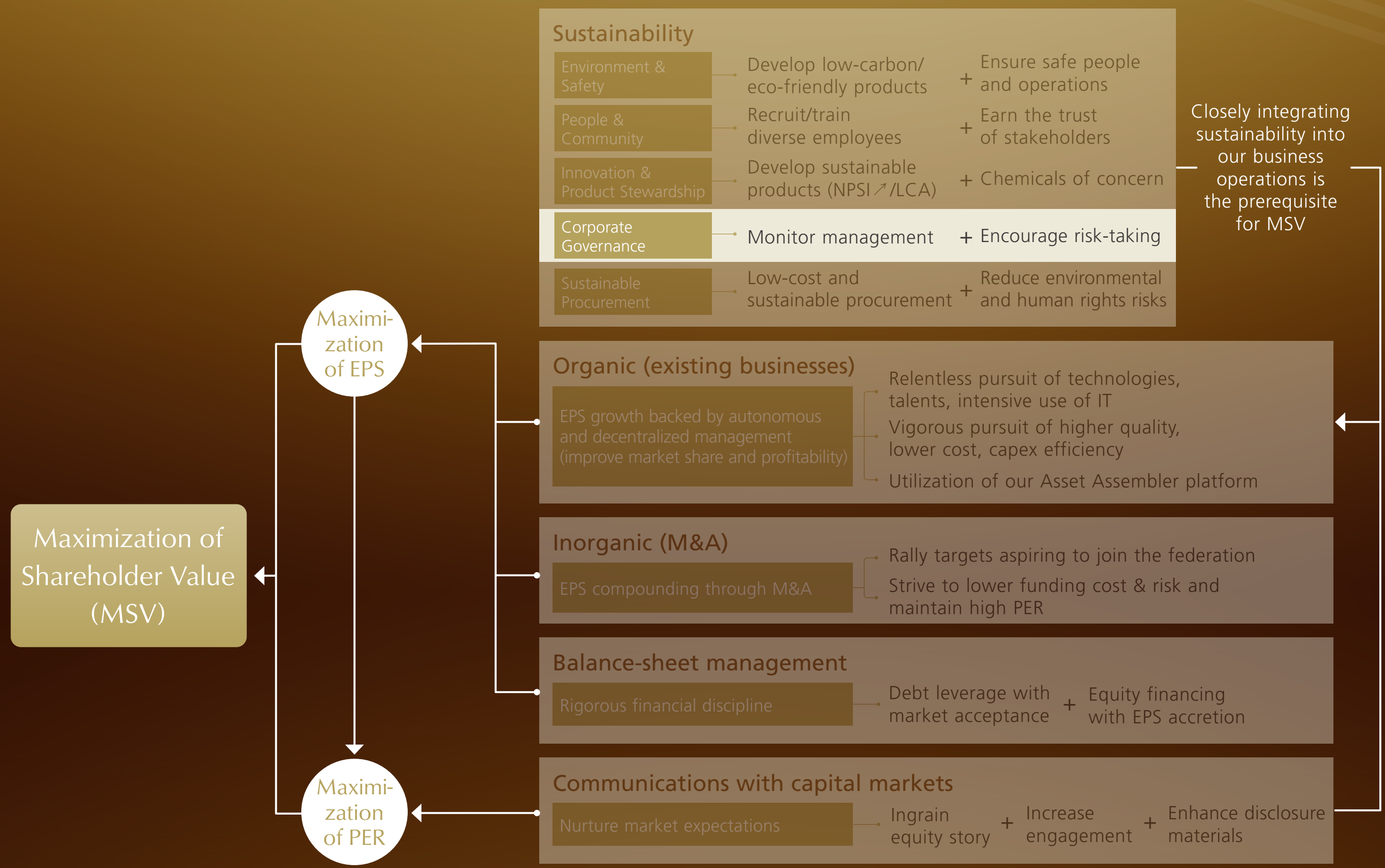
Governance in Support of Risk-Taking

MSV Logic Tree

For more information, please refer to the "How Shareholder Value Is Maximized" section.



Key Features of Our Governance

MSV Logic Tree

For more information, please refer to the "How Shareholder Value Is Maximized" section.

Our pursuit

Corporate Governance → Monitor management + Encourage risk-taking

NPHD has adopted a governance structure consisting of a Company with Three Committees to bolster management transparency, objectivity, and fairness. This structure aims to effectively separate and strengthen the functions of business execution and management oversight. We seek to create wealth by consistently striving to reinforce corporate governance and pursue MSV that remains after fulfilling our obligations to customers, suppliers, employees, society, and other stakeholders, as well as our sustainability obligations.

As a company committed to achieving MSV, our basic approach is autonomous and decentralized management, respecting the autonomy of partner companies underpinned by the relationship of mutual trust they forge with Co-Presidents. We strive to strengthen governance suited for an Asset Assembler relentlessly pursuing growth by empowering each partner company to excel in their performance. The Board of Directors, which plays the oversight role, encourages risk-taking by the management in a timely and appropriate manner without slowing down the speed of decision making on management proposals.

Furthermore, we have established an internal control framework based on the Nippon Paint Group Global Code of Conduct which serves as our paramount guiding principle. This code outlines essential standards of compliance, ethics, and sustainability that must be shared and observed by all individuals in the Group.

For more information, please refer to the "Corporate Governance Policies" (with the "Independence Criteria for Outside Directors" attached) and the "Corporate Governance Report" on our website.

Five features of our corporate governance structure

1. Thorough protection of the interests of minority shareholders while sharing the common objective of MSV with the majority shareholder
2. Enhanced Board effectiveness under the leadership of Independent Directors
3. Succession planning with a focus on substance rather than formalism
4. Compensation structure that effectively contributes to achieving MSV
5. Audit structures that respond to the increasing globalization of operations

Our relationship with the majority shareholder and protection of minority interests

With a business partnership spanning over 60 years, NPHD and Wuthelam Group, our majority shareholder, unite under the common mission of MSV, and are dedicated to strengthening governance to protect the interests of minority shareholders. The full integration of the Asian JVs and the acquisition of the Indonesia business in January 2021 simplified our capital relationship, aligning the interests of the majority shareholder and minority shareholders. This created a management structure dedicated to pursuing MSV while ensuring the protection of minority interests.

Our Board of Directors is structured with the Lead Independent Director serving as Board Chair and a majority of Independent Directors. To protect the interests of minority shareholders, any transactions with our major shareholders are first reviewed by a special committee composed entirely of Independent Directors, followed by approval at the Board of Directors meeting. Through these measures, we ensure proper involvement and oversight by Independent Directors.

We adhere to a strict policy regarding significant related-party transactions, including those between the Company and the major shareholders, competing transactions involving Directors and/or Executive Officers, self-dealing, and conflict of interest transactions. Any such transactions surpassing a predetermined threshold are promptly reported to the Board of Directors. Moreover, these transactions are disclosed in the Notice of the Annual General Meeting of Shareholders and the Annual Securities Report (available only in Japanese) to ensure transparency and accountability.

Furthermore, when we conduct related-party transactions, we exercise comprehensive judgment regarding the reasonableness of the transaction, taking into consideration its terms and conditions, profit and cost levels and other relevant factors. The objective is to ensure that the transaction will not harm the interests of NPHD or of its minority shareholders. As a part of this process, we require the approval of relevant individuals with appropriate decision-making authority.

Related content

Message from Board Chair P76

Discussions by the Board of Directors (Strategic Implications of AOC Acquisition) P91

Governance Discussions P93

Website (1) Viewpoints of Independent Directors

Website (2) Partnership with the Wuthelam Group, Our Majority Shareholder

Message from Chairman

To Our Shareholders and Investors

Goh Hup Jin
Chairman
(Director, Nipsea International Limited (Wuthelam Group))

At Nippon Paint Holdings Co., Ltd., Maximization of Shareholder Value (MSV) is our sole mission that anchors the core values and decision-making principles of both the Board of Directors and the executive team. Since the governance reforms in 2018, a majority of our Board members are Independent Directors. Every agenda item brought before the Board is thoroughly examined and resolved based on MSV.

As Chairman, I offer insights borne out of decades of business experience, while deliberations by the full Board shape all final decisions.

Our Co-President setup, helmed by Mr. Wakatsuki and Mr. Wee, is remarkably effective. Their exceptional skills and diverse backgrounds have proven to be complemental to a great extent, allowing speedy and effective decision making and execution across the organization.

The relationship between Nippon Paint as a listed company and Wuthelam as the majority shareholder is another rarity. Nonetheless, the interests of the majority shareholder and minority shareholders are completely aligned in the pursuit of the maximization of long-term value. The funding capability of a public listed company combined with the strength of a private shareholder has created a more potent growth engine. It is clearly a Win-Win relationship as what is good for Nippon Paint is without question good for Wuthelam.

If an acquisition opportunity calls for equity financing, I have no qualms about the dilution of Wuthelam's stake, as long as the transaction is significantly EPS accretive. As the Company's majority shareholder, Wuthelam will strongly support it. Needless to say, it is of utmost importance to gain the support of all our shareholders if NPHD were to raise capital through stock issuance. The maximization of minority shareholders' interests is paramount.

I have consistently reiterated these points in the past, and my convictions remain unchanged.

