

Nominating Committee Report



Hisashi Hara
 Independent Director
 Nominating Committee Chairperson

Creation of a structure that contributes to MSV in terms of both business execution and supervision

Since April 2021, the Board of Directors established a management structure suitable for pursuing growth through Asset Assembler model. This was accomplished by shifting to the Co-President setup, reducing the number of Executive Officers, and electing non-Japanese Independent Directors and Representative Executive Officers & Co-Presidents as Directors. We are proud of the fact that the Nominating Committee has been able to contribute to the establishment of a structure that will contribute to MSV for further growth in terms of both business execution and supervision.

The committee's activities are not based on initiatives in accordance with uniform frameworks established in advance, such as a management talent development plan and implementation measures. On the basis of respecting the management autonomy of partner companies based on mutual trust, we are focusing on the examination of human capital issues, such as the character of President and other senior executives and whether they are worthy of trust.

In the future, M&A will add new management talent, resulting in a deeper base of Global Key Persons (GKP) at the Group and the realization of the potential of our human capital more than we can imagine. Each partner company's external human networks are also valuable assets for finding additional talent. Continuous growth by pursuing Asset Assembler model will greatly expand the possibilities for finding the best and right people from around the world, whether internally or externally. These people will become a talent pool for individuals capable of succeeding Executive Officers including President.

The Nominating Committee will continue to focus on flexibly taking actions, anticipating the next changes and identifying people with the potential to become the next senior executives.

Our approach to the composition and skills of the Board of Directors (Election criteria, diversity, and other elements)

We ensure that the Board of Directors and each of three Committees are comprised of Directors with a suitable background to demonstrate supervisory functions in a sustainable manner in an ever-changing business environment. The Nominating Committee designates candidates, under the following seven items, as required experience/skills of our Directors to ensure that the Board of Directors is comprised of members that are well balanced in terms of those seven categories (see the table below). In addition, for each Committee, the Board of Directors appropriately makes an appointment considering a higher degree of expertise.

The Nominating Committee emphasizes that the Directors have the "Experience in corporate management" needed to pursue our Asset Assembler model. To date, the Company has implemented mergers and acquisitions to expand its business portfolio and fully integrate its Asian JVs and has established a Board of Directors structure for the realization of further growth. At the General Meeting of Shareholders in March 2022, four new Directors were elected: Mr. Peter M. Kirby and Mrs. Lim Hwee Hua as Independent Directors, and the two Co-Presidents as Directors who will also serve as the Executive Officers.

With these appointments, "Experience in corporate management" in paint and investment companies has been strengthened with the addition to the existing organizations of those in the manufacturing and distribution industries, financial institutions, and auditing and legal firms. At the same time, we have also strengthened "Experience in global business operations" and "Experience in M&A," which are essential for identifying better assets from

a medium- to long-term perspective as well as facilitating the growth of partner companies after M&A.

Also because of "Experience in corporate management," it is possible to elevate expertise in "Legal affairs" to GRC (Governance, Risk Management, and Compliance), and "IT/Digital" and "Manufacturing/Technology/R&D" skills that will allow us to link our growth strategies more organically through more efficient information sharing within the Group and synergies in product development.

In addition, our Board of Directors is working to ensure and expand diversity based on a skills matrix, without focusing on specific attributes such as age, nationality, or gender. In the composition of the Board of Directors in FY2022, foreign nationals now account for nearly 40% of the Board of Directors, and the number of women Directors has increased to two, ensuring a diversity of opinions and multifaceted supervisory functions.

Unearthing future management talent and development of growth environment

We recognize that strengthening our Group's human capital is an important management issue in the face of globalization and drastic changes in the business environment.

We do not recruit and develop future management personnel in a uniform manner. Based on mutual trust between Co-Presidents and the heads of each partner company group (PCG: Nippon Paint Group companies grouped by region or business), we are developing an environment for discovering and growing human resources based on respect for the autonomy of each PCG. This field-based human capital enhancement is appropriate for our company, which is oriented toward the "Asset Assembler" model, and we believe that it will greatly contribute

to the realization of MSV.

Based on this policy, the Group's key management talent are identified as GKPs, who are entrusted with formulating and executing succession plans for the senior management of each PCG, monitored and assessed by the Co-Presidents, thereby strengthening the Group's human capital. Under the leadership of the Co-Presidents, our Group continuously seeks future management talent, both in and outside the Group, while at the same time creating an environment in which such talent can fully exert their potential and growth.

