

Corporate Governance

Nominating Committee Report



Hisashi Hara

Independent Director
Nominating Committee Chairperson

Nominating the ideal leader for a turbulent business environment

The Nominating Committee is dedicated to establishing and maintaining the most effective execution and oversight structures essential for achieving MSV. A primary responsibility is identifying and nominating the Representative Executive Officer & President, who is the key figure in executing our growth strategy. In 2020, we nominated a new President, highly qualified to strengthen our governance structure as we transitioned to a Company with Three Committees. This move was also aimed at driving global business growth through the complete integration of our Asian joint ventures and the acquisition of our Indonesia business. In 2021, shortly after the President announced his intention to resign, we swiftly adopted a Co-President structure within approximately a month. This decision was made to better position our Group for further progress through strategic mergers and acquisitions, while also leveraging our existing business foundation to drive organic growth.

In a turbulent business environment, we continuously evaluate future strategies and the ideal leader profile that will contribute to MSV. This approach ensures that we can promptly and flexibly nominate the

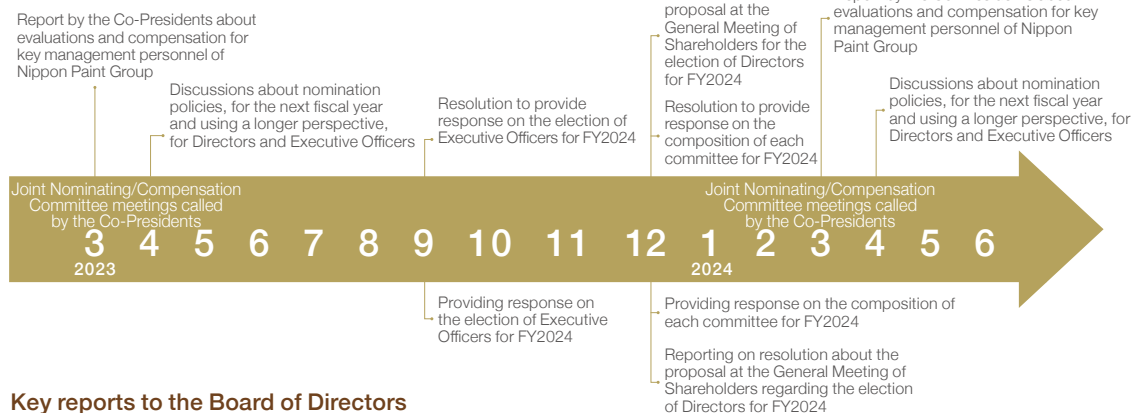
most suitable candidates for various situations, including unforeseen risk events. For next-generation leaders, we prioritize discovering exceptional talent through our growing internal and external networks, rather than relying solely on uniform selection criteria or pre-established development paths. In partnership with the Compensation Committee, we closely assess whether our current Co-Presidents, other key management personnel, and next-generation leaders can be trusted as senior executives for driving our strategies. This evaluation involves thorough communication and a deep understanding of their overall managerial capabilities and personalities.

Following this approach, we consistently evaluate and nominate Directors responsible for overseeing the execution of duties and promoting bold decision-making by our leaders through appropriate guidance. Looking ahead, the Nominating Committee will continue to uphold its responsibility toward achieving MSV by nominating the most suitable candidates, based on a thorough assessment of our Group's strategies and the broader business environment.

Overview and main activities

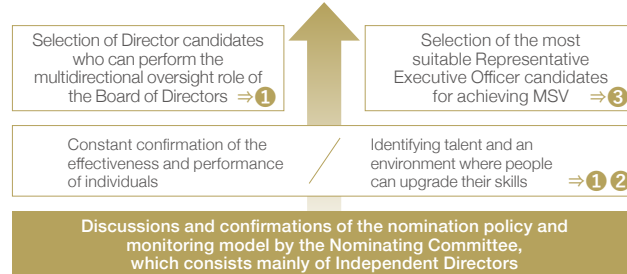
Chairperson	Hisashi Hara (Independent Director)	Number of meetings	FY2023 (late March 2023 to mid-March 2024) 5 FY2024 (late March 2024 to end of June 2024) 2
Committee members	<ul style="list-style-type: none"> 1 Non-Executive Director 3 Independent Director 	Main activities	The Nominating Committee passed a resolution regarding the election and dismissal of Directors for FY2024 to be submitted to the General Meeting of Shareholders, and deliberated and provided responses on the selection of Executive Officers for FY2024.
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, appointment and dismissal of the Representative Executive Officer and President and other Executive Officers, and submission of opinions about the succession plan and other proposals.		