On this occasion, I wish to underscore that the acquisition of AOC stands as a comprehensive illustration of the goal of our Asset Assembler model. This acquisition is expected to deliver a substantial 30% increase in EPS from the very first year, despite a risk profile including valuation that's arguably lower than that of the paint business. Despite this, our share price has not reflected the strategic value of the deal since its announcement, suggesting that many investors have yet to appreciate its merit. In response, our two Co-Presidents are firmly committed to translating AOC's value into tangible results, while proactively engaging with investors to foster better understanding. From my perspective, I will persevere on the path of pursuit of further Low Risk, High Accretion acquisitions that match the calibre of the AOC transaction.

My association with Nippon Paint dates back to 1979, marking a relationship that now spans over 46 years. Over this journey, I have drawn upon my experience to lead the Company's expansion into Asian markets and to drive our global growth strategy. For future acquisitions, I look forward to staying abreast of all stages from target selection through financing and deal execution. Post-acquisition, I will also firmly monitor aspects like compensation to secure the motivation of the management of the acquired companies. In my capacity as Chairman of Nippon Paint, I will also continue to be involved in the succession planning and motivation of the current executive team.

Message from Board Chair

Exploring New Horizons of Risk Tolerance in Support of Execution

Masayoshi Nakamura
Lead Independent Director and Board Chair

Our Asset Assembler model is a strategic framework for achieving Maximization of Shareholder Value (MSV), grounded in autonomous and decentralized management empowered by deep mutual trust with each partner company. This approach enables us to drive sustainable growth across our existing businesses while executing disciplined and strategic acquisitions to building a portfolio of high-quality assets led by exceptional management teams.

Over the years, our Group has steadily expanded its portfolio through purposeful acquisitions, including DuluxGroup, Betek Boya, and the full integration of our Asian joint venture with the Wuthelam Group, as well as the acquisition of a paint business in Indonesia. Most recently, in March 2025, we acquired AOC, a specialty formulator with a strong presence in the U.S. and European markets. This milestone reflects a deliberate step toward broadening our business domains beyond our traditional "Paint+" and "Paint++" framework.

As we advance our pursuit of MSV through the Asset Assembler model, it becomes increasingly important to raise the risk appetite that can be effectively managed by our executive team and to enhance the Group's overall risk tolerance. It is a fundamental prerequisite that we continuously ensure the effectiveness of risk management across the entire Group. To that end, we focus on two key pillars: autonomous audits conducted by each partner company in accordance with our Global Code of Conduct*, and a comprehensive Group-wide audit mechanism operating in our "Audit on Audit" framework.

To effectively fulfill its critical role in monitoring and determining the scope of tolerable risks, the Board of Directors must maintain both diverse perspectives and strong independence. Since FY2020, we have undertaken continuous upgrading of the Board to align its composition with the evolving needs of our growth stage. We have consistently ensured that Independent Directors form the majority, while actively advancing diversity through the appointment of members with deeply varied backgrounds and a high degree of independence. These initiatives are vital to empowering the Board to objectively assess and advise on the potential risks associated with acquisitions. By drawing informed comparisons with our existing businesses and applying their broad-ranging experiences and multifaceted perspectives, Board members play a pivotal role in constructively challenging and encouraging the executive team.

I firmly believe that each Director's continued reflection on the appropriate level of risk the executive team should assume, and the resulting strengthening of the Board's own risk tolerance, plays a critical role in the disciplined accumulation of high-quality assets essential to achieving MSV, while ultimately advancing the interests of minority shareholders. By fostering close and transparent communication between the execution and monitoring functions, we work to eliminate information asymmetries and deepen alignment across the organization. Through ongoing, forward-looking dialogue on our growth strategy, we will extend these efforts and remain committed to making agile and flexible decisions as we move forward.

* The Nippon Paint Group Global Code of Conduct

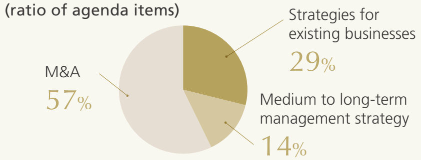
Main activities of the Board of Directors

(in addition to the activities below, the Board reviews reports from the Nominating, Compensation, and Audit Committees, deliberates on M&A transactions, and discusses other strategic matters.)

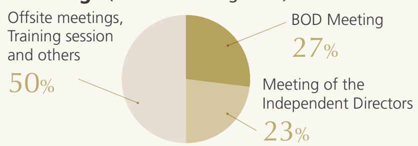
Main activities outside the Board meetings

Types of growth strategies discussed at Board of Directors meetings

(ratio of agenda items)

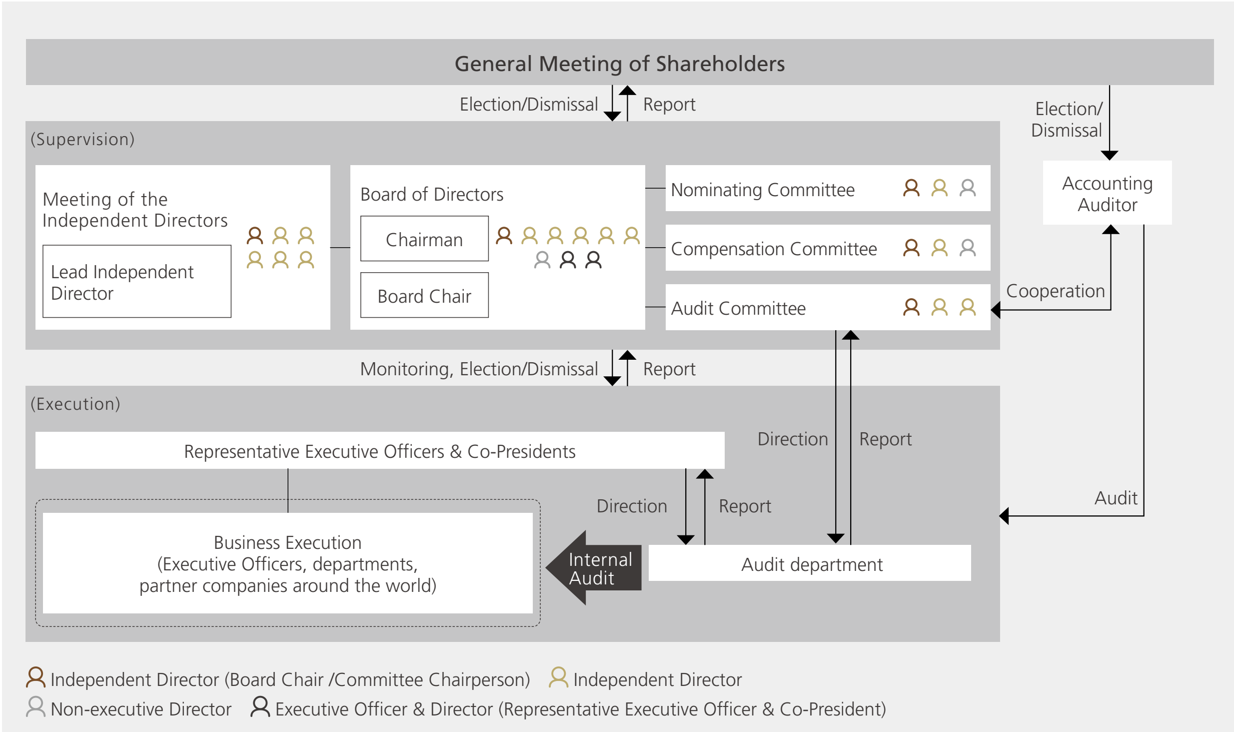


Ratio of meetings, including Board of Directors meetings, meetings of the Independent Directors, and offsite meetings (ratio of meetings held)

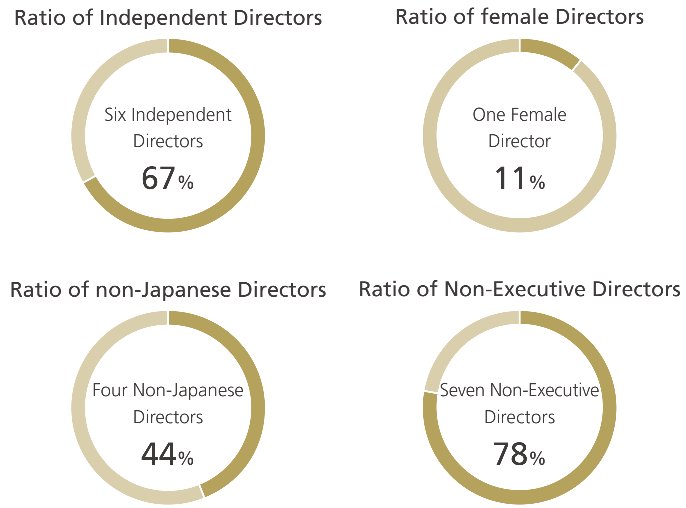


For the evolution of our growth strategy discussions, please refer to the "Transition of growth strategy discussions" section on our website.

Corporate Governance Structure



Features of the Board's composition



Approach to governance reform (roadmap)

For the "History of Governance Reform" section, please refer to our website.

