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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]

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 Company has designated "Diversity and Inclusion" as a materiality related to sustainability, and as a strategy to address this issue, the Company has formed a global team of "People and Community" directly under the Co-President to work on this issue. The pillars of the team's activities are (1) increasing the number of female managers, (2) respecting diversity, and (3) building and revitalizing relationships with local communities, with each partner company (the Company's consolidated subsidiaries) in each country and region. The results of these efforts are reflected in indicators such as the "ratio of female managers," as well as in "employee satisfaction," which the Group regards as one of its key indicators.
- Situation of the Group as a whole.

The human resources of the Company and its domestic and overseas partner companies consist of a diverse range of people of different nationalities, genders, and experience. 89.2% of its consolidated employees are from overseas partner companies and consist of non-Japanese.

In terms of the utilization of female employees, the ratio of them in management positions in the whole group (main partner company groups) currently stands at 24.8%. In Japan, the ratio is 5.4% (with a target of 10% by 2025), 25.2% in NIPSEA (with a target of 35% by 2025), 31.5% in DuluxGroup, and 34.5% in Dunn-Edwards in the Americas, and the Company is making progress in improving the gender balance.

- Situation in Japan

<Promotion of female employees to management positions>

The percentage of female employees in management positions in the Japan Group as a whole is currently 5.4%, and about 10% for the Company and the Japan Group common/governance function companies.

Like its overseas partner companies groups, to strengthen and promote these activities, the Japan Group considers the development of diverse management personnel, including female employees, as a management issue, and has established the "D&I Committee" in 2022. As part of the committee's efforts, the Company has developed next-generation female leadership candidates, implementing various actions to help with career visioning, and mindset reform in employees for promotion to managerial positions. In order to realize D&I that contributes to business growth, the committee is chaired by the presidents of the partner companies, and while

actively exchanging opinions with female leaders of each companies, the committee is promoting the development of human resources across the groups and reforming the organizational climate to be more inclusive of diverse human resources.

< Promotion of Mid-career hires to management positions >

The percentage of Japanese mid-career hires for key management positions in the Japan Group as a whole is currently about 20%, and about 40% for the Company and the Japan Group common/governance function companies. The active use of mid-career hires is a relatively well-established part of our culture, and through the introduction and facilitation of a job-based employment, the Company is working to diversify its human resources through the appointment of appropriate external personnel.

< Promotion of foreign nationals to management positions >

The percentage of non-Japanese employees in key management positions in the Japan Group as a whole is currently about 2%, and about 7% for the Company and the Japan Group common/governance function companies. Since the establishment of the Co-President structure between foreign and Japanese nationals, the number of opportunities for collaboration with foreign employees has been increasing, and the Company is further diversifying its human resources by facilitating the hiring of foreign employees and personnel exchanges between domestic and overseas group companies.

Through the above efforts, the Company will continue to work diligently to ensure diversity in its workforce.

(Above figures are as of the end of 2022)

· As of March 31, 2023, the Company had One female Director (11%), one female Executive Officer (33%), and one female Corporate Officer (100%).

· Management Team (<https://www.nipponpaint-holdings.com/en/company/officer/>)

· Group Executive Profiles (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., the Company is 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, the Company is 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/)

■ [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]

■ Sustainability Initiatives

· 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 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

◇As in the fiscal year ended December 31, 2021, for the fiscal year ending December 31, 2022, an assessment of the effectiveness of the Board of Directors was conducted using a questionnaire and individual interviews by a third-party organization, Board Advisors Japan, Inc.

◇The following is a summary of the results of the evaluation by Board Advisors Japan, Inc..

· It is clear that directors have a common understanding of the role of the board of directors and that they share a common policy of Maximizing Shareholder Value.

· The majority of the board consists of independent directors, and the composition of the board ensures objective supervision of the board's execution.

· In addition, under the chairperson's guidance, important issues such as medium- and long-term management

strategies are generally discussed. It was also confirmed that each director, who has different knowledge, engages in active discussions from the viewpoint of supporting the execution.

- Compared to the Board of Directors meeting held in the fiscal year ended December 31, 2021, it was confirmed that the composition of the Board has become more diverse with the addition of new directors, and that opinions from a wider range of viewpoints have increased.

