decision-making by the Representative Executive Officer & Co-President.

### (5) Corporate Officers

The Company has introduced a Corporate Officer system, and as of March 31, 2022, there are 2 Corporate Officers (1 male, 1 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 March 31, 2022, the Audit Committee is composed of three 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 main items to be considered are the formulation of audit policy and audit plan, confirmation of the execution of duties by Directors and Executive Officers, confirmation of the establishment and operation of internal control systems, evaluation of the effectiveness of the Audit Committee, confirmation of the appropriateness of the methods and results of the audit by the accounting auditors, evaluation of the Accounting Auditors and decision on their reappointment or non-reappointment, and appropriateness of major audit considerations(Key Audit Matters : KAM) and so on. In particular, in FY2021, the Audit Committee focused its deliberations on the ideal form of audits under the Co-President structure, strengthening of the group audit system, strengthening of internal control systems (such as the development of a global whistleblowing system and IT governance and so on), and the risks and other issues related to overseas business operations, and so on.
- Aside from the deliberation of the above agenda, etc., the Audit Committee actively exchanges opinions with other directors and Executive Officers and, when necessary, attends important meetings of the Company with the General Manager of the Audit Department to confirm the status of issues to be addressed by the Company and the execution of duties.
- In addition, regular meetings are held with Representative Executive Officer and Co-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.
- The Audit Committee has been conducting an effectiveness evaluation since its establishment in FY2020 in order to improve audit quality by reviewing annual audit activities, identifying issues, and reflecting them in the audit plan for the following year. In FY2021, it conducted the effectiveness evaluation of the audit activities and reflects the results in the audit plan for FY2022.

#### (2) Situation of Internal Audits

- On January 1, 2022, the Audit Department was split between the Company and Nippon Paint Corporate Solutions Co., Ltd. The Audit Department of the Company continues to assist the Audit Committee in its audit activities, and is also responsible for J-SOX assessments and the establishment of a global internal audit system. On the other hand, Audit Department of NPCS (consisting of the General Manager and 24 other

members) specializes in internal audits of subsidiaries in Japan, and conducts thematic and operational audits that contribute to management risk and business improvement, while also incorporating data analysis methods.

- In FY2021, we conducted a risk-based operational audit utilizing data analysis methods to evaluate the effectiveness of the Group's internal control systems, including governance, processes, and risk management. The results were reported to the Audit Committee and Representative Executive Officer and Co-President, and feedback was given to audited companies and departments to share issues and to consult on future policies.

### (3) Situation of Accounting Auditors

- Audit duties are performed by 3 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 23 certified public accountants and 27 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 24 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 Non-Executive Directors of the Board)

- If a Non-Executive 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 Non-Executive 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**

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 196th Annual General Meeting, at the 197th 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. <a href="https://www.nipponpaint-holdings.com/en/ir/info/">https://www.nipponpaint-holdings.com/en/ir/info/</a>	
Regular investor briefings for individual investors	Briefings for individual investors are held regularly. In FY2021, briefings were conducted online and in securities companies 4 times. The status of briefings,	Not adopted

	<p>briefings materials, etc., are published on the Company's website.  <a href="https://www.nipponpaint-holdings.com/ir/personal/presentation/">https://www.nipponpaint-holdings.com/ir/personal/presentation/</a></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. In FY2021, a small meeting with an Independent Director was also held.          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.          The status of briefings, briefings materials, etc., are published on the Company's website.  <a href="https://www.nipponpaint-holdings.com/en/ir/library/materials_01/">https://www.nipponpaint-holdings.com/en/ir/library/materials_01/</a></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.  <a href="https://www.nipponpaint-holdings.com/en/ir/">https://www.nipponpaint-holdings.com/en/ir/</a></p> <p>(Published materials)</p> <ul style="list-style-type: none"> <li>▪ News releases, including timely disclosures</li> <li>▪ Short-form financial results</li> <li>▪ Financial results briefing materials</li> <li>▪ Briefing summaries and QA overviews from financial results briefings</li> <li>▪ Integrated Reports</li> <li>▪ Corporate governance policies</li> <li>▪ Corporate Governance Report</li> <li>▪ Notices of General Meeting of Shareholders</li> <li>▪ Securities Reports and Quarterly Reports, etc.</li> </ul>	
Establishment of a department (or a person) in charge of investor relations	<ul style="list-style-type: none"> <li>▪ Responsible in charge: Investor Relations</li> <li>▪ Person in charge: Yuichiro Wakatsuki, Representative Executive Officer &amp; Co-President</li> </ul>	

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

Supplementary explanation	
Stipulation of internal rules to ensure due respect for the position of stakeholders	<p>The Company, in Article 9 (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>