	2024	2025	2026
Board of Directors governance	‣ Enrichment of discussion on growth strategy ‣ Improvement of the operational efficiency of Board meetings ‣ Thorough engagement in succession planning ‣ Further fine-tuning of the "Audit on Audit" framework	‣ Enrichment of discussion on growth strategy ‣ Thorough engagement in succession planning ‣ Further upgrading of the "Audit on Audit" framework	‣ Further sophistication of growth strategy discussions ‣ Enhance and implement succession plans
Execution governance	‣ Proactive improvement tailored to the situation of each Partner Company Group (PCG) through voluntary self-inspections by Control Self-Assessment (CSA) List ‣ Operating and enhancing the effectiveness of internal reporting channels tailored to the situation of each PCG ‣ Strengthening collaboration within the Sustainability Team to respond to changes in social demands such as "human capital" and others	‣ Effectively utilize the CSA list as a tool for voluntary inspections and promote the penetration of an autonomous, exhaustive risk identification to countermeasure implementation system in each PCG. ‣ On the Whistleblowing Hotline, share best practice from each PCG to ensure more effective and efficient operation ‣ Extend and brush up various measures and initiatives to AOC, our newest Group member, in order to maintain and improve governance and internal controls across the Group	‣ Verify effectiveness and refine - risk management system - whistleblowing hotline ‣ Upgrading the governance framework (including compliance and risk management) to respond to changes in social demand

HOME

Why Invest in Nippon Paint?

Message from the Management

Our Initiatives for Maximization of Shareholder Value (MSV)

Medium-Term Strategy

Execution of Autonomous and Decentralized Management

Governance in Support of Risk-Taking

- Key Features of Our Governance
- Message from Chairman
- Message from Board Chair
- Corporate Governance Structure
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- Directors
- Nominating Committee Report
- Compensation Committee Report
- Audit Committee Report
- Risk Management
- Analysis and Assessment of the Effectiveness of the Board of Directors
- Discussions by the Board of Directors
- Governance Discussions

Corporate Information

Skill Matrix of Directors

(As of May 31, 2025)

Our Board of Directors recognizes the importance of ensuring that each Director has experience in corporate management and M&A in global markets and fields to support timely, appropriate, and strategic risk-taking by the executive team. The current skill matrix is composed by adding the specific skills Directors have acquired through these experiences, such as “Finance,” “Legal affairs,” “IT/Digital” and “Manufacturing/Technology/R&D.”

In other words, this skill matrix represents the culmination of the Board’s efforts, primarily by the Nominating Committee, to identify and appoint Director candidates qualified to monitor Nippon Paint Holdings as it implements the Asset Assembler model.

Amid a rapidly changing business environment, to foster the Group’s ongoing growth and evolution toward the achievement of MSV, the Board of Directors remains committed to pursuing the optimal qualities and skills to uphold its effectiveness and contribute to serving the interests of minority shareholders.

Skill matrix

		Experience/Expertise							
Name	Title	Corporate management	Global business	M&A	Finance	Legal affairs	IT/Digital	Manufacturing/ Technology/R&D	
Yuichiro Wakatsuki	Director, Representative Executive Officer & Co-President	○	◎	◎	◎	○			Possessing skills in building up strong corporate governance, enhancing company’s financial resilience, securing a position in the stock market, promoting M&A, and transforming management systems, he plays a central role in strengthening the management foundation and realizing growth strategies.
Wee Siew Kim	Director, Representative Executive Officer & Co-President	◎	◎	◎	○			○	Possessing skills in building up strong corporate governance, enhancing company’s financial resilience, improving the profitability of domestic and international operations, promoting M&A, and transforming management systems, he plays a central role in strengthening the management foundation and expanding business globally.
Goh Hup Jin	Chairman	◎	◎	○	○	○	○	◎	Possessing knowledge and experience in various industries and capital markets, he can provide professional advice on various agenda items and projects.
Hisashi Hara	Independent Director	◎	◎	◎		◎			With a multifaceted perspective as an attorney, he can provide appropriate and objective advice on execution in various discussions regarding M&A deals, corporate governance and other matters.
Andrew Larke	Independent Director	◎	◎	◎	○	○	○	○	With industry experience and knowledge in chemicals and coatings, as well as extensive experience in M&A and capital market, he is expected to effectively enhance the decision-making and supervisory functions of the Board of Directors.
Lim Hwee Hua	Independent Director	○	◎	◎	◎		○		With a broad network and knowledge and experience in investment funds and stewardship, she can provide accurate advice on investment projects and business strategies.
Masataka Mitsuhashi	Independent Director	○	◎	◎	◎				Possessing specialized and international knowledge and experience in financial accounting, ESG, sustainability, and risk management, he can provide advice aimed at strengthening group governance structure and other matters.
Toshio Morohoshi	Independent Director	◎	◎	○			◎	○	With management experience in global companies, he can propose and oversee the transformation of post-M&A integration processes and provide advice on the establishment of IT strategies.
Masayoshi Nakamura	Lead Independent Director Board Chair	○	◎	◎	◎				With knowledge and experience in M&A, capital market and investment banking management, as the Lead Independent Director, he has the ability to coordinate opinions of Independent Directors and provide advice to the management team, and comprehensively organizes the Board and the Three Committees.

Required experience/Skills

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

Directors

Nominating Committee　Compensation Committee　Audit Committee

Yuichiro Wakatsuki

Director
Representative Executive Officer & Co-President

Number of years in office:	3
Attendance at	
Board of Directors meeting:	6/6
Number of shares of the Company held:	180,110
Date of birth:	August 28, 1966

After building his investment banking career at The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.) and other reputable institutions, Yuichiro Wakatsuki joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.) in 2000. He led the company's M&A advisory services, including M&A strategy and fund procurement of clients, first as the Head of Japan Mergers and Acquisitions and later as the Director and Vice Chairman of Japan Investment Banking. In 2019, he joined Nippon Paint Holdings and served as Senior Managing Corporate Officer and CFO, and has been leading execution as Representative Executive Officer & Co-President since 2021.

Wee Siew Kim

Director
Representative Executive Officer & Co-President

Number of years in office:	3
Attendance at	
Board of Directors meeting:	5/6
Number of shares of the Company held:	100,000
Date of birth:	August 19, 1960

Prior to his current position, Wee Siew Kim was Deputy CEO of Singapore Technologies Engineering Ltd., which is an aerospace and defense engineering company. He was a Member of Parliament in Singapore for around 10 years from 2001. Since his appointment as the Group Chief Executive Officer of NIPSEA Group in 2009, he has driven growth of the group to become the core business of Nippon Paint Group. Since 2021, he has been leading execution of Nippon Paint Group as Representative Executive Officer & Co-President of NPHD.

Goh Hup Jin

Chairman

Number of years in office:	10
Attendance at	
Board of Directors meeting:	6/6
Nominating Committee meeting:	6/6
Compensation Committee meeting:	5/5
Number of shares of the Company held:	—
Date of birth:	April 6, 1953

Goh Hup Jin is the Director of Nipsea International Limited (Wuthelam Group), the parent company of NPHD. Under his initiative, NIPSEA Group expanded operations into China in 1992 ahead of other major paint and coatings manufacturers, and has grown into the Group's core business. His excellent management skills have earned the "NIPPON PAINT" brand a high level of recognition mainly in the decorative paints area in other parts of Asia as well and deep market penetration across markets where the Group operates.

Hisashi Hara

Independent Director

(Chairperson)

Number of years in office:	7
Attendance at	
Board of Directors meeting:	6/6
Nominating Committee meeting:	6/6
Number of shares of the Company held:	119,501
Date of birth:	July 3, 1947

With a career of over 40 years as an attorney, Hisashi Hara has been involved in numerous cross-border M&A deals and has assisted in various corporate legal matters. In 2011, he received the Chambers Asia-Pacific Lifetime Achievement Award from Chambers Partners, which is just one of many commendations in recognition of his good reputation as an attorney involved in cross-border M&A deals.

Andrew Larke

Independent Director

Number of years in office:	—
Attendance at	
Board of Directors meeting:	—
Audit Committee meeting:	—
Number of shares of the Company held:	—
Date of Birth:	December 3, 1968

Andrew Larke has been involved in mergers, acquisitions, and divestments, as well as corporate advisories for approximately 30 years, including head of acquisitions for Orica, the largest producer of mining explosives in the world. He has also held the position of Non-Executive Director of DuluxGroup, and has extensive insight into the global chemicals and coatings industry. Additionally, he also serves as Chairman of a leading Oceania-based chemicals company, and as Independent Chairman of long short fund on the Australian Stock Exchange.

Lim Hwee Hua

Independent Director

(Chairperson)

Number of years in office:	3
Attendance at	
Board of Directors meeting:	6/6
Compensation Committee meeting:	5/5
Number of shares of the Company held:	50,400
Date of birth:	February 26, 1959

Following her election to the Parliament of Singapore, Lim Hwee Hua held several important positions and cabinet posts in the Singapore Government. Prior to joining the Singapore Cabinet, she served as Managing Director at an investment company owned by the Singapore Government, where she executed restructuring and strategic relations with foreign countries. She had been involved in private equity activity such as Kohlberg Kravis Roberts.