- The Board of Directors' meeting frequency has been reduced, and it is clear that discussions have been focused on important issues. The Board of Directors has also made some progress in its administrative functions, such as holding off-site meetings to discuss strategy at length and preparing materials in advance.

- On the other hand, the issues to be strengthened in the fiscal year ending December 31, 2023 were the enhancement of the Board of Directors' operation, the contribution of independent outside directors, and the enhancement of succession planning.

◇ Based on the above results, the Board of Directors will continue its efforts to improve the effectiveness of the Board of Directors in order to achieve sustainable "Maximization of Shareholder Value".

[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] **Updated**

■ 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) . In addition, the "Basic Policy on Dialogue with Shareholders and Investors", the structure and achievements of the dialogue are disclosed by the link below.

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

■ Action to Implement Management that is Conscious of Cost of Capital and Stock Price

- Nippon Paint Group is pursuing our sole mission of MSV through the maximization of EPS and PER. We practice management with attention paid to our stock price, which is the outcome of the pursuit of MSV.

- While maximizing EPS and PER, the Company also maintain its policy to have ROIC (return on invested capital) surpassing WACC(weighted average cost of capital : approximately 6%) eventually for M&A. Capital efficiency is on a slight decline as a result of recognizing goodwill linked to our M&A activities. With EPS accretion expected in Year 1 of acquisition, the acquired company is also expected to attain an ROIC surpassing the WACC (on a consolidated basis) within 3 to 4 years. This will be accomplished through post-acquisition profit growth and a shortened cash conversion cycle (CCC), leading to improved capital efficiency.

Details are provided in the "Integrated Report 2023" and can be found at the following URL

https://www.nipponpaint-holdings.com/en/ir/assets/files/name/annual_report2023/IntegratedReport_2023_en.pdf

P3-6 ... "Maximizing Shareholder Value (MSV)," – Our Sole Mission
(Relationship between stock price, EPS, and PER)

P21 ... Management with Attention Paid to Our Stock Price

P55 ... Conscious of our cost of capital

2. Capital structure

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

Name	Number of shares held	Shareholding ratio (%)
Nipsea International Limited	1,293,030,000	55.05
The Master Trust Bank of Japan ,Ltd. (Trust Account)	140,107,500	5.96
JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	85,768,305	3.65
Fraser (HK) Limited	85,000,000	3.61
HSBC Bank plc A/C CLIENTS 3	57,295,785	2.43
Nippon Life Insurance Company	51,381,365	2.18
Custody Bank of Japan, Ltd. (Trust Account)	41,573,100	1.77
Government of Norway	30,957,405	1.31
HSBC - Fund Services Clients A/C 500	21,205,300	0.90
GIC PRIVATE LIMITED – C	20,374,992	0.86
Controlling shareholders (other than the parent company)	-----	
Parent company	Nipsea International Limited (Unlisted)	

Supplementary explanation

1. The total number of issued shares written are as of June 30, 2023.
2. The ratio of the number of shares owned to the total number of issued shares is calculated excluding treasury stock of 21,885,522 shares.
3. Nipsea International Limited is a wholly owned subsidiary of Wuthelam Holdings Ltd. where Goh Hup Jin, a Director of the Board of the Company, serves as Managing Director.
4. Fraser (HK) Limited is a subsidiary company of a company (W (BVI) Holdings Limited) whose majority voting rights are held by Goh Hup Jin, Director of the Company, on his own account, and falls under affiliated parties of the Company.
5. 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 attributex

Listed exchanges and market section	Tokyo Stock Exchange, Prime
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Fiscal year-end	December
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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	More 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	9

[Matters relating to outside directors of the board]

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

Relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k		
Hisashi Hara	Attorney													
Peter M Kirby	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								△					

* 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)