<p>Implementation of environmental protection activities, CSR activities, etc.</p>	<p>The Company seeks to create wealth and maximize shareholder value through the resolution of social issues.</p> <p>As such, the Group formulated its “ESG Statement,” and reviewed its materialities (key issues). With regard to climate change, one of its materiality, the Company has expressed its support for the recommendations (final report) made by the TCFD (Task Force on Climate-related Financial Disclosure), and is striving to enhance its climate change-related measures and information disclosure.  <a href="https://www.nipponpaint-holdings.com/en/sustainability/about/statement/">https://www.nipponpaint-holdings.com/en/sustainability/about/statement/</a>  <a href="https://www.nipponpaint-holdings.com/en/sustainability/about/materiality/">https://www.nipponpaint-holdings.com/en/sustainability/about/materiality/</a></p> <p>In addition, the Company established a new Sustainability Department in January 2022, and strengthened the linkage between sustainability and its business by establishing global teams for "Environment &amp; Safety," "People &amp; Community," "Innovation," and "Governance" in response to materialities in collaboration with domestic and overseas group companies.</p> <p>(Integrated reports)  <a href="https://www.nipponpaint-holdings.com/en/ir/library/annual_report/">https://www.nipponpaint-holdings.com/en/ir/library/annual_report/</a>  (Company website “sustainability”)  <a href="https://www.nipponpaint-holdings.com/en/sustainability/">https://www.nipponpaint-holdings.com/en/sustainability/</a></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.  <a href="https://www.nipponpaint-holdings.com/en/ir/info/">https://www.nipponpaint-holdings.com/en/ir/info/</a></p>
<p>Other</p>	<ul style="list-style-type: none"> <li>▪ In the 2021-2023 Group Medium-Term Management Plan, the Company stipulated “diversity &amp; 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.”</li> <li>▪ In its Integrated 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.  <a href="https://www.nipponpaint-holdings.com/en/ir/library/annual_report/">https://www.nipponpaint-holdings.com/en/ir/library/annual_report/</a></li> </ul>

## **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>

#### 1. Basic Approach to the Development of Internal Control Systems

The Company, as a listed holding company, respect the independence and autonomy of its subsidiaries and, in order to ensure the sound and lawful business operations of the entire corporate group consisting of the Company and its subsidiaries (hereinafter referred to as "the Group"), based on this policy, establish an internal control system of the Group, continually assess the contents of the system and its operation, and take necessary improvement measures.

The Company shall, by making ongoing reviews on this policy in accordance with changes in the management environment, endeavor to maintain and operate more effective internal control system.

#### 2. Matters concerning execution of duties by Executive Officers

##### (1) Ensuring efficiency

(a) The Board of Directors of the Company shall delegate the authority to make decisions on business execution to the Representative Executive Officer & Co-President, except for matters stipulated by laws and regulations, the Articles of Incorporation, matters delegated by the General Meeting of Shareholders, and important strategic matters concerning the management of the Group.

The core of the allocation of businesses and areas of responsibility among the Representative Executive Officers and Co-President shall be determined by the Board of Directors of the Company, and the detailed design and operation shall be left to the Representative Executive Officers and Co-President to ensure the efficiency of execution.

(b) The Representative Executive Officers and Co-President make certain subsidiary groups in light of region or business nature (hereinafter referred to as the "Partner Company Group") and entrust heads of Partner Company Groups the authorities to decide and execute their businesses and make them accountable for operation of their internal control system, in order to allow them to concentrate on their own business management.

(c) The Board of Directors of the Company develops a medium-term management plan covering the entire Group, and the Representative Executive Officers and Co-President closely communicate with the Head of the Partner Company Group and report to the Board of Directors of the Company on the achievement of the goals of the plan and the use of the budget.

##### (2) Storage and management of related information

In accordance with laws, public regulations, and company regulations, the Company shall appropriately store and manage various information concerning the execution of duties by executive officers and related officers and employees in consideration of the importance thereof, and shall also provide an environment in which Directors can access such information as needed.

#### 3. Matters relating to ensuring the appropriateness of business operations of the corporate group

##### (1) Group management system

(a) The Company shall ensure independence from the Controlling Company, and when conducting transactions with the Controlling Company, the Company shall ensure the fairness and appropriateness of the relationship with the Controlling Company by taking appropriate procedures, such as obtaining approval from the Board of Directors of the Company, of which the majority are Independent Directors of the Board.

(b) As a pure holding company, the Company, while respecting the autonomy and self-reliance of its subsidiaries, shall ensure the appropriateness of the business operations of the entire Group by conducting the necessary business management through the prior approval system for important matters and timely reporting system of incidents with material impacts.

(c) In addition to the preceding paragraph, with respect to important subsidiaries, the Company shall supervise their execution of businesses by having the Representative Executive Officer, Co-President and other executive officers participate in their important meetings such as the Board of Directors and the Executive Committee.

(d) In evaluating the head of the Partner Company group, the Company shall take into consideration not only financial factors but also non-financial factors such as fulfilment of its responsibilities related to internal control and exercise its right to elect or dismiss accordingly.

(e) The Company will establish an Internal Auditing Department to oversee the effectiveness of the internal control system of the Group in cooperation with the Internal Auditing Department of each Partner Company Group.