■ Nominating Committee ■ Compensation Committee ■ Audit Committee

Masataka Mitsuhashi

Independent Director

■ (Chairperson)

Number of years in office:	5
Attendance at	
Board of Directors meeting:	6/6
Audit Committee meeting:	8/8
Number of shares of the Company held:	76,689
Date of birth:	September 30, 1957

Masataka Mitsuhashi has many years of extensive experience as a certified public accountant at PwC Japan Group, where he was engaged in accounting audit and M&A-related activities. He also has specialized and global knowledge and experience in long-term value creation for companies from an ESG perspective as Representative Director of a consulting firm.

Toshio Morohoshi

Independent Director

Number of years in office:	7
Attendance at	
Board of Directors meeting:	6/6
Nominating Committee meeting:	6/6
Audit Committee meeting:	8/8
Number of shares of the Company held:	96,689
Date of birth:	August 24, 1953

Toshio Morohoshi was formerly involved in the management of Fujitsu Limited, Japan's leading global electronics company, and managed multiple global IT companies and Japanese listed companies as Representative Director and President. He has expertise in transformation of business models, processes, and corporate cultures as well as international business based on his more than 20 years of corporate management around the world and extensive global top management experience.

Masayoshi Nakamura

Lead Independent Director
Board Chair

■ ■ ■

Number of years in office:	7
Attendance at	
Board of Directors meeting:	6/6
Nominating Committee meeting:	6/6
Audit Committee meeting:	5/5
Number of shares of the Company held:	109,932
Date of birth:	November 10, 1954

Masayoshi Nakamura has more than 30 years of experience as a specialized professional in M&A advisory and capital market financing at major US investment banks Lehman Brothers and Morgan Stanley, as well as at Mitsubishi UFJ Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.). He has experience and a track record in successfully executing numerous large-scale cross-border M&A deals.

* Attendance at the Board of Directors/committee meetings is for FY2024 (late March 2024 to mid-March 2025)
* The number of shares is as of December 31, 2024

For brief profiles of Directors see "Management Team" on our corporate website.
"Reason for Selection as Independent Directors" is also available on our corporate website.
For our governance-related achievements from previous years, please refer to the "ESG Data (Governance)" section on our website.

Nominating Committee Report

Hisashi Hara
Independent Director
Nominating Committee Chairperson

Establishing Optimized Execution and Monitoring Frameworks for Achieving MSV

In March 2025, Nippon Paint Holdings completed the acquisition of AOC, marking a significant milestone in the Group's Asset Assembler growth strategy, an approach that has been thoroughly discussed and endorsed by the Board of Directors. This strategic move is expected to further accelerate execution across the Group. Looking ahead to the next phase of growth, the Nominating Committee will place priority on identifying and nominating executive candidates who can lead effectively in an increasingly complex and unpredictable business environment. The focus will be on individuals who demonstrate agility, resilience, and adaptability, qualities essential for navigating unforeseen risks and emerging challenges.

Since transitioning to a Company with Three Committees in 2020, we have continuously reviewed and refined our execution and monitoring frameworks to ensure they remain optimal amid a rapidly evolving business environment. These efforts are grounded in our commitment to MSV as our sole mission. As part of this initiative, we have focused on selecting the most suitable individuals to execute and monitor management effectively. In line with this, seven new Directors were appointed and nine Directors retired, strengthening the independence of each Director and further enhancing the Board of Directors' monitoring capabilities.

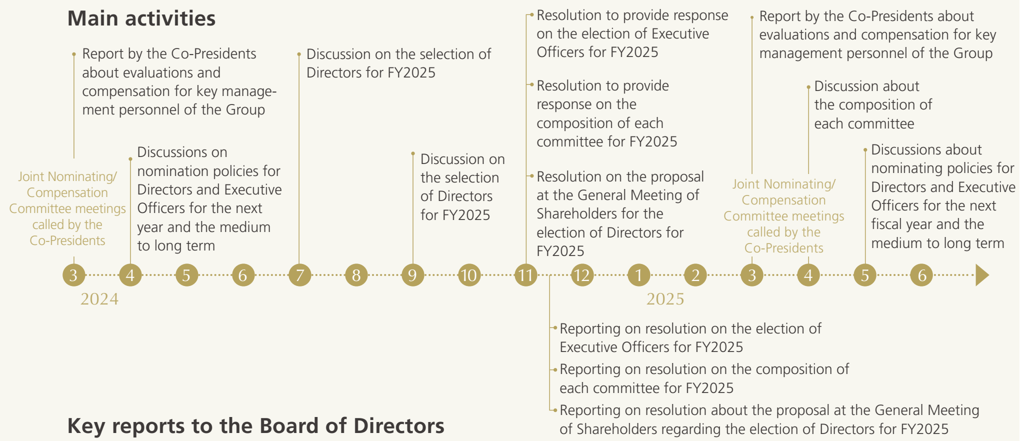
On the execution front, the Nominating Committee has assessed the teamwork and performance of key management personnel within the PCGs, under the leadership of the Co-Presidents. The Committee continues to monitor and evaluate the optimal management structure to support effective execution. In terms of succession planning, our approach prioritizes talent identification over standardized development. We aim to foster an environment where exceptional individuals can independently grow and thrive. Rather than relying on uniform selection criteria or structured development programs, we focus on identifying high-caliber talents through both internal and external human networks. In addition, we also evaluate the external executive talents through acquisition opportunities. Through these efforts, we have established a framework to secure suitable talents.

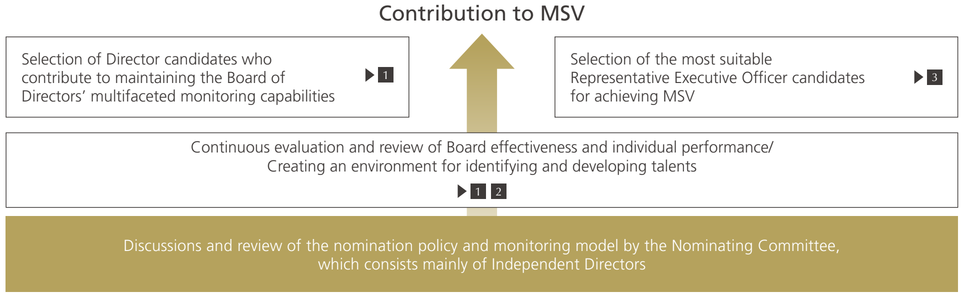
Through these initiatives, the Nominating Committee remains firmly committed to proactively developing and sustaining an optimal execution and monitoring framework, one that is forward-looking and aligned with our long-term pursuit of MSV.

Overview and main activities

Chairperson	Hisashi Hara (Independent Director)	
Committee members		
Number of meetings	FY2024 (late March 2024 to mid-March 2025)	6
	FY2025 (late March 2025 to end-June 2025)	3

Main activities	The Nominating Committee passed a resolution regarding the election and dismissal of Directors for FY2025 to be submitted to the General Meeting of Shareholders, and deliberated and provided responses on the selection of Executive Officers for FY2025.
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





1 Securing a highly effective Board of Directors with multifaceted monitoring capabilities for the achievement of MSV

The members of the Board of Directors and Nominating, Compensation and Audit Committees cover a suitable range of backgrounds for continuously performing the effective monitoring of NPHD in a business climate that is constantly changing. The Nominating Committee emphasizes seven categories of experience and skills that Directors require. NPHD pursues MSV under the 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 most suitable candidates and Board composition for achieving MSV. Since NPHD transitioned to a Company with Three Committees structure in FY2020, Independent Directors have been a majority of the Board. To ensure a sustainable Board composition that enhances discussions on growth strategies, the Nominating Committee has actively engaged in nominating activities. By maintaining and strengthening a diverse Board composition that fosters a wide range of perspectives and robust discussions, the Company has built a highly effective Board of Directors with multifaceted monitoring capabilities aimed at achieving MSV.

2 Identifying future management talents and an environment where people can upgrade their skills (reinforcement of human capital and appointment/dismissal of personnel)

We do not use a single approach for the recruitment and development of future management talents amid the globalization of operations and drastic changes in the business environment. Instead, we are focusing on identifying talents and establishing an environment for their growth by respecting the autonomy of each 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 other Committees and the 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 social and business environment. To accomplish this goal, we need to do more than simply use the one-size-fits-all succession plan and other guidelines for the planned recruitment and development of executives. This is why we work closely with other Committees and the 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 the appointment and dismissal of Representative Executive Officers.

The Nominating Committee, which takes the lead in these activities, excludes the current Co-Presidents and is composed of three Non-Executive Directors — two Independent Directors and the Chairman. This structure ensures the appointment and dismissal of the most suitable Director candidates from an objective perspective.

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 talents
- Exchanges of information about talents outside the Group by using internal and external networks of personal connections

Composition of the Board of Directors

FY	Number of Directors	New appointment	Retirement
2020	9	2	4
2021	9*	0	1*
2022	11	4	1
2023	9	0	2
2024	9	0	0
2025	9	1	1

* One Director retired in April 2021

Compensation Committee Report

Lim Hwee Hua
Independent Director
Compensation Committee Chairperson

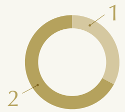
Compensation and Evaluation Decisions That Support Appropriate and Bold Risk-Taking of Co-Presidents

The Compensation Committee focuses on methods of evaluation when designing compensation packages for the Co-Presidents. Aspects of their performance that should be evaluated and the structure of compensation packages that reflect contribution will continuously change in response to the rapidly evolving environment surrounding our company and the stage of our growth strategy. We constantly check, against market comparables, whether our evaluation and compensation decisions positively influence the Co-Presidents and lead to proactive actions, assessing their effectiveness.