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&A deals and has assisted in various corporate legal matters. In 2011, he received the Chambers Asia-Pacific Lifetime Achievement Award from Chambers and Partners, which is just one of many commendations in recognition of his good reputation as an attorney involved in cross-border M&A deals. From a wide range of perspectives as an attorney, he offered appropriate and objective opinions and advice to management team in various discussions at the Board of Directors regarding M&A deals, corporate governance, and other matters, aiming for the realization of the management strategy. In addition, from 2020, he has led the nominating process for the composition of the Board of Directors and the executive structure as Nominating Committee Chairperson.</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>
Peter M Kirby			○	○		<p>Peter M Kirby's experience includes working in top corporate management positions at global paint companies, including serving as Chairman and CEO at ICI Paints Worldwide, and supporting the corporate management team of DuluxGroup (then a subsidiary of Orica and currently a subsidiary of Nippon Paint Holdings) as Independent Director, Board Chairman. He also served as Independent Director at other business operating companies and an investment bank in the US and Australia. He has supported decision making and fulfilled his responsibilities by making proactive suggestions and providing advice on business execution, based on his broad insight relating to market trends and industry information of the global paint and coatings industry and abundant management experience as a business</p>

					manager. 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.
Lim Hwee Hua		○	○	(Concurrent Position) Independent Director, Jardine Cycle & Carriage Limited Senior Advisor, Kohlberg Kravis Roberts & Co. L.P.	Lim Hwee Hua held several important positions of the Parliament and ministerial positions after being elected to the Parliament of Singapore. Prior to joining the Singapore Cabinet, she served as Managing Director at Temasek Holdings, an investment company owned by the Singapore Government, where she conducted restructuring and sat on the boards of key investee companies, and established strategic relations with key foreign counterparts. She currently engages in private equity and financial activity for firms such as Kohlberg Kravis Roberts. Based on her broad network and her abundant insight and experience in investment and stewardship, she has fulfilled her responsibilities by providing pertinent advice on business strategy and execution relating to investment projects while bringing up new propositions at the Board of Directors meetings. 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.
Masataka Mitsuhashi		○	○	(Concurrent Position) Outside Audit & Supervisory Board Member of Fujifilm Holdings Corporation and Integral Corporation, and an Outside Director of the Board of Skymark Airlines Inc. The Company has a trading relationship with the PwC Japan Group, which includes PwC Advisory LLC and Pricewaterhouse Coopers Aarata LLC, where	Masataka Mitsuhashi has many years of experience as a certified public accountant at PwC Japan Group, where he was engaged in accounting audit and M&A-related activities. He also has extensive experience in long-term value creation for companies from ESG and sustainability perspectives as Representative Director of a consulting firm. Using his expert and global insight and experience concerning finance and accounting, ESG, sustainability and risk management, he provided opinions and appropriate advice to management team. Moreover, serving as Audit Committee Chairperson from 2020, he has led discussions with the Accounting Auditor and the local accounting auditors in charge of the financial auditing of overseas partner companies, while establishing the framework of "Audit on Audit," and he made proposals to management team on strengthening group governance and other matters. 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

				<p>Masataka Mitsuhashi has previously served as a business executive; through which the Company receives support for J-SOX assessments of its overseas subsidiaries. In addition, Mr. Masataka Mitsuhashi worked as an advisor of the Governance Advisory Committee established as an advisory committee for the Board of Directors of the Company until December 31, 2019. However, as the amount of such transactions was less than the amount prescribed in the “Outside Director of the Board Independence Judgment Standards” of the Company, the Company has determined that there is no concern of a conflict of interest arising with general shareholders.</p>	<p>no risk of conflict of interest with general shareholders, the Company designated him as an independent director.</p>
<p>Toshio Morohoshi</p>	○	○	○	<p>(Concurrent Position) Outside Director of the Board of T-Gaia Corporation</p>	<p>Toshio Morohoshi was formerly involved in the executive management of Fujitsu Limited, a global electronics company. He served as Japan CEO for multiple global IT enterprises and CEO of a public company in Japan. Using his corporate management experience at global companies, he provided pertinent advice regarding the establishment of IT strategies while instigating and supervising the execution of post-merger integration. In addition, serving as a member of the Nominating Committee and the Audit Committee from 2020, he has successfully performed his role by advising the composition of</p>

					<p>the Board of Directors, the executive structure design as well as specifying risk factors related to global business among others.</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>
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 the Company believes that there is no risk of conflict of interest with general shareholders.</p>	<p>Masayoshi Nakamura has built up over 30 years of hands-on experience as a specialist in M&A advisory and capital market financing, at investment banks including major US investment banks Lehman Brothers and Morgan Stanley, as well as at Mitsubishi UFJ Securities (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.). During this time, he has led numerous major cross-border M&A deals to success. As the Board Chair since 2021, he has contributed to improving the effectiveness of the Board of Directors, being instrumental in deepening discussions through effective facilitation. Since 2020, he has played a comprehensive role in keeping the Board of Directors connected with the respective committees in addition to compiling the views of the Independent Directors as the Lead Independent Director and providing advice to management team. In addition, he fulfilled his role as a member of the Nominating Committee and the Compensation Committee, by designing the composition of the Board of Directors, as well as the executive structure and the compensation thereof, among other matters. 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>

[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 Audit Department is in charge of assisting the Audit Committee in its duties. The Audit Department serves as the secretariat of the Audit Committee and also assists the Audit Committee in its audit activities by investigating, analyzing, and reporting on matters subject to audit under the direction 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 includes 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

6

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 197th Fiscal Year (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 2022.

- Securities Report for the 197th Fiscal Year (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 197th Fiscal Year (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 FY2023 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 197th Fiscal Year (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, 2023, six-ninth 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, 2023, is as set forth below (8 males and 1 female).

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)

Lim Hwee Hua (Independent Director)

Masataka Mitsuhashi (Independent Director)

Toshio Morohoshi (Independent Director)

Masayoshi Nakamura (Lead Independent Director, Board Chair)

Detailed information on each director, including a skills matrix, is on the website of the Company

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

- 16 meetings of the Board of Directors were held in FY2022.
- 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.

(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) 12 meetings were convened in FY2022.

(Attendance rates)

Committee Chairperson	Hisashi Hara (Independent Director)	Attendance rate: 100%(12/12)
Committee Member	Goh Hup Jin	Attendance rate: 100%(12/12)
Committee Member	Toshio Morohoshi(Independent Director)	Attendance rate: 100%(12/12)
Committee Member	Masayoshi Nakamura (Independent Director)	Attendance rate: 100%(12/12)

(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) 12 meetings were convened in FY2022.

(Attendance rates)

Committee Chairperson	Takashi Tsutsui (Independent Director)	Attendance rate: 100%(12/12)
Committee Member	Goh Hup Jin	Attendance rate: 100%(12/12)
Committee Member	Masayoshi Nakamura (Independent Director)	Attendance rate: 100%(12/12)

(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) 14 meetings were convened in FY2022.

(Attendance rates)

Committee Chairperson	Masataka Mitsuhashi (Independent Director)	Attendance rate: 100%(14/14)
Committee Member	Toshio Morohoshi (Independent Director)	Attendance rate: 100%(14/14)
Committee Member	Miharu Koezuka (Independent Director)	Attendance rate: 100%(14/14)

(3) Executive Officers

As of March 31, 2023, 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 corporate functions 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. In addition, Managing Executive Officer GC Yuri Inoue is in charge of supporting the governance (including internal control) of the Group's management.

(4) Corporate Officers

The Company has introduced a Corporate Officer system, and as of March 31, 2023, there are 1 Corporate Officers (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, 2023 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 persons who have experience in managing global companies.
- The Audit Committee mainly deliberates on the following matters: formulation of audit policies and plans, 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 audit methods and audit results by the accounting auditors, evaluation of the accounting auditors and decision on their reappointment or non-reappointment, and consideration of the appropriateness of Key Audit Matters (KAM). In particular, in FY2022, the Audit Committee focused its deliberations on strengthening the Group's auditing system, internal control systems, the impact of economic and security issues on the Company, risks related to overseas business, and the Audit Committee's approach to crisis management.
- 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 FY2022, it conducted the effectiveness evaluation of the audit activities and reflects the results in the audit plan for FY2023.

(2) Situation of Internal Audits

- The Company has established an Audit Department, which is in charge of internal audits. The Audit Department supports the audit activities of the Audit Committee, conducts J-SOX assessments, and oversees the audit activities conducted by the regional internal audit departments, thereby establishing a global internal audit system.
- The Audit Department also analyzes the assessment of material risks related to the internal control system, which is self-inspected by the partner company group, and reports the results to the Audit Committee and the Representative Executive Officer and Co-President. The Audit Department also shares the results of its analysis with the heads of the internal audit departments of major partner companies and reflects them in the internal audit plans of each region, thereby monitoring the effectiveness of the Group's risk management system. In addition to these activities, the Group promotes collaboration among internal audit departments by sharing local internal audit results and best practices through the Group Audit Committee, thereby enhancing the maturity of the Group's overall internal audits leading to MSV.

(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 Hiroshi Kubota, 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 19 certified public accountants and 24 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 transitioned to a Company with Three Committees 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.

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 (the full text excluding the audit report) are translated to English and published on the website of the Company and in an electronic voting platform for institutional investors.
Other	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 and to answer any questions from them conscientiously.

2. Status of IR-Related Activities

	Supplementary explanation	Explanation by representatives
Development and publication of a disclosure policy	The Company has formulated a disclosure policy and published it on the Company's website. https://www.nipponpaint-holdings.com/en/ir/info/	
Regular investor briefings for individual investors	Briefings for individual investors are held regularly. In FY2022, briefings were conducted online and in securities companies 6 times. The status of briefings, briefings materials, etc., are published on the Company's website. https://www.nipponpaint-holdings.com/ir/personal/presentation/	Not adopted

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 FY2022, a small meeting with an Independent Director was also held.</p> <p>In addition, interviews, etc., with analysts and individual investors are held quarterly to give explanations with regard to the Company's financial status, future strategy, etc.</p> <p>The status of briefings, briefings materials, etc., are published on the Company's website. https://www.nipponpaint-holdings.com/en/ir/library/materials/</p>	Yes
Regular investor briefings for foreign investors	Individual interviews are conducted for overseas investors. The Company participates in conferences held by securities companies.	Yes
Publication of IR materials on the website	<p>Various IR materials are published on the Company webpage. https://www.nipponpaint-holdings.com/en/ir/</p> <p>(Published materials)</p> <ul style="list-style-type: none"> ▪ News releases, including timely disclosures ▪ Short-form financial results ▪ Financial results briefing materials ▪ Briefing summaries and QA overviews from financial results briefings ▪ Integrated Reports ▪ Investor Book ▪ Corporate Governance Policies ▪ Corporate Governance Report ▪ Notices of General Meeting of Shareholders ▪ Securities Reports and Quarterly Reports, etc. 	
Establishment of a department (or a person) in charge of investor relations	<ul style="list-style-type: none"> ▪ Responsible in charge: Investor Relations ▪ Person in charge: Yuichiro Wakatsuki, Representative Executive Officer & Co-President 	

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

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 its stakeholders including customers, business partners, employees, local communities, and shareholders both in Japan and overseas, and will provide appropriate opportunities to have dialogue with these stakeholders to promote their understanding of the business of the Company."</p>
Implementation of environmental protection activities, CSR activities, etc.	<p>The Company has renewed its ESG Statement as its "Basic Policy on Sustainability".</p> <p>"Basic Policy on Sustainability"</p> <p>Nippon Paint Group recognizes an opportunity for sustainable growth from taking actions such as protecting natural capital including the environment,</p>

enhancing human resources by embracing diversity, and creating innovation with social benefits. Our group partner companies autonomously develop sustainability strategies and conduct business activities. Furthermore, the Company identifies risks and opportunities related to Materiality based on sound group governance with the sole mission of Maximization of Shareholder Value (MSV) after adequately fulfilling its legal, social and ethical obligations to customers, suppliers, employees, society and other stakeholders.

The Company has established three materiality-based teams: Environment & Safety, People & Community, and Innovation, and two cross-functional global teams: Governance and Procurement.

(Sustainability strategy linked to materiality)

- Climate Change
- Resources and Environment
- Safe People and Operations
- Diversity and Inclusion
- Growth with Communities
- Innovation for a Sustainable Future

Regarding climate change, which is one of the materialities related to environmental protection, the Companies has endorsed the recommendations of the TCFD (Task Force on Climate Change-related Financial Disclosure),

The Company has endorsed the recommendations (final report) of the TCFD and are striving to enhance its climate change-related measures and information disclosure.

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

Details of this and other sustainability initiatives are disclosed in the Integrated Report and on our website.

(Integrated reports)

https://www.nipponpaint-holdings.com/en/ir/library/annual_report/
(Company website “sustainability”)
<https://www.nipponpaint-holdings.com/en/sustainability/>

Development of a policy on the provision of information to stakeholders

The Company will strive to provide information, such as its Group’s management strategies, business activities, financial standing, governance, sustainability, risks, etc., promptly to all stakeholders including shareholders and investors so that they can properly understand and evaluate the Company, while ensuring the transparency, fairness, and continuity.

(“Disclosure Policy” on the Company’s website)
<https://www.nipponpaint-holdings.com/en/ir/info/>

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

The Company has established the following "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.

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

Based on this, domestic partner companies have established a "Japan Region Code of Conduct" that stipulates more details regarding the matters to be observed by officers and employees, and promotes their understanding of the Code on an ongoing and regular basis through compliance training and other programs. In addition, specific preventive and responsive measures are in place to prevent any relationship with antisocial forces.

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 structure]

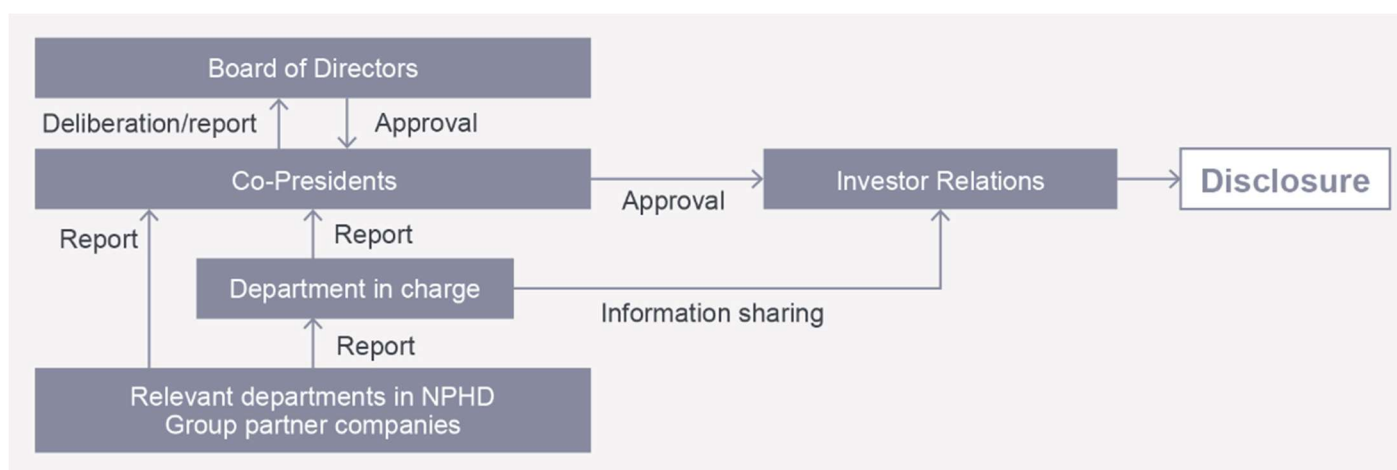
1 The Company is committed to enhancing and strengthening corporate governance in order to realize fair and transparent management. In particular, in terms of timely disclosure, The Company recognizes that it is an important management role to promptly and accurately disclose corporate information to investors in accordance with the Financial Instruments and Exchange Law and other laws and regulations, as well as the timely disclosure rules stipulated by the financial instruments exchanges.

2 Information related to financial results shall be reported to the Board of Directors as a summary of financial results after the Financial & Accounting Department has finalized the financial results and after they have been audited by the accounting auditor, and shall be disclosed as a summary of financial results on the day it is approved by the Board of Directors.

3 Information requiring timely disclosure shall be consolidated by each group company and organization and reported to the Representative Executive Officers and Co-Presidents in accordance with the relevant regulations, and shall be disclosed promptly by the Representative Executive Officers and Co-Presidents in organic cooperation with the relevant departments of the Company (Finance & Accounting Department, Investor Relations Department, Corporate Governance Department, Legal Department, etc.) and upon approval by the Board of Directors, as necessary. The Company will disclose information in a timely manner.

4 Timely disclosure is handled by the Investor Relations Department.

[Timely disclosure structure]



[Corporate Governance Structure Chart]

