Corporate Governance Structure and Initiatives

Features of our corporate governance structure that underpins the achievement of Maximization of Shareholder Value (MSV)

1. Ensure the protection of the interests of minority shareholders while sharing MSV as the common objective with the major shareholder
2. Improved effectiveness of the Board of Directors under the leadership of Independent Directors
3. Succession planning with a focus on substance rather than formalism

Basic approach to governance

We have shifted to a Company with Nominating Committee, etc. with the aim of enhancing transparency, objectivity and fairness of management as well as separating and strengthening supervision of management and business execution. We, based on the Purpose as the significance of strengthening supervision of management and business execution, have taken actions to separate and delegate of authority from the Board of Directors to business execution. To further accelerate this process, we shifted to a Company with a Nominating Committee, etc. structure in March 2020. At present, the majority of the Board of Directors of NPHD is composed of Independent Directors. Following the change of the management structure in April 2021, the Lead Independent Director has been serving as the Board Chair.

Relationship with the major shareholder and protection of the interests of minority shareholders

We share a philosophy of MSV with the Wuthelam Group, which has a history of cultivating business partnerships with the Company for over 60 years, and properly protect the interests of the minority shareholders. The acquisitions of 100% ownership of the Asian JVs and the Indonesia business in January 2021 simplified our ownership structure, causing the interests of the major shareholder and minority shareholders to be perfectly aligned. This created a management structure to pursue MSV while ensuring the protection of the interests of minority shareholders. In the meantime, the acquisitions have made the Wuthelam Group our major shareholder. From the viewpoint of protecting the interests of minority shareholders, when conducting transactions with the Wuthelam Group, we ensure appropriate involvement and supervision by the Independent Outside Directors, such as obtaining approval at the Board of Directors with the majority of the Independent Directors, appointing an Independent Director to serve as Board Chair, etc. Additionally, we report significant related party transactions exceeding a certain monetary threshold.

History of governance reforms

Since 2014, we have taken actions to separate and strengthen the supervision of management and business execution including the increase in the number of Independent Directors and delegation of authority from the Board of Directors to business execution. To further accelerate this process, we shifted to a Company with a Nominating Committee, etc. structure in March 2020. At present, the majority of the Board of Directors of NPHD is composed of Independent Directors. Following the change of the management structure in April 2021, the Lead Independent Director has been serving as the Board Chair.

Accelerating growth towards our ultimate objective of Maximization of Shareholder Value (MSV)

The completion of its acquisitions of 100% ownership of the Asian JVs and the Indonesia Business in January 2021 allowed Nippon Paint Group to fully integrate the operations in Asia in name and substance. Besides strengthening the Group’s management foundation for accelerating growth, the transaction also boosted net profit and EPS. With Nippon Paint Group’s capital ownership structure thus simplified, a complete alignment of interests between Wuthelam Group and minority shareholders is now achieved. Following the transaction Wuthelam Group’s shareholding in Nippon Paint Group has increased to 58.7%, but our stance as a shareholder remains unchanged. We continue to expect Nippon Paint Group to work towards MSV, an objective deemed with that of minority shareholders.

This implies that, even in the event Nippon Paint Group chooses to carry out equity offerings to finance M&As at a scale in the future, Wuthelam will not take issue with the dilution as long as MSV is achieved. In other words, Wuthelam’s primary objective is not to hold majority voting rights but to achieve MSV which is the only basis for our judgement. With this premise, I, as Chairman and Board Member will, to the best of my ability, work towards the Group’s achievement of MSV.
Roles of the Independent Directors of the Board Meeting

We hold a monthly Independent Directors Meeting, which is chaired by the Lead Independent Director and comprised solely of Independent Directors. The monthly Independent Directors Meeting holds discussions that lead to resolutions at Board of Directors meetings and Committee meetings, such as agenda of the meetings of the Board of Directors and the Nominating, Compensation, and Audit Committees, as well as sharing the comprehensive background of matters of concern of the business execution and promoting communication by inviting the top management of Nippon Paint Group companies (GKP: Global Key Position) in Japan and overseas. The lead Independent Director puts together opinions expressed in the Independent Directors Meeting as necessary and shares and discusses them with the Chairman, Representative Executive Officers & Co-Presidents, and Executive Officers.

The number of the Independent Directors of the Board Meeting held during FY2020: 20
FY2021: 7 (As of June 30)

Functions to support the Independent Directors

The Independent Directors regularly receive information from departments such as Finance and Accounting, Corporate Planning, and Investor Relations to quickly and accurately grasp the status of business execution in the Company. In addition, the Representative Executive Officers & Co-Presidents directly share comments from the capital markets and a variety of information on business execution with the Independent Directors in an effort to support them to further deepen their understanding of our Group’s businesses. Meanwhile, it is useful for the business execution to receive questions, opinions and suggestions directly from the Independent Directors, who have a wealth of experience and knowledge. These sharing of information and opinions have led to lively discussions. Furthermore, the Board of Directors Office serves as the secretariat for the Independent Directors Meeting in addition to the Board of Directors meetings, and supports the Independent Directors by offering prior explanation on the background or agenda at the Board of Directors meetings, coordinating a schedule for attending meetings held by the business execution, sharing information, arranging plant and site visits and holding meetings to exchange opinions with the business execution. By establishing such forums for direct communication with the business execution, we have in place a system that enables the Independent Directors to work more effectively. The Board of Directors Office is also tasked with supporting the Nominating, Compensation and Audit Committees, which makes it possible to provide thoroughly organized information and make adjustments at the request of the Independent Directors, taking into consideration language and time differences in response to the global expansion of our Group’s operations. In this way, the Board of Directors Office is endeavoring to enhance the effectiveness of the Board of Directors.

Stimulating Board of Directors discussions

The Board of Directors of Nippon Paint Holdings are “always on,” even outside the meeting hours. The Independent Directors communicate and share the latest information with Co-President Komatsukai and Co-President Wee, who head the business execution, and the Global Key Position management teams of our Group companies whenever necessary. We use this information as the basis for decision-making at meetings of the Board of Directors and the committees. The open and frank sharing of information and discussion at meetings of the Independent Directors of the Board that unfold without any agenda and minutes are a great help to each Independent Director in making more accurate judgments. The Board of Directors generally meets twice a month and the committees meet once a month. I believe the timely exchange of information and opinions gives us agility and flexibility for our decision making.

For all of the information we communicate between us, we ask “Does it contribute to MSV?” I believe that continuing to ask this question for every decision we make will further refine and evolve our ultimate objective of MSV. One of the most important roles of the Board of Directors is to evaluate the abilities of individuals who execute our business operations and appoint the right person for the right job. During the Co-President selection process in April 2021, the constant communication between the Directors allowed quick consensus within a very limited time frame of about one month without relying on a typical succession planning process. I believe that our “always-on” Board of Directors will minimize the gap in information between the execution and supervision, while promoting the separation of the Board of Directors and the Group companies. The Independent Directors will continue working to deepen communications and fulfill our responsibility to protect the interests of minority shareholders as we seek to achieve MSV.

Message from Management

Nippon Paint Holdings Integrated Report 2021

Analysis and evaluation of the effectiveness of the Board of Directors

Issues for FY2019 and initiatives for FY2020

Issues which require stronger initiatives in FY2020

(i) Strengthen functions of nomination and remuneration including supervision of succession planning and establishment of a transparent, objective and competitive remuneration structure
(ii) Leverage investor feedback
(iii) Strengthen delegation of authority to establish a monitoring model
(iv) Reinforce supervision and deepen discussion on the Medium-Term Plan
(v) Broaden and deepen discussions on important agendas such as strategy and capital policy
(vi) Enhance the audit function

Main initiatives in FY2020

(i) Formulate Remuneration Philosophy and strengthen the monitoring of the Representative Executive Officer and communication with the business execution
(ii) Deepen discussions including those from the perspective of investors, based on information obtained from the business execution
(iii) Delegate a substantial authority to the business execution
(iv) Expand and enhance supervision and discussion on the progress in the formulation of the Medium-Term Plan
(v) Broaden and deepen strategic discussions and achieve the acquisition of 100% ownership of the Asian JVs
(vi) Strengthen the Audit on audit system based on the characteristics of our operating regions

Evaluation for FY2020 and issues for FY2021

Guidelines for making evaluation

Subjects
All Directors in FY2020
(Nine persons)

Method
Used Board Advisors Japan, Inc. and conducted questionnaire and individual interviews

Questions
(i) Status of progress in resolving issues pointed out in the previous evaluation of the effectiveness of the Board of Directors
(ii) Issues in the Board of Directors and the Nominating, Compensation, Audit Committees after the Company has shifted to a Company with a Nominating Committee, etc., structure, separation of execution and supervision advanced.

Evaluation process
Step 1: Distribute questionnaires to Directors
Step 2: Conduct separate interviews with each Director based on the results of questionnaire
Step 3: Summarize and analyze the results of questionnaires and individual interviews
Step 4: Report and deliberate on the evaluation of the Board of Directors at a Board of Directors meeting

Overview of evaluation outcome

It was evaluated that the effectiveness of the Board of Directors is mostly secured as a whole.

• Since NPHD shifted to a Company with a Nominating Committee, etc., structure, separation of execution and supervision advanced.
• NPHD has considerably strengthened the supervisory function through actions, such as making the two-thirds of members of the Board of Directors Independent Directors to ensure the independence of the three statutory committees.
• In acquiring 100% acquisition of the Asian JVs and making the accompanying revision of the capital policy, the Company set up a “Special Committee” comprised of three Independent Directors and held a total of 15 meetings including the Board of Directors meetings, thereby ensuring the protection of the interests of minority shareholders.

Issues requiring stronger initiatives in FY2021

Directors pointed out the following matters as issues to be addressed, and we have established them as issues requiring stronger initiatives in FY2021.

(i) Sophistication of the monitoring model
(ii) Enhancement of discussion on important agenda
(iii) Further reinforcement of audit functions
(iv) Reinforcement of nominating functions

Message from Management

Nippon Paint Holdings Integrated Report 2021

Financial and Corporate Information

Sustainability

Nippon Paint Holdings Integrated Report 2021

Nippon Paint Holdings Integrated Report 2021
Our attitude to the composition and skills of the Board of Directors (Nomination, qualification criteria, diversity, etc.)

We believe that the Board of Directors and each Committee need to be comprised of Directors with suitable background/skills with the aim to establish the Board of Directors that is capable of performing the supervisory function in a sustainable manner in an ever-changing business environment. We have designated the three categories of “Experience in corporate management,” “Experience in global business operations,” and “Experience in M&A” as required experience and the four categories of “Finance,” “Legal affairs,” “IT/Digital,” and “Manufacturing/Technology/R&D” as required skills. We nominate Candidate Directors to form the Board of Directors comprised of members well balanced in terms of the above seven categories, and also appoint suitable Directors for each Committee that require a higher degree of specialization. Experience in ESG-driven management, which has attracted attention in recent years, is included in “Experience in corporate management” as being able to supervise and make advise concerning a broad range of matters on overall management. Skills in GRC (Governance, Risk management and Compliance) are included in “Legal affairs.”

On the other hand, to ensure diverse opinions and supervisory functions at the Board of Directors, we endeavor to secure, expand and reinforce diversity based on a skill matrix without too much regard to particular attributes, such as age, nationality and gender. We are also taking measures to ensure that the Board of Directors is comprised of Directors with diverse experience, achievements, high levels of insight, and high levels of expertise, regardless of nationality, gender, whether from Japan or overseas, or from within or outside the Group, etc., in the Nominating Committee, whose majority members are Independent Directors.

In order to supervise conflicts of interest between the Company and the Directors, Executive Officers, major shareholders and other parties, and to appropriately reflect the opinions of minority shareholders and other parties on the Board of Directors, the majority of the Board of Directors is composed of Independent Directors in principle. Furthermore, an Independent Director serves as the Board Chair. Independent Directors are elected based on the “Independence Criteria for Outside Director of the Board” established by the Board of Directors of the Company, for the Independence Criteria for Outside Director of the Board, see the Attachment “Nippon Paint Holdings Corporate Governance Policies” which is available in the Sustainability page of our website. https://www.nipponpaintholdings.com/en/sustainability/governance/cg/

Succession planning

In order to ensure the function of a monitoring model to continue working effectively, we believe that it is important for Independent Directors to proactively and autonomously consider the composition of the Board of Directors and appoint candidates for Director to realize the composition as well as examine candidates for the Representative Executive Officer and other Executive Officers. The Nominating Committee works closely with other Committees and the Independent Directors of the Board of Directors, meets regularly and communicates with GKP, and considers the appropriate candidates for execution and supervision based on information obtained.

Required experience/skills

| Experience in corporate management | The ability to supervise and manage the business of the Company, which operates globally, taking into consideration various business environments, economic conditions and cultures around the world. |
| Experience in global business operations | The ability to supervise and manage the financial activities of the Company. |
| Experience in M&A | The ability to supervise and manage the financial activities of the Company. |
| Finance | The ability to supervise and manage the financial activities of the Company. |
| Legal affairs | The ability to supervise and manage the legal affairs of the Company. |
| IT/Digital | The ability to supervise and manage the IT/Digital activities of the Company. |
| Manufacturing/Technology/R&D | The ability to supervise and manage the manufacturing operations and the businesses of the Company. |

Election and dismissal of directors

We, in order to secure the effectiveness of the Board of Directors, have adopted the policy of nominating candidate Directors of the Board with diverse experience, achievements, high levels of insight, and high levels of expertise, regardless of nationality, gender, whether from Japan or overseas, or from within or outside the Group, etc., in the Nominating Committee, whose majority members are Independent Directors.

In order to supervise conflicts of interest between the Company and the Directors, Executive Officers, major shareholders and other parties, and to appropriately reflect the opinions of minority shareholders and other parties on the Board of Directors, the majority of the Board of Directors is composed of Independent Directors in principle. Furthermore, an Independent Director serves as the Board Chair. Independent Directors are elected based on the “Independence Criteria for Outside Director of the Board” established by the Board of Directors of the Company, for the Independence Criteria for Outside Director of the Board, see the Attachment “Nippon Paint Holdings Corporate Governance Policies” which is available in the Sustainability page of our website. https://www.nipponpaintholdings.com/en/sustainability/governance/cg/
Remuneration decision-making policy for Officers

At our Company the Compensation Committee, which is chaired by an Independent Director, determines the remuneration structure and annual base remuneration for the Directors and Executive Officers. In addition, the Compensation Committee supervises the status of determination of the amounts and content of remuneration for Corporate Officers. The Compensation Committee deliberates on and determines the remuneration structure and its levels in fair and transparent manners based on the “Remuneration Philosophy” and the “Design Policies for the Remuneration of the Representative Executive Officer and President” set forth by the Compensation Committee, taking into consideration social situations, comparison of remuneration with that of other companies, market remuneration levels and other factors.

Remuneration Structure for Executive Officers

We introduced the Co-President structure in April 2021. Following this change of management structure, the Compensation Committee deliberated and determined the remuneration level and structure for the Representative Executive Officers & Co-Presidents. The Compensation Committee comprehensively assesses matters, such as the scope of responsibilities and performance of each Co-President, consistency with existing remuneration systems and incentives, benchmarking against the markets and other companies, the level and remuneration structure of the country where the Co-President’s home office is located, the total amount and the remuneration structure for each Co-President, taking into account the Remuneration Philosophy and Design Policies for the Remuneration of the Representative Executive Officer and President.

Additionally, to maintain appropriate motivation and incentives, effective FY2022, the Compensation Committee will determine the total amount of remuneration for the following fiscal year based on a comprehensive evaluation of matters at the preceding year including our Group’s earnings results, the performance of the Representative Executive Officer and President and the results of benchmarking against other companies. The Compensation Committee also reviews the remuneration structure from scratch each fiscal year.

Composition of Officer remuneration as fixed cash compensation

Remuneration Structure for Directors

The Company has established Job-based compensation and allowance for committee members and other roles as fixed cash compensation, as well as Long-term Incentives. The remuneration structure reflects the idea that remuneration should take into account the roles and risks related not only to supervision of management but also to important decision-making including corporate acquisitions assumed by Directors and incentives for the Directors to drive MSV.

Remuneration Structure for Representative Executive Officer & Co-President

Medium- and Long-term Growth Strategy

Sustainability Information

Financial and Corporate Information

Discussion on executive compensation

MSV is always at the center of discussions in the Compensation Committee. With MSV as our mission, we have formulated the Compensation Philosophy and the Policy for Structuring the Compensation of the Representative Executive Officer & President. Discussions about compensation structure continually seek to find the best compensation scheme to create motivation for MSV. We believe that motivation is not as simple as providing an incentive with higher pay. I believe the key to establishing a workable compensation structure and that contributes to MSV is to have a deep understanding of MSV, open communication with the management team to deepen that understanding, and a compensation structure and evaluation system that supports the management team to take appropriate risks. We must properly communicate our recognition of each executive’s achievements and our understanding of their future vision to them.

The process of creating a compensation structure takes into consideration various elements, including performance benchmarks and other markers to ensure competitive compensation levels as well as consistency with previous internal executive compensations and employee salaries. I hope this careful process will further drive growth of our Group toward achieving MSV.

Compensation committee

Overarching Principle

• Strengthening of share remuneration that contributes to 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.

Guiding Principles

• 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.

Design Policies for the Remuneration of the Representative Executive Officer and President

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

Composition of the Committee

Takashi Tsutsui (Independent Director)

Chairperson

Inside Director

Outside Director

An Independent Director serves as the Committee-Chairperson

Role of the Committee

Determine the policies for determining individual remuneration for the Executive Officers and Directors, as well as the details of remuneration for each Executive Officer and Director.

Number of meetings held

FY2020 (From late March 2020 to early March 2021) 19
FY2021 (From late March 2021 to end of June 2021) 6

Main Activities

The Compensation Committee resolved the policy for determining remuneration for each Director and Executive Officer (Remuneration Philosophy) and the contents of remuneration for each based on the policy.
**Global governance**

Our Group has developed into a global company that operates in 30 countries and regions with about 34,000 employees. We have endeavored to strengthen its global governance and management framework by each partner company. Under the leadership of the Representative Executive Officer & Co-Presidents Wee and Wakatsuki, which started in April 2021, we will step up collaborations among our Group businesses worldwide that are expanding through M&A and other strategic initiatives. The Board of Directors, which supervises such initiatives, has reinforced a global audit system centered on the Audit Committee, and has been discussing the revision of the Corporate Governance Policies and appropriate forms of global risk management and internal whistle-blowing system. The Board of Directors will continue improving the global governance of the Group.

Promotion of global audits

The Audit Department ensures the independence and appropriateness of audits by establishing double reporting lines to the Audit Committee and Representative Executive Officer & Co-President. Based on an internal audit plan, approved by both, the Audit Department evaluates the effectiveness of the internal control systems including governance, processes, and risk management from the perspective of risk.

The activities of the Audit Department in FY2021 include support to some partner companies in Japan and overseas, and to improve their maturity level through audits. Additionally, the Audit Department will accelerate a variety of efforts to enhance auditing skills and quality by applying advanced auditing know-how of overseas partner companies to domestic audits. Through these efforts, the Audit Department will improve and reinforce the group-wide internal audit system, thereby aiming at establishing the framework of “Audit on Audit” system based on the results of internal audits conducted by each site.

**Global audit structure chart**

<table>
<thead>
<tr>
<th>Board of Directors</th>
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</thead>
<tbody>
<tr>
<td>Nominating Committee</td>
</tr>
<tr>
<td>Compensation Committee</td>
</tr>
<tr>
<td>Audit Committee</td>
</tr>
<tr>
<td>Representative Executive Officer &amp; Co-President</td>
</tr>
</tbody>
</table>

The Audit Committee prepares audit reports, based on the results of audits on the status of execution of duties by the Executive Officers and Directors, and resolves the content of propositions regarding the election, dismissal and refusal of reelection of Accounting Auditor to be submitted to the General Meeting of Shareholders.

<table>
<thead>
<tr>
<th>Main Activities</th>
<th>2020</th>
<th>2021</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>4</td>
<td>5</td>
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<tr>
<td>2</td>
<td>6</td>
<td>7</td>
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<td>3</td>
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<td>9</td>
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<tr>
<td>4</td>
<td>10</td>
<td>11</td>
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<tr>
<td>5</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

The Audit Committee conducts audits on the execution of duties by Executive Officers and Directors, prepares audit reports, and determines the content of propositions regarding the election, dismissal and refusal of reelection of Accounting Auditor to be submitted to the General Meeting of Shareholders.

Chairperson

Masataka Mitsuhashi (Independent Director)

Composition of the Committee

<table>
<thead>
<tr>
<th>Inside Director</th>
<th>Outside Director</th>
<th>An Independent Director serves as the Committee Chairperson.</th>
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<tbody>
<tr>
<td>1</td>
<td></td>
<td>2</td>
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</table>

*Message from Management*
Policy on cross-shareholdings

We make a decision every year on the continued holding of cross-shareholders of the Board of Directors based on the policy described below and disperse or reduce holdings of shares for which the rationality of their holding can't be recognized.

Our Policy on Cross-Shareholding

We hold shares of other listed companies on Cross-shareholdings, limited to where it can be determined to be reasonable in consideration of, among others, the necessary and appropriate activities (e.g., to maintain and strengthen the relationship with the business partner), the status of the issue, and the return on the capital cost.

In addition, based on the policy of the above and internal standards, we exercise 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.

Number of shares held for purposes other than pure investment and the amount posted on the balance sheet

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of stock issues</th>
<th>Total amount posted in the balance sheet (million yen)</th>
<th>Number of IR meetings held</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2020</td>
<td>24</td>
<td>23,644</td>
<td>140</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Meeting with domestic investors</td>
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<td></td>
<td></td>
<td>140 companies</td>
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<td>116 companies</td>
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<td></td>
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<td></td>
<td>Meeting with overseas investors</td>
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<td></td>
<td>141 companies</td>
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<td>210 companies</td>
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<tr>
<td></td>
<td></td>
<td>Of which, meetings with ESG investors (in Japan and overseas)</td>
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<td></td>
<td>141 companies</td>
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<td>210 companies</td>
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<td></td>
<td></td>
<td>Total</td>
<td>281</td>
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<td></td>
<td></td>
<td></td>
<td>356 companies</td>
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<td></td>
<td></td>
<td>IR events held</td>
<td>9 times</td>
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<tr>
<td>FY2019</td>
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<td>FY2020</td>
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<td>14 times</td>
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<tr>
<td></td>
<td>22,714</td>
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</table>

As asset owner of corporate pension fund

We, to promote the stable asset formation of members of the corporate pension and to secure the soundness of the financial condition of the Company, take the following actions for management and operation by the Nippon Paint Corporate Pension Fund.

(1) We systematically secure human resources with the quality required for management and operation at the corporate pension from inside and outside the Group and assign them to the Nippon Paint Corporate Pension Fund representative, asset management committee member, and secretary (hereinafter referred to as “Representative, etc.”).

(2) We, through the Representative, etc., confirm the selection of an investment institution by the fund, the monitoring of the activity status and investment results of the investment institution, and that management of conflicts of interest that arise between the beneficiaries and the Company is performed appropriately and effectively, and voice an opinion where necessary.

Shareholder and investor engagement

NPHD pursues MSV by building relationships of trust with shareholders through thorough and fair disclosure of information to shareholders in Japan and overseas and by reducing information asymmetry and holding down capital costs. NPHD also strives to understand the structure of its shareholders in order to engage in constructive dialogue with them, and pays close attention to the prevention of leaks of insider information when engaging in dialogue.

We have appointed the Representative Executive Officer & Co-President and general managers of the Investor Relations Department and General Affairs Department as the dialogue contacts with shareholders. Also, we provide opportunities for engagement with Independent Directors. We give the Board of Directors feedback of opinions and suggestions obtained from dialogues with shareholders as appropriate and reflect them on corporate management. Opinions from the Directors including Independent Directors are also utilized in dialogues with shareholders.

In FY2020, the Company strengthened communication with investors and held IR interviews with 346 companies (an increase of 23.1% from the previous year) to promote the understanding of the paint market and the Company’s strategies. As an IR event, the Company held the “Briefing for Institutional Investors” in February, in which the management team explained the growth potential of the paint market, our strategies, and IR website.

Concrete measures taken based on shareholder and investor engagement

Regarding operations

When will NPHD carry out the acquisition of 100% ownership of the Asian JVs? The transaction will have a significant impact on your valuation, so I hope that it will be achieved at an early date.

We would like to have an interview with the local management about the Chinese market and businesses.

The operating profit in the Japan segment includes headquarters expenses, which makes it difficult to grasp the profitability only of the Japan segment. Please disclose the breakdown of the operating profit in the Japan segment.

Please disclose your investment policies and financial disciplines for your M&A strategy.

We would like you to disclose long-term financial targets as well in the Medium-Term Plan.

Feedback from shareholders and investors

Regarding ESG

We expect NPHD to properly respond to MSCI and other ESG ratings because many investors place emphasis on these ratings.

We are concerned about your governance structure. Please explain the actual situation and effectiveness of your corporate governance in details.

Regarding major shareholder (the Wuthelam Group)

Please communicate periodically the ideas and thoughts of the Wuthelam Group as the major shareholder.

Concrete measures taken based on shareholder and investor engagement

As part of the new management structure launched in FY2020, we reinforced our corporate governance structure to ensure the protection of the interests of minority shareholders, and enhanced smooth communication with the Wuthelam Group, resulting in quick agreement on the acquisition of 100% ownership of the Asian JVs (August 2020).

We are unable to hold investor briefing due to COVID-19. However, we provided explanations on market analyses and business strategies given by the local management in China and other regions in the Integrated Report (September 2020).

We excluded the headquarters expenses from the operating profit in the Japan segment and presented as adjustments in order to clearly show the performance in the Japan segment. We disclosed the adjustment figures for the past year (on a quarterly basis) (May 2021).

We disclosed basic M&A policies including target areas, our advantages, and financial disciplines, although it is difficult to disclose details of M&A strategies considering the possible impact on target companies and competitors. We also disclosed the track record of acquisition of small-scale companies to show progress in the M&A strategy (March 2021).

In the New Medium-Term Plan (FY2021-2023), we set and disclosed financial targets that exceeded those of overseas competitors as a long-term goal, in addition to the medium-term targets for the existing businesses excluding M&A (March 2021).

Outcomes of shareholder and investor engagement