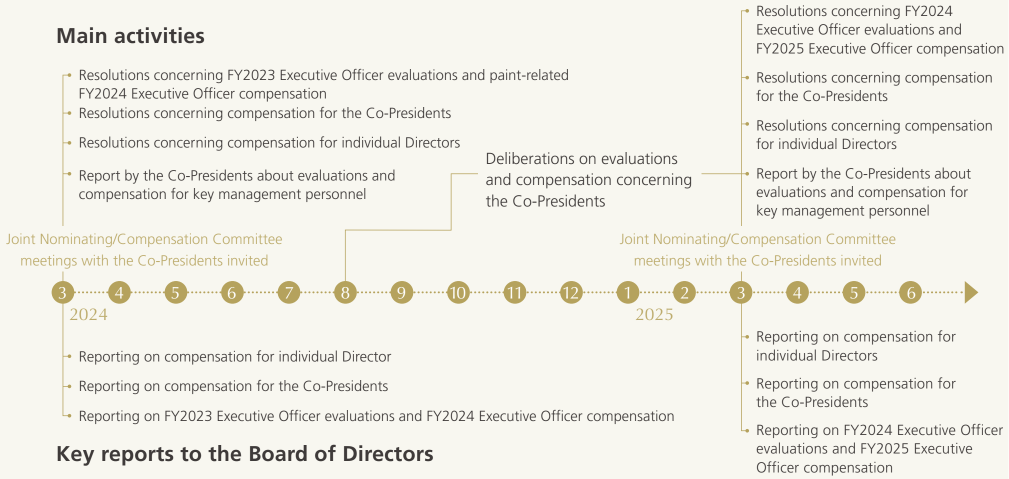
In March 2025, the company acquired AOC in the U.S., deciding to expand our portfolio in the paint-related market. This achievement reflects the Co-Presidents' efforts to promote organic growth of existing businesses and inorganic growth of accumulating excellent assets with appropriate risk-taking. To further advance such significant steps, sustained motivation enhancement is required. In light of this, we have avoided being biased towards short-term and mechanical evaluations that fluctuate due to a single-year performance or market factors. Instead, we have been comprehensively evaluating the Co-Presidents' performance in terms of their ability to execute our medium- to long-term M&A strategy, by analyzing the new risks arising from such a strategy and examining the impact on our valuations. We also have been collaborating with the Nominating Committee and the Audit Committee, actively communicating with key management personnel to enhance the effectiveness of this comprehensive evaluation.

Our Board is focusing on medium- to long-term strategic discussions aimed at pursuing MSV. In parallel with these efforts, we aim to encourage appropriate and bold risk-taking by the management team, including the Co-Presidents, while enhancing the sound monitoring role of the Board that supports this. This pursuit is our responsibility to share value with our shareholders. We will continue to strive for evaluation and compensation decisions that appropriately drive both execution and monitoring functions.

Overview and main activities

Chair-person	Lim Hwee Hua (Independent Director)	
Committee members		
Number of meetings	FY2024 (late March 2024 to mid-March 2025)	5
	FY2025 (late March 2025 to end of June 2025)	3

Main activities	The Compensation Committee approved resolutions regarding individual compensation for Directors and Executive Officers, based on the policy for determining the compensation of individual Directors and Executive Officers (Compensation Philosophy, Design Policies for the Compensation of the Representative Executive Officers & Co-Presidents).
Roles of the Committee	Establishment of policies for determining the compensation of individual Directors and Executive Officers, and decisions on individual compensation and related matters



Contribution to MSV

Attract and retain outstanding talents | Maintain and increase motivation

- Determination of compensation based on rigorous evaluations centered on activities and contributions for achieving MSV ▶2
- Constant analysis and research based on the benchmarking of compensation of executives in Japan and other countries ▶2
- Discussions based on the policy for determining compensation by the Compensation Committee, which consists mainly of Independent Directors (information is disclosed properly to ensure the objectivity and fairness of decisions) ▶1

1 Policy for determining compensation for Executives

Independent Directors are the majority of the Compensation Committee, and the committee is chaired by an Independent Director. In addition, all committee members are non-executive Directors. This composition ensures independence from the executive team for business operations.

The Compensation Committee makes decisions on the level and composition of compensation for Directors and Executive Officers. This committee also monitors decisions on the compensation of key management personnel of partner companies based on reports from Co-Presidents. To determine levels and composition of compensation, the committee collects and analyzes objective data such as social trends, compensation of executives at other companies, and compensation in the market for senior executives.

In accordance with the Compensation Philosophy and Design Policies for the Compensation of the Representative Executive Officers & Co-Presidents, the Compensation Committee conducts fair and transparent deliberations and make decisions.

For more information, see the "Compensation of Directors and Executive Officers" section of our website.

2 Evaluation and compensation of the Representative Executive Officers & Co-Presidents

Based on the premise of protecting the interests of minority shareholders, the Compensation Committee performs rigorous evaluations of compensation for the Representative Executive Officers & Co-Presidents, with emphasis on their activities and contributions to achieve MSV. At the same time, the committee strives to design compensation that motivates the Representative Executive Officers & Co-Presidents to make further efforts toward achieving MSV. Specifically, the committee comprehensively evaluates the Co-Presidents' performance in the previous year, including a comparison with our competitors, to determine the total compensation for the next year. Then the committee determines the composition, including cash, stock and other forms of compensation.

Key evaluation items for the comprehensive evaluation

- "Maximizing EPS and PER" for achieving MSV
- Improvement of profitability of businesses in Japan and other countries
- Progress with the M&A strategy
- Improvement of position in the capital market
- Strengthening risk management in the Nippon Paint Group
- Transformation of the corporate culture
- Transformation of the management structure
- Strengthening the governance structure and the internal control system

Data and key considerations for ongoing reference in compensation determination

- The compensation of presidents at competing companies and other large companies in Japan
- Compensation and composition of compensation in the individual's home country and continuity with prior compensation
- Compensation and composition that maintain motivation for achieving MSV and provide effective incentives

Evaluation of the performance of Co-Presidents

Compound annual growth rate*1

	2023 to 2024		2020 to 2024	
	Revenue	EPS	Revenue	EPS
NPHD	+13.6%	+7.5%	+20.3%	+18.1%
Competitor median*2	+0.4%	+12.9%	+5.9%	+8.4%

PER*3

	Last twelve months	Next twelve months
NPHD	19.9x	17.2x
Competitor median*2	23.2x	14.5x

AOC acquisition effect (2025 forecast)*4

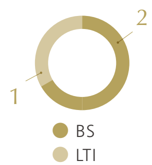
	2024 to 2025	
	Revenue	EPS
NPHD	+11.1%	+27.2%

*1 For compound annual growth rate calculated based on each company's indicated currencies
*2 Median of the six largest paint companies based on global sales (excluding our company, ranked 4th)
*3 Source: FactSet (as of December 27, 2024)
*4 Source: Medium-Term Strategy Update Briefing Presentation Summary (Reported on April 3, 2025)

Composition of executive compensation

Compensation for Directors
Directors who do not concurrently serve as Executive Officer (Independent Directors)

Image of basic composition



Fixed compensation

◆ Job-based compensation (BS)
Compensation is set at levels that can attract and retain management talents with the skills required to monitor the management of Nippon Paint Group, which has operations worldwide. Decisions about compensation take into account social circumstances, compensation of executives at other companies, and compensation in the market for senior executives.

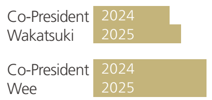
◆ Allowances for committee memberships and other roles
Allowances are paid for specific roles such as a member or Chairperson of the Nominating, Compensation, Audit and Special Committees, the Lead Independent Director, and other positions.

Variable compensation

◆ Long-term incentives (LTI)
Directors monitor the Group's management and assume the role and associated risk of making important decisions regarding the allocation of corporate resources on behalf of shareholders. As a result, Directors receive restricted stock as an incentive for achieving MSV and as a means of further aligning the interests of Directors with those of shareholders. The Malus Clawback Clause is used for the medium- to long-term soundness of long-term incentives.

Compensation for the Representative Executive Officers & Co-Presidents

Image of basic composition



All compensation is variable

Compensation takes into account the level and composition of compensation in the individual's home country, continuity with prior compensation, benchmarking using other companies' compensation, and other considerations. Discussions with Co-Presidents, frequent communications with executives of partner companies, and other activities are used for a comprehensive evaluation of performance using financial and non-financial perspectives. Every year, the determination of the following year's compensation starts by resetting compensation to zero. The cash-stock ratio and other aspects of the composition of compensation for Co-Presidents are also reviewed every time.

Audit Committee Report

Masataka Mitsuhashi
Independent Director
Audit Committee Chairperson

Advancing the "Audit on Audit" Framework

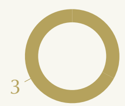
As our Group pursues MSV as an Asset Assembler, the Audit Committee plays a vital role in reinforcing executive risk-taking by ensuring that internal controls are properly structured and operate effectively under the "Audit on Audit" framework.