##### (2) Risk Management System

(a) The Company shall designate the Representative Executive Officer and Co-President as the person with the highest level of responsibility for risk management, who shall oversee the entire risk management based on autonomous operation, including self-inspection by the head of each Partner Company Group, and shall also

report to the Board of Directors of the Company on the status regarding controls on material risks associated with the management and business execution of the Group.

(b) The Company shall have a system in which the Representative Executive Officer and Co-Presidents shall receive reports from each Partner Company Group in a timely manner, when incidents with certain degree of influence occurs within the Group.

(c) The Company shall convene the Global Risk Management Committee, chaired by the Representative Executive Officer and Co-President, to deliberate on the management of the Group's material risks and the ongoing review and development of internal control systems for risk management, including governance and compliance.

### (3) Compliance System

(a) The Company establishes the Global Code of Conduct to be observed by all officers and employees of the Group (including directors, executive officers, corporate auditors and other employees, hereinafter referred to as "Officers and Employees of the Group") regarding compliance, ethics and sustainability.

The Company requires the Officers and Employees of the Group to honor such Code of Conduct when they conduct their businesses, and monitors their compliance status through self-inspection and other means.

(b) In accordance with the Financial Instruments and Exchange Act and other relevant laws and regulations, the Company shall establish a system that enables implementation of appropriate financial reporting, etc..

(c) The Company shall establish and properly operate a speaking up system whereby the Officers and Employees of the Group, whether in Japan or overseas, can report to or consult with internal or external focal points, without any disadvantage, if they discover or suspect any violation of laws and rules within the Group. In addition, the status of the operation of the Speaking Up system shall be reported periodically to the Board of Directors and the Audit Committee of the Company.

## 4. Matters concerning the execution of duties by the Audit Committee

### (1) Establishment of Assisting Department and securing Independence

(a) The Company shall designate the Audit Department as a department in charge of assisting the duties of the Audit Committee, which shall be in charge of the secretariat of the Audit Committee and shall conduct audits based on the instructions of the Audit Committee.

(b) The Audit Committee shall have an authority to agree in advance on the appointment, evaluation, transfer, and disciplinary action of General Manager of the Audit Department. The Audit Committee shall also have an authority to give prior consent to the formulation of the Audit Department's basic policies, the content of the audit plan, and the budget, and may give specific instructions to the Audit Department as necessary. In the event of any conflict between the Audit Committee's instructions to the Audit Department and those of the Representative Executive Officers and the Co-President, the Audit Committee's instructions shall prevail.

### (2) Reporting system to the Audit Committee

(a) The Audit Committee shall receive reports from the Officers and Employees of the Group regarding the status of their execution of businesses regularly.

(b) The Company shall establish a system whereby the Officers and Employees of the Group who become aware of any situation (including violation of laws and regulations and serious accidents) that may cause serious damage to the business or property of the Group shall report such situation to the Audit Committee and the Audit Department, without delay. In addition, the report system shall be established to promptly report other matters upon request from the Audit Committee and the Audit Department.

(c) The Audit Committee shall request the Accounting Auditor to report periodically or without delay on the status of accounting audits and other important accounting matters.

(d) The Company shall establish regulations that prohibit disadvantageous treatment of those who report to the Audit Committee or the Audit Department, or those who report through the whistle-blowing system, and ensure that such regulations are complied with.

### (3) Ensuring the effectiveness of the audits by the Audit Committee

(a) The Audit Committee shall hold regular meetings with the Representative Executive Officers and Co-President of the Company to exchange opinions on important audit matters and enhance the effectiveness of audits. In addition, the Representative Executive Officers and Co-President of the Company shall, at the request of the Audit Committee, develop various systems and environments related to auditing.

(b) The Audit Committee shall establish a group audit system centered on the Company in cooperation with the Audit Department, the auditors, the Internal Audit Department, and other relevant departments of the Group.

(c) Audit Committee members selected by the Audit Committee and the General Manager of the Audit Department shall attend meetings that the Audit Committee members deem important, and shall review and audit the materials and minutes of such meetings, as well as important decision-making records.

(d) The Company shall bear all expenses necessary for the execution of duties by the Audit Committee.

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

The Company shall strive to put a Nippon Paint Group Global Code of Conduct to be observed by all Directors of the Board, Executive Officers, and employees of the Group with respect to compliance, ethics and

sustainability into practice, and is taking necessary measures such as providing compliance education to domestic partner company groups including the Company.

## 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. A general manager of the legal department has been appointed as the insider trading information manager. Handling of information subject to global 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 strive to provide information, such as the Group's management strategies, business activities, financial standing, governance, sustainability, risks, etc., promptly to all stakeholders including shareholders and investors, while ensuring transparency, fairness, and continuity in disclosing information. The aim is to enable all stakeholders to properly understand the Purpose, which defines the Group's identity; the Business Philosophy, which defines the Group's action guidelines; management strategies; and business activities, etc. in order to receive a fair evaluation of our corporate value and earn the trust from them.

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]**