Main activities



Corporate Governance

Contribution to MSV



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

The members of the Board of Directors and Nominating, Compensation and Audit committees cover a suitable range of backgrounds for consistently performing the effective oversight of NPHD in a business climate that is constantly changing. The Nominating Committee emphasizes seven categories of experience and skills (see table below) that Directors require. NPHD pursues MSV under Asset Assembler model. Consequently, the Nominating Committee places emphasis on selecting Director candidates who have corporate management experience along with experience involving global business operations and M&A.

The Nominating Committee continuously monitors the comprehensive performance of the Board of Directors as a team based on contributions of individual Directors and mutual trust among the Directors. Committee members also

refer to results of the annual assessment of the Board effectiveness and other information. This process is used for constant examinations concerning the best candidates and Board composition for achieving MSV. In FY2020, NPHD transitioned to the Company with Three Committees structure. Since then, Independent Directors have been a majority of the Board, and we have maintained a highly diverse Board of Directors capable of submitting a broad range of advice and holding thorough discussions. As a result, NPHD has a highly effective Board of Directors capable of performing its oversight role from many perspectives for the achievement of MSV.

Composition of the Board of Directors

FY	Number of Directors	Independent Directors	Foreign nationals/Live outside Japan	Corporate management experience	Global business experience	M&A experience
FY2020	9	67%	22%	100%	89%	100%
FY2021	9	67%	22%	100%	89%	100%
FY2022	11	73%	45%	100%	100%	100%
FY2023	9	67%	56%	100%	100%	100%
FY2024	9	67%	56%	100%	100%	100%

2 Identifying future management talent and an environment where people can upgrade their skills

We do not use a single approach for the recruitment and development of future management talent amid the globalization of operations and drastic changes in the business environment. Instead, we maintain an environment

for finding and training talented people that respects the autonomy of every PCG based on mutual trust between the Co-Presidents and heads of the PCGs.

The Nominating Committee uses reports from the Co-Presidents to monitor on a regular basis the status and evaluations of the Group's human capital. Committee members also work closely with the Compensation Committee and meeting of Independent Directors, communicate with key management personnel, and strengthen the network of connections with external experts in various fields. The continuous use of these activities enables the Nominating Committee to play a role in strengthening the Group's human capital and making appropriate decisions about appointment and dismissal.

3 Our approach concerning the nomination of candidates for Representative Executive Officer

As stated in the Corporate Governance Policy, the standard for selections of Representative Executive Officers is a wealth of corporate management experience and achievement to play a key role in accomplishment of sustained growth of the Group and medium- to long-term MSV. Furthermore, these individuals must have the outstanding skills required to be a Representative Executive Officer. This standard applies to all individuals regardless of nationality, gender, and position at Group company in Japan or another country.

Based on these guidelines, the Nominating Committee focuses on making timely selections of the most suitable leaders for implementing strategies for MSV in a rapidly changing business and social environment. To accomplish this goal, we need to do more than simply use the same succession plan and other guidelines for the planned recruitment and development of executives. This is why we work closely with the Compensation Committee and meeting of Independent Directors for constant discussions and examinations. The results of this process are the basis for our input to the Board of Directors concerning appointment and dismissal of Representative Executive Officers.

Required experience and skills for the Board of Directors

1 Experience in corporate management	The ability to perform oversight and give advice concerning a broad range of matters involving management, extending from determining business strategies to their implementation
2 Experience in global business operations	The ability to perform oversight and give advice concerning the businesses of Nippon Paint Group, which operates worldwide, taking into consideration the diversity of business climates and the different economic conditions and cultures of regions and countries.
3 Experience in M&A	The ability to perform oversight and give advice concerning the suitability of M&A deals that Nippon Paint is pursuing and progress during the post-merger integration process
4 Finance	The ability to perform oversight and give advice concerning capital allocations and other financial activities of NPHD
5 Legal Affairs	The ability to perform oversight and give advice concerning regulations involving operations, GRC (governance, risk management, compliance), and internal controls
6 IT/Digital	The ability to perform oversight and give advice concerning the use of IT and the digital transformation for the improvement of operations and creation of new business models
7 Manufacturing/Technology/R&D	The ability to perform oversight and give advice concerning creation of new technologies through R&D by making use of knowledge of technology related to manufacturing operations and the businesses of Nippon Paint Group

Items constantly discussed and examined concerning selections of Representative Executive Officer candidates

- Suitable individuals and frameworks for the implementation of medium- to long-term growth strategies for MSV
- Comprehensive evaluations of the performance of current Representative Executive Officers
- Constant monitoring of Group management talent
- Exchanges of information about talent outside the Group by using internal and external networks of personal connections