

Corporate Governance

# Message from the Board Chair

## Elevating Board effectiveness through diversity and independence

Our Board comprises a total of nine Directors: two Directors who also spearhead business execution as Co-Presidents, one non-executive Director representing the majority shareholder Wuthelam Group, and six Independent Directors.

Maximization of Shareholder Value (MSV)—the sole mission of Nippon Paint Group—is synonymous with the maximization of minority shareholder value. All members of the Board share this notion, and we constantly ask ourselves whether we are fulfilling our duties in representing the shareholders.

In particular, we are entrusted by our minority and other shareholders to constantly monitor whether the Group is thoroughly capturing the investment opportunities that lead to MSV, and whether the potential risks of the measures proposed by the management team are being assessed with sufficient accuracy. To fulfill these responsibilities, we must make the most of the diverse strengths of each Director, as indicated in the skills matrix, and apply them to our Board discussions to evaluate matters from multiple perspectives.

The activities of our Board are not limited to the scheduled Board meetings. In fact, our Board is “always on.” This aspect vastly minimizes the information gap between execution and oversight, while successfully achieving further separation between the two.

The Independent Directors seek to maintain a shared understanding of the latest information by closely communicating with Co-Presidents Wakatsuki and Wee and the top management of partner companies. In addition, regularly updated information such as routine reports on business operations, including IR, is shared promptly among them. Information associated with the Board meeting agenda is also shared in advance according to the meeting schedule.

Further, we have designated the Independent Directors’ meetings, free of agenda preparation or minutes-taking, as a forum for open and frank discussions and information exchange toward the maximization of minority shareholder interests. These meetings have been immensely helpful in allowing each Independent Director to make more accurate judgments.

In such ways, the “always-on” Board enables the timely exchange of information and opinions ahead of our Board meetings. We work to achieve more flexible and agile decision-making by positioning the actual Board

meetings, where all Directors assemble, as a place to focus on discussing the Group’s growth strategy.

We, the Directors, seek to fully draw upon each other’s expertise when we exchange opinions closely or engage in discussions on specific business matters that require decision-making. Through these interactions, we continue to evaluate each other’s contribution to the Board and confirm each other’s independence.

As we move forward, we remain committed to achieving more in-depth communication, further refining MSV that Nippon Paint Group pursues, and thereby fulfilling the duties of the Board.

### Q&A with Independent Director

On the “Q&A with Independent Director” page of our website, our Lead Independent Director Masayoshi Nakamura responds to governance-related questions raised by investors during our engagement activities.

Key topics	Content
<b>Compensation for Representative Executive Officers &amp; Co-Presidents</b>	How exactly do you determine the total compensation for Co-Presidents, and why are they not provided with stock-based compensation?
<b>Sustainability</b>	Given the increasing significance of sustainability in growth strategies, what advantages have become apparent to you following the shift of your sustainability structure from a headquarters-driven model to an autonomous framework?
<b>Asset Assembler Model</b>	You have explained that the holding company has sound check and balance and monitoring functions for partner companies based on the Asset Assembler model. What do you think is necessary for the soundness of checks and balances? Are there any risks that have been overlooked in your existing risk management framework?
<b>Our Governance Issues and Challenges</b>	What do you as the Board Chair regard as the biggest governance issue and challenge at the Nippon Paint Group?

»» For more information, please refer to the [“Q&A with Independent Director”](#) section on our website.



**Masayoshi Nakamura**

Lead Independent Director and Board Chair