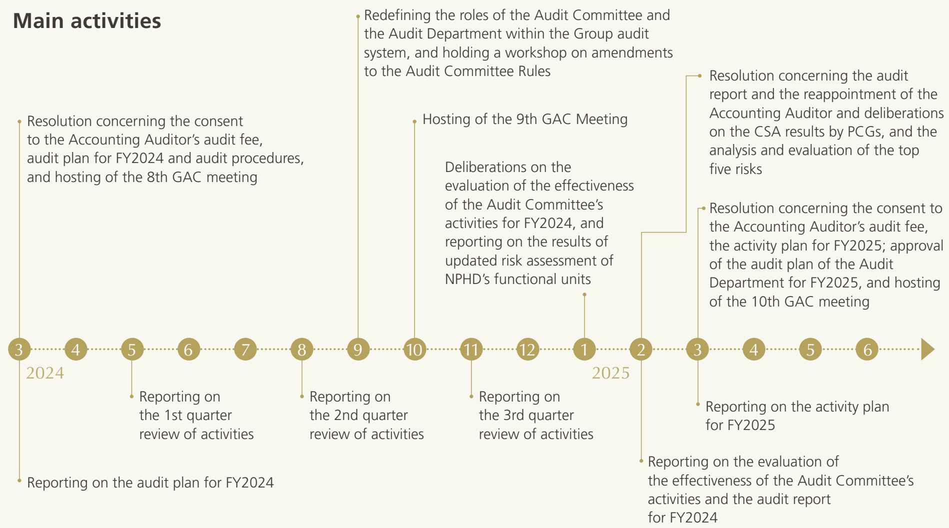
In FY2024, the Audit Committee prioritized key areas such as the M&A transaction process and cybersecurity risk management. Throughout its monitoring activities, the Committee worked closely with the Audit Department to gather and assess relevant information. Group Audit Committee (GAC) meetings served as an effective forum for confirming key issues with relevant stakeholders. Regarding the goodwill of the acquired companies, the Committee engaged in active dialogue with both the executive team and the Accounting Auditor to evaluate the appropriateness of valuation methods and confirmed that adequate safeguards were in place to mitigate the risk of impairment losses.

With the completion of the AOC acquisition in March 2025, our Group is set to further diversify its portfolio under the Asset Assembler model. In this evolving context, the Audit Committee will need to adopt an audit approach that shares the management's viewpoint. To meet these expectations, strengthening the effectiveness of organizational audits through the "Audit on Audit" framework will be critical in supporting the executive team. Beginning in FY2025, the Audit Department will step up its efforts by enhancing collaboration with the internal audit units of each PCG and intensifying its monitoring of internal control operations at newly acquired partner companies.

We recognize that GAC meetings, where internal audit units from across the Group convene to share insights, serve as a highly effective platform for advancing the "Audit on Audit" system. Moving forward, we will further enhance the value of these meetings by addressing topics aligned with the evolving business environment.

Overview and main activities

Chair-person	Masataka Mitsuhashi (Independent Director)
Committee members	
Number of meetings	FY2024 (late March 2024 to mid-March 2025): 8 FY2025 (late March 2025 to end of June 2025): 3
Main activities	• Prepared audit reports based on the results of audits on the status of the execution of duties by the Executive Officers and Directors and other items • Resolved on proposals regarding the election, dismissal and refusal of reelection of Accounting Auditor to be submitted to the General Meeting of Shareholders • Improved the effectiveness of the Group audit system • Shared best practices and conducted theme-based discussions at GAC meetings • Engaged in regular information sharing and opinion exchanges with the Accounting Auditor
Roles of the Committee	Conduct audits on the execution of duties by Executive Officers and Directors, prepare audit reports, and determine proposals regarding the election, dismissal and refusal of reelection of the Accounting Auditor to be submitted to the General Meeting of Shareholders



HOME

Why Invest in Nippon Paint?

Message from the Management

Our Initiatives for Maximization of Shareholder Value (MSV)

Medium-Term Strategy

Execution of Autonomous and Decentralized Management

Governance in Support of Risk-Taking

- Key Features of Our Governance
- Message from Chairman
- Message from Board Chair
- Corporate Governance Structure
- Skill Matrix of Directors
- Directors
- Nominating Committee Report
- Compensation Committee Report
- Audit Committee Report
- Risk Management
- Analysis and Assessment of the Effectiveness of the Board of Directors
- Discussions by the Board of Directors
- Governance Discussions

Corporate Information

Monitoring the internal control system by the Audit Committee and Audit Department

The Group audit system based on "Audit on Audit" is premised on the assurance by PCG's internal audit units of the effectiveness of the autonomous internal control system operated by PCG. Our Basic Policy on Internal Control System is anchored by three core elements: Nippon Paint Group Global Code of Conduct, Global Risk Management Basic Policy, and Global Basic Policy of Whistleblowing Hotline. By ensuring that each PCG properly manages its internal control system in the realms of governance, risk management, and compliance, we have in place an effective internal control system across the entire Group.

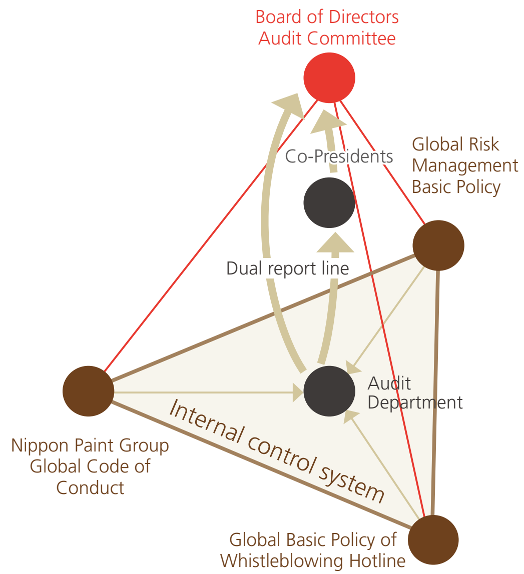
The Audit Committee, which is responsible for overseeing the proper operation and functional effectiveness of these frameworks, obtains information from the Audit Department about the results of PCG internal audits and important PCG meetings. Additionally, the Audit Committee directly gathers information from members related to the internal audit units across the major PCGs at the GAC meeting convened twice a year. These processes enable the Audit Committee to evaluate the effectiveness of the governance structure and the internal control system across the entire organization. Furthermore, the Audit Committee receives reports on the operation status of the internal control system from the Co-Presidents at the Board of Directors meeting once a year.

The Audit Department ensures its independence from execution by establishing a dual report line to the Audit Committee and the Co-Presidents. This structure allows the Audit Department to impartially monitor the operation status of the internal control system, and subsequently report its findings to the Audit Committee.

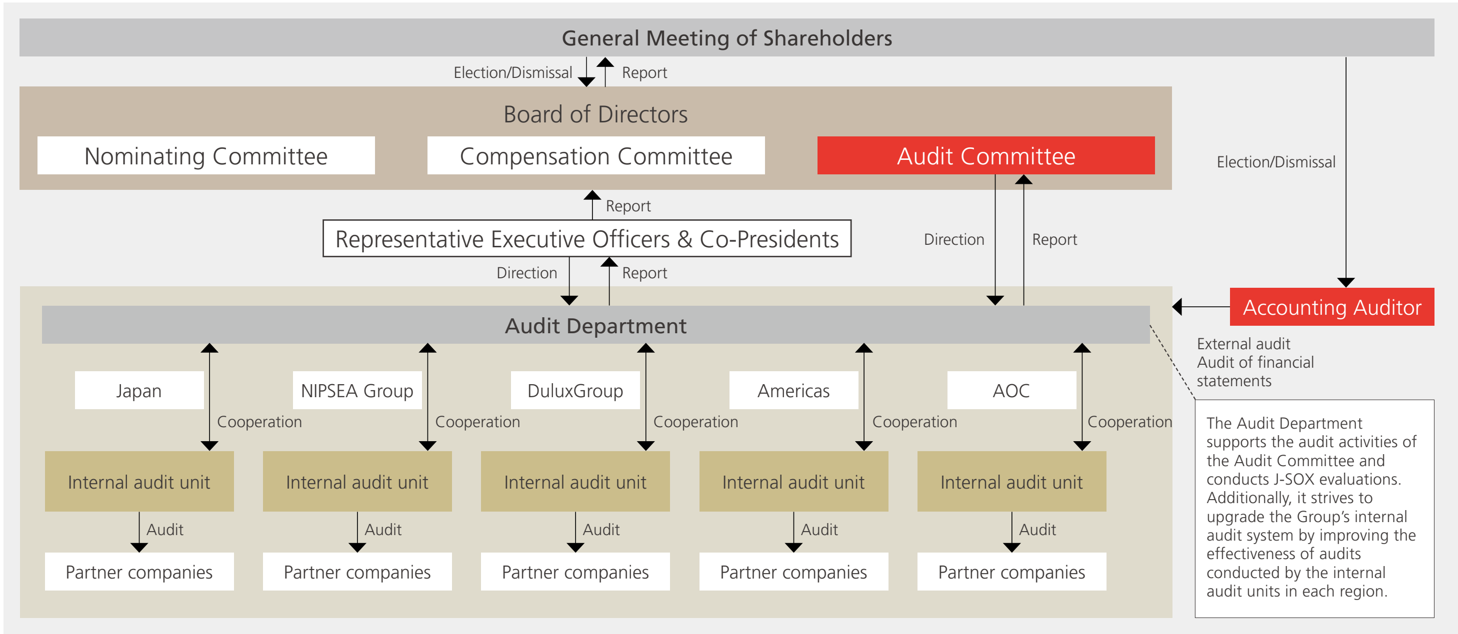
Enhancing the effectiveness of the group-level internal audits by the Audit Department

The audit reports prepared by the internal audit unit of each PCG allow the Audit Department to access not only information about the departments subject to audits within the PCG but also details of the audit methods and operations employed by the internal audit units. During the regular audit review process, the Audit Department provides each PCG's internal audit unit with information not only about the audit findings but also about audit methods, which contributes to the continuous improvement of the group-level internal audits.