Twice a year, the Co-Presidents report their approaches to and assessment of respective GKPs to the joint Nominating and Compensation Committees to conduct an open discussion on the Group's human capital. In addition, the Nominating Committee also focuses on direct communication with each GKP. These efforts lead to properly assessing and recognizing the performance of Co-Presidents as leaders in our Group, and provide the basis for the succession and appointment/dismissal of an appropriate future Representative Executive Officer & President of the Company. Based on this policy by the Board of Directors and Nominating Committee, we are "always on" the identification of future management personnel, including our top management, and the strengthening of human capital by developing the growth environment to realize MSV and to achieve future leaps forward.

Appointment and dismissal process for management personnel

Executive Officers including Representative Executive Officer & Co-President and Chief Executive Officer of significant subsidiaries separately designated by the Board of Directors
 ⇒ Resolved by the Board of Directors based on providing response by the Nominating Committee

GKP (Global Key Persons)
 ⇒ Decided by Representative Executive Officers & Co-Presidents

Chairperson Hisashi Hara (Independent Director)

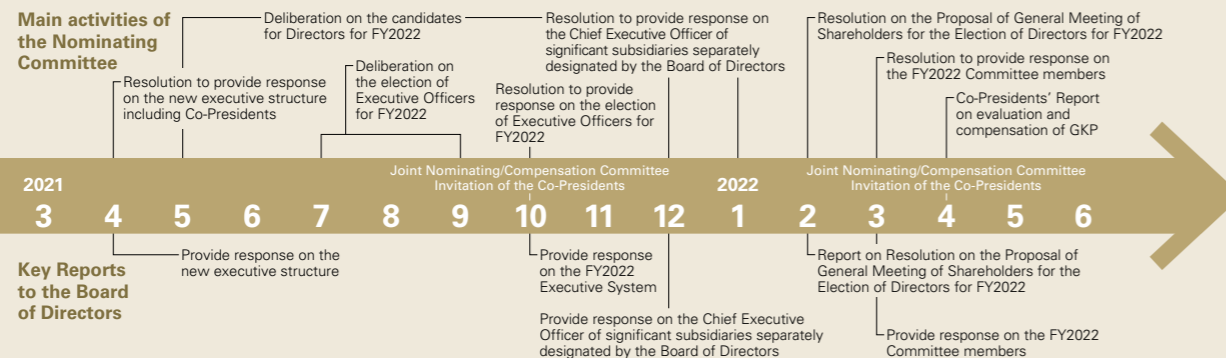
Number of meetings held FY2021 (From late March 2021 to early March 2022) 15
 FY2022 (From late March 2022 to end of June 2022) 2

Committee Members 3



Main Activities The Nominating Committee passed a resolution regarding the election and dismissal of Directors for FY2022 to be submitted to the General Meeting of Shareholders, and deliberated and provided responses on the selection of Executive Officers for FY2022.

Roles of the Committee Decide on the content of proposals regarding the election and dismissal of Directors to be submitted to the General Meeting of Shareholders, and deliberate on succession plans for Directors, the appointment and removal of the Representative Executive Officer, and President, and other Executive Officers, and their succession plans.



Required experience/skills

- Experience in corporate management:** The ability to supervise and give advice concerning a broad range of matters on overall management from the formulation of business strategy to its implementation
- Experience in global business operations:** The ability to supervise and give advice on the business of the Company, which operates globally, taking into consideration diverse business environments, economic conditions, and cultures around the world
- Experience in M&A:** The ability to supervise and give advice on the validity of M&As that the Company is pursuing, and the process of PMI
- Finance:** The ability to supervise and give advice on capital allocation and other financial activities of the Company
- Legal Affairs:** The ability to supervise and give advice on regulations concerning operations, GRC (Governance, Risk Management and Compliance), and internal controls
- IT/Digital:** The ability to supervise and give advice on improvement of operations and creation of new business models through IT and Digital Transformation
- Manufacturing/Technology/R&D:** The ability to supervise and give advice on creation of new technology through R&D by making use of his or her knowledge of technology related to manufacturing operations and the businesses of the Company