

# Nominating Committee Report



**Hisashi Hara**  
Independent Director  
Nominating Committee Chairperson

## Ensuring the effectiveness of the Board of Directors in order to contribute to MSV

Following the shift to the Co-President structure, Co-Presidents have executed numerous corporate actions focused on MSV, consistently delivering results despite the rapidly changing business environment, while making steady progress preparing measures for our Group’s leap to the next stage. The Board of NPHD, in its oversight role, is tasked with the maintenance of an effective Board

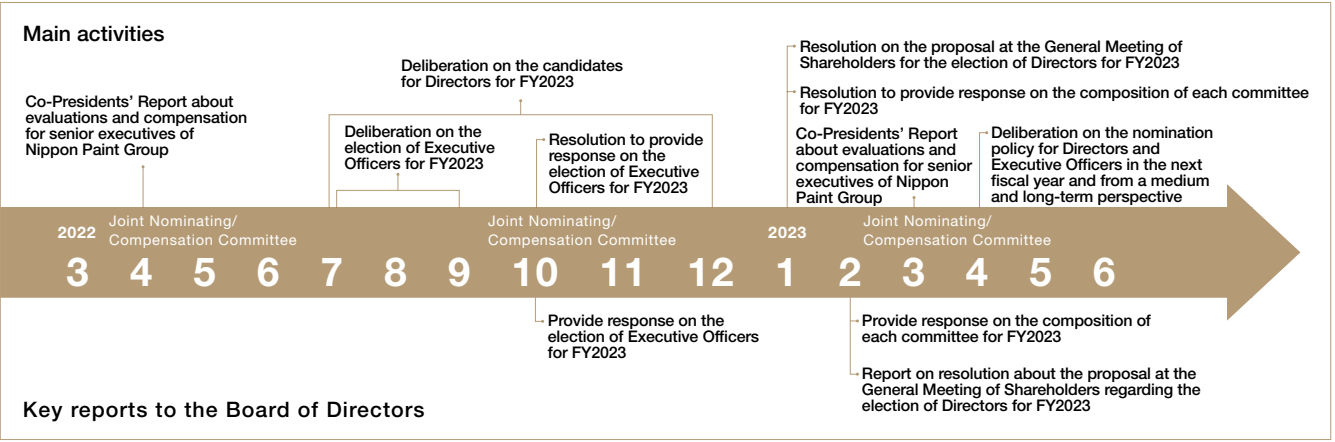
constitution that allows proper supervision and advice, encouraging appropriate and bold risk-taking by the management team without slowing down its decision-making process. For this, the Board must have the ability to accurately analyze where the potential benefits and risks lie in the various actions the Group takes, along with the degree of impact such benefits and risks present. In this respect, the Nominating Committee should not be overly swayed by diversity for the sake of formality or by planned agendas. Rather, its mission is to select Director candidates capable of giving valuable advice in light of the Group’s business growth and Directors moving forward, and to deliver true diversity that can maximize Board performance.

To accomplish this, every year, the Nominating Committee evaluates the effectiveness of the Board, identifying the status and issues surrounding the Board at that given time, and comprehensively evaluating the qualities and contributions of each Director. And taking this assessment into consideration, we select candidates from within and outside our Group, making use of personal relationships and different lines of communication. We also constantly share information with the Directors concerning the proper composition of the Board in order to get on the same page regarding this important point.

The Nominating Committee will continue to contribute to MSV by ensuring the effectiveness of the Board and creating a Board composition that can encourage and support appropriate and bold risk-taking by the management team.

### Overview and main activities

Chairperson	Hisashi Hara (Independent Director)	Number of meetings	FY2022 (late March 2022 to mid-March 2023) 11 FY2023 (late March 2023 to end of June 2023) 2
Committee members	<div><div></div><div>1</div><div>● Non-Executive Director</div><div>● Independent Director</div></div> <div>3</div>	Main activities	The Nominating Committee passed a resolution regarding the election and dismissal of Directors for FY2023 to be submitted to the General Meeting of Shareholders, and deliberated and provided responses on the selection of Executive Officers for FY2023.
Roles of the Committee	Decisions on proposals regarding the election and dismissal of Directors to be submitted to the General Meeting of Shareholders, discussions about succession plans for Directors based on advice from the Board of Directors, appointments and dismissals of the Representative Executive Officer and President and other Executive Officers, and submission of opinions about the succession plan and other proposals.		



### Our approach concerning the composition and skills of the Board of Directors

NPHD ensures that the Board of Directors and the three committees consist of Directors with suitable backgrounds so that effective oversight can be maintained in a sustainable manner regardless of a constantly changing business environment. To this end, the Nominating Committee emphasizes seven categories of experience and skills based on which selections of Directors are made (see the table below). In terms of the three committees, the Nominating Committee recommends their compositions to the Board in consideration of the high level of specialization required in the respective roles, and committee members are appropriately selected at the Board of Directors meeting.

Experiences in corporate management, global business operations, and M&A are of particular value to NPHD, which pursues MSV under Asset Assembler model. Especially important is the experience in corporate management: namely, the experience in leading sustainable growth of a corporate body, embracing such concepts as ESG. We believe that concrete and appropriate supervision and advice based on such track record and specialized skills can greatly contribute to MSV. Meanwhile, experiences in global business operations and M&A are indispensable to our efforts in identifying excellent assets from a global and medium and long-term perspective and facilitating growth of the partner companies after they join Nippon Paint Group.

At the General Meeting of Shareholders held in March 2023, shareholders approved our proposal for the election of nine Directors. The Nominating Committee refers to the results of the annual assessment of Board effectiveness, among other sources, to continually monitor contributions of individual Directors and the comprehensive performance of the Board as a team based on mutual trust. Through these activities, we constantly work on determining the best candidates and composition of the Board that can contribute to MSV. Since FY2020, when NPHD became a Company with Three Committees, we have maintained an effective Board structure with Independent Directors making up the majority of the Board, although there were some changes in

Board members. Of the nine Directors of the Board for FY2023, six (67%) are Independent Directors, five (56%) are foreign nationals or live outside Japan, and one (11%) is a woman. This diversified composition allows the Board to perform multidirectional oversight to achieve MSV through advice from a broad perspective.

### Identifying future management talent and an environment where people can upgrade their skills (strengthening human capital, selections and dismissals)

We recognize that our highest priority is to strengthen the Group's human capital as the globalization of operations and drastic changes in business environment continue. We do not use a one-size-fits-all approach for the recruitment and development of future management talent. Instead, we are finding talented people and maintaining an environment for their advancement, with respect for the autonomy of every PCG based on mutual trust between Co-Presidents and the heads of PCGs. Co-Presidents are taking actions to strengthen the Group's human capital, such as by

monitoring and evaluating the status of the Group's human capital through continual communication with the heads of PCGs, as well as by submitting reports periodically to the Compensation and Nominating Committees. The Nominating Committee determines the status of the Group's human capital and evaluations of key management personnel based on reports from Co-Presidents. The Committee also closely cooperates with other committees and the meeting of Independent Directors, communicates with key management personnel, and strengthens the network of connections with external experts in various fields. Through multifaceted and fair evaluations of the Executive Officers including Co-Presidents based on these activities, the Nominating Committee examines people who have the skills to become future management personnel to achieve MSV. Committee members also determine responses to requests for consultations from the Board of Directors to enable appropriate decisions about selections and dismissals of key management personnel.

### Process of strengthening human capital and selections and dismissals of Executive Officers



Required experience/skills	
1 Experience in corporate management	The ability to supervise and give advice concerning a broad range of matters about management from the formulation of business strategies to their implementation
2 Experience in global business operations	The ability to supervise and give advice concerning the businesses of Nippon Paint Group, which operates globally, taking into consideration diverse business environments, economic conditions, and cultures around the world
3 Experience in M&A	The ability to supervise and give advice concerning the suitability of M&A deals that Nippon Paint is pursuing, and the PMI process
4 Finance	The ability to supervise and give advice concerning capital allocation and other financial activities
5 Legal Affairs	The ability to supervise and give advice concerning regulations involving operations, GRC (Governance, Risk Management and Compliance), and internal controls
6 IT/Digital	The ability to supervise and give advice concerning the improvement of operations and creation of new business models through IT and the Digital Transformation
7 Manufacturing/Technology/R&D	The ability to supervise and give advice concerning creation of new technologies through R&D by making use of his/her knowledge of technology related to manufacturing operations and the businesses of Nippon Paint Group