The GAC meetings, convened twice a year, provide a valuable opportunity for relevant members to discuss and share each PCG's audit plan, risk assessment results, and a variety of topics, including emerging risk events, all in one forum. We will continue to utilize these meetings as an effective means of enhancing the effectiveness of the group-level internal audits.



"Audit on Audit" Group audit system



Risk Management

Our risk management is based on the internal control system autonomously operated by each PCG, enabling a comprehensive understanding of risks across the entire Group.

Executive Summary

1 Oversight of PCGs
Prior approval rule for important matters and timely reporting system of incidents with material impacts

2 Election/Dismissal of the heads of PCGs
Evaluations and decisions that include financial and non-financial considerations such as responsibilities for internal controls

3 Direct participation of the Co-Presidents in main partner company meetings
Participation of Co-Presidents and other executive officers in important meetings of important partner companies

4 Group audits based on the "Audit on Audit" system
Oversight utilizing the close ties between the NPHD Audit Department and the internal audit unit of each PCG

Our approach to internal control

Sound risk management is the premise for the pursuit of MSV. We closely monitor changes in society and the needs of stakeholders to reexamine and update the internal control system in an appropriate and timely manner.

The paint and adjacencies businesses of every PCG have strong regional characteristics, which make these businesses ideally suited for the autonomous management of business operations along with local production for local consumption. We essentially give each head of PCG the authority to conduct business operations and responsibility for operating the internal control system. The heads of PCGs identify and respond to risks specific to their businesses, and our Co-Presidents oversee the Group's operations through evaluation and appointment/dismissal of the heads of PCGs through various reports from these executives.

Our company defines its approach to internal control as an Asset Assembler in the Basic Policy on Internal Control System, which identifies the Nippon Paint Group Global Code of Conduct, Basic Policy of Global Risk Management, and Global Basic Policy of Whistleblowing Hotline as the three key components of governance on the execution side.

Through the implementation of these policies, the Co-Presidents effectively monitor and provide necessary guidance on governance, risk management, and compliance across the entire Group.

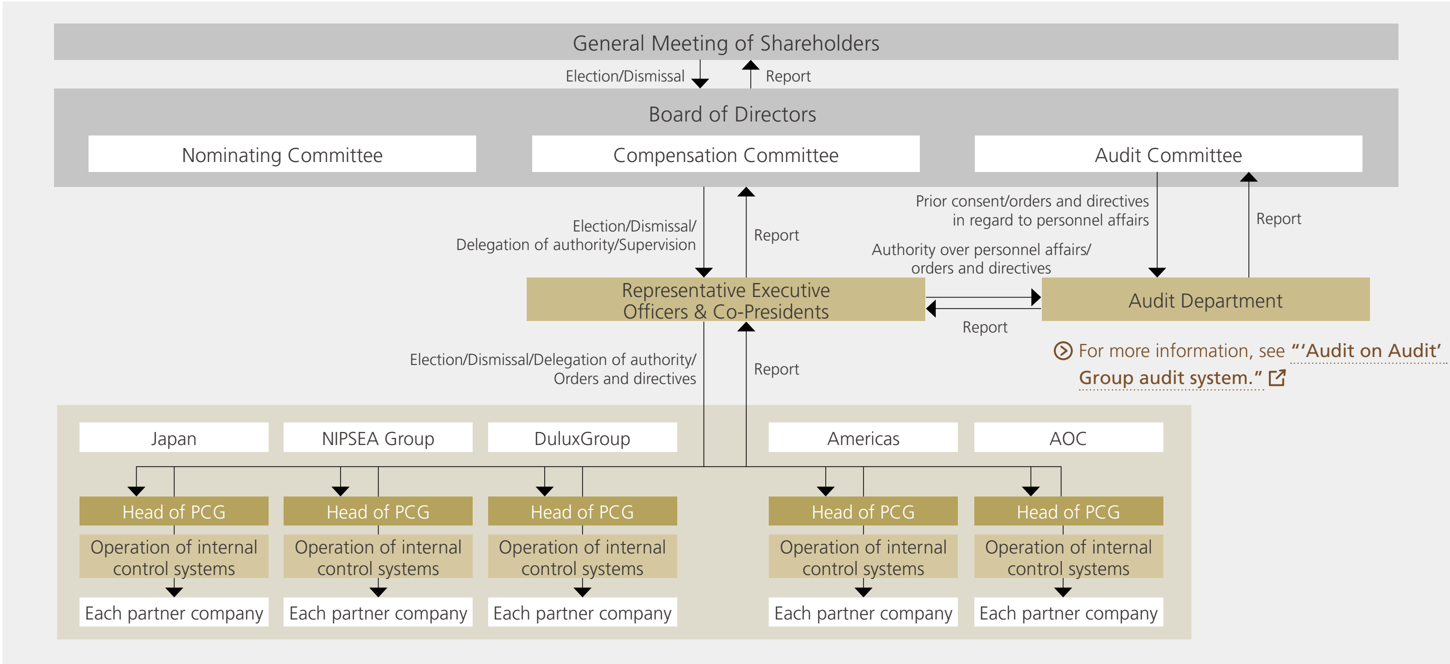
Risk management system

Our Global Risk Management Basic Policy states that Co-Presidents have overall responsibility for risk management in our Group. The policy also defines the roles of each head of PCG as a frontline. In this manner, autonomous risk management at each PCG is implemented appropriately by Co-Presidents and the head of each PCG based on their respective roles.

Each head of PCG conducts the control self-assessment (CSA), consisting of self-inspections and self-assessments based on a risk-based approach. They are responsible for using CSA to identify risk factors requiring actions, create risk management plans, and make improvements.

Results of CSA are reported to Co-Presidents, who, based on this

Internal control system



For more information, see "'Audit on Audit' Group audit system."

information, grasp risk factors at our Group in individual regions and businesses. Then Co-Presidents perform effective monitoring by attending important management meetings of the PCGs and other activities and give the PCGs directions for responses against the identified risks.

Co-Presidents report the results of the risk analysis to the Audit Committee and the Board of Directors. In addition, the results are discussed at the Group Audit Committee (GAC), which brings together the personnel responsible for risk management and internal audit at each PCG. Separately from these activities, a framework is in place for sharing information with Co-Presidents, in a timely or prompt manner, about the occurrence of crises. This system enables Co-Presidents, when necessary, to give orders covering the entire Group.

Risk heat map

High-risk categories identified for FY2024	Change in risk sensitivity (vs FY2023)	Risk descriptions	Mitigation initiatives by PCGs
IT use and IT systems	Unchanged	Management of information assets, data leakage, systems prepared for disasters and other potential disruptions, formulation of information security policies and rules, etc.	‣ Promoted the development of big data infrastructure and digital transformation, and advanced network infrastructure upgrades and automation ‣ Ensured compliance with security policies and provided regular security training for employees, as well as introducing advanced security software to counter cyberattacks ‣ Introduced IT asset management portals and security monitoring systems, and implemented disaster recovery plans and continuous cyber risk monitoring
Supply chain	Lower	Disruptions of raw material supply, inventory/logistics management and credit management, etc.	‣ Enhanced efforts to identify alternative raw materials, manage supply risks, and negotiate pricing ‣ Improved inventory visibility and restructured processes, and fostered two-way initiatives for technology development for local procurement and global procurement ‣ Reinforced monitoring of political risks and regulatory compliance to maintain stable supply systems ‣ Established a task force to strengthen logistics cost reduction efforts
Human capital	Unchanged	Succession for management teams of the Group	‣ Identified successor candidates and provided career counseling, and expanded the pool of future leaders through Group-wide talent reviews ‣ Incorporated quantifiable metrics for talent development and organizational contribution into annual target setting, and established leadership training programs and talent pipelines for young employees ‣ Enhanced management structures within the HR function and strengthened overall organizational operations
Exchange rate fluctuations	Higher	Exchange rate fluctuations stemming from global political instability	‣ Enhanced timing controls to secure material supplies under favorable exchange-rate conditions ‣ Strengthened coordination of pricing information between the finance and marketing teams ‣ Facilitated selling price adjustments through cost monitoring ‣ Reinforced prompt collection of accounts receivable to mitigate risks

Appropriate Risk Management for an Asset Assembler: Three Years of Progress

Yuri Inoue
Managing Executive Officer, GC

The Basic Policy on Internal Control System, revised in January 2022, enters its third year of implementation in 2025. This revision marked a pivotal shift toward an autonomous and decentralized risk management model aligned with the Asset Assembler strategy, rather than centralized frameworks. Today, this policy is firmly embedded and functions as the cornerstone of risk management across the Group.

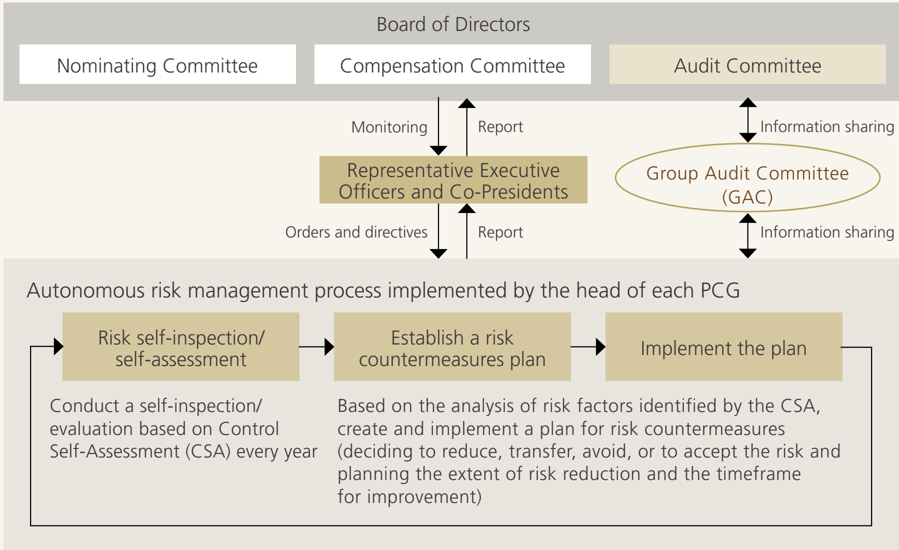
Within each PCG, risk management is driven by the CSA checklist, a self-assessment tool, used to identify potential risks and implement the full cycle of countermeasures, from planning to execution. This systematic approach has continuously strengthened risk awareness and improved the overall resilience of the Group's risk management framework.

Furthermore, cross-PCG understanding of risk has significantly deepened. By leveraging the strengths of decentralized autonomy, we have enhanced our ability to respond to emerging risks with a more comprehensive, Group-wide perspective.

The whistleblowing hotline is becoming firmly embedded in the organization, with reported cases rising from 62 in FY2022 to 105 in FY2024. This increase reflects not only the success of awareness initiatives but also a growing sense of responsibility among employees at each PCG regarding the importance of risk reporting. The steady rise in utilization underscores that the hotline is functioning as a trusted and reliable channel.

At GAC meetings, best practices in risk management are actively shared and analyzed, fostering greater consistency and efficiency across the Group. Looking ahead, we will continue to enhance our internal controls in line with the Asset Assembler model under the leadership of the Co-Presidents and further reinforce our risk management capabilities to support sustainable growth.

The Group risk management process



Whistleblowing Hotline

The Nippon Paint Group Global Code of Conduct and the Global Basic Policy of Whistleblowing Hotline stipulate confidentiality and prohibit unfair treatment of whistleblowers. Each PCG has autonomously established a whistleblowing hotline based on this policy. They have effectively communicated this system to their employees and are operating it appropriately.

The head of each PCG submits a whistleblowing hotline operations status report once every year to the Audit Committee and Board of Directors through the Audit Department and Co-Presidents.

In addition to these activities, Co-Presidents, in a prompt or timely manner, receive information about whistleblowing reports concerning serious violations of laws and regulations, scandals, violations of laws and regulations by the management teams of PCGs, other misconduct, or specific information about the possibility of this type of event. This reporting system enables Co-Presidents to quickly give orders for responding to these events as required.

In FY2024, internal investigations were conducted on a total of 105 whistleblowing cases across all Group companies. Depending on the nature of each case, the appropriate department within each PCG conducted investigations, analyses and responses, implementing measures to address issues and prevent recurrence. Additionally, during normal operations, efforts such as raising awareness of whistleblowing hotlines and providing compliance educations to employees are carried out to prevent misconduct and violations before they occur.

As employee awareness and understanding of the whistleblowing hotline continues to deepen, the number of reports has shown an upward trend. In response, each PCG has been focusing on developing a more efficient process for operating the hotline to ensure appropriate responses can be made with limited resources. Following deliberation by the Board of Directors, this topic was discussed as one of the agenda items at the GAC meetings. Through these collaborative efforts, the whistleblowing officers of each PCG, the Audit Department, Co-Presidents, the Audit Committee, and the Board of Directors work together to operate and oversee the whistleblowing hotline, striving to enhance its effectiveness.

Whistleblowing reports received in FY2024	Number of reports
Working environment (industrial accidents, harassment, discrimination, etc.)	31
Loss of assets/Leakage of information (conflict of interest, embezzlement, illegal use of data, etc.)	46
Accounting fraud	2
Violations of laws and regulations (anti-trust law violations, insider trading, bribery, business laws violations, etc.)	9
Other	17
Total	105

For past records, please refer to our "Whistleblowing reports" on our website.

GAC for Upgrading Internal Audit and Enhancing Risk Management

Toru Watanabe
General Manager
Audit Department

"Audit on Audit" is a vital element of our Asset Assembler model, and successful "Audit on Audit" relies on good internal audits at respective PCGs. We started the GAC in 2020 to support effective internal audits at respective PCGs. It is held twice a year with all the colleagues from PCGs around the world who are responsible for internal audits, and it has been used as a forum for exchanging related information.

In GAC meetings, best practices for audits, for example the process for creating audit plans and the approaches for following up identified issues, are shared with an aim of upgrading the internal audit in the whole group. Annual audit plans from respective PCGs are presented among the participants, which can be useful in raising the level of risk recognition in the Group.

The GAC also provides opportunities for more sophisticated risk management in the Group. Outside the scope of internal audit, emerging risks and challenges in the Group are delivered in the meetings, along with the responses and solutions by the front-runners in the Group. In the recent GAC meetings, we discussed ESG disclosure requirements and related methods for gathering data, cybersecurity risks, and BCPs and insurance against natural disasters. The whistleblowing system is also an annual topic in the GAC meetings.

The GAC will continue to be a useful tool for effective "Audit on Audit" and Risk Management, which provides ground and support for seeking more MSV.

Analysis and Assessment of the Effectiveness of the Board of Directors

P Plan — Issues that required stronger initiatives in FY2024

1. **Enrichment of discussion on growth strategy**
Increase opportunities for and enrich the discussions on medium to long-term management strategies, to further contribute to MSV
2. **Improvement of the operational efficiency of Board meetings**
Dedicate further efforts to improve Board operation, to facilitate more sophisticated discussions
3. **Thorough engagement in succession planning**
Review and draw up plans to identify and develop talents for the future management team
4. **Further fine-tuning of the "Audit on Audit" framework**
Modify the audit framework of the pure holding company to better suit our Asset Assembler model

D Do — Main initiatives in FY2024

1. To enable comprehensive discussions on growth strategies — one of the key focus areas of the Board of Directors — we developed an annual schedule of brainstorming sessions at the beginning of the fiscal year, ensuring sufficient opportunities for meaningful dialogue. Furthermore, we leveraged platforms such as the Meeting of the Independent Directors to promote effective communication among Directors, thereby enhancing the quality of discussions.
2. We created and disseminated the annual Board of Directors meeting schedule well in advance while minimizing regular agenda items. In January 2024, we established the Board of Directors Operations Guidelines to ensure the timely submission of materials by the executive team, fostering an environment where Directors can focus more effectively on discussions.
3. Through reports from the Co-Presidents on the status and evaluation of human capital within the Group, the Board gained a comprehensive understanding of the updated situation and maintained consistent communication with key executives. Additionally, we appointed a new Independent Director bringing extensive global corporate management experience and expertise in the chemical and paint industries, along with expertise in M&A and other strategic initiatives.
4. To establish an "Audit on Audit" framework suited to the Company's role as a pure holding company in the Asset Assembler model, the Board engaged in in-depth discussions on the optimal approach to audits in its capacity as a monitoring board.

C Check — Guidelines for conducting FY2024 evaluation

Evaluation subjects

All Directors for FY2024: 9 persons
Managing Executive Officer, General Council (GC): 1 person

Methodology

The evaluation was conducted in the form of a "questionnaire" under the leadership of the Board Chair and the Chairperson of the Nominating Committee. The results of the questionnaire served as the basis for discussions at the Board of Directors to evaluate the effectiveness of the Board. Evaluations by third-party institutions will be considered in the future as needed.

Questionnaire items

The questionnaire covered topics such as the composition of the Board, preparation and operations of meetings, quality of deliberations, contributions by Directors, monitoring of execution, and the composition and operations of each committee.

Evaluation process

Step 1: Distribute the questionnaires to Directors and the Executive Officer
Step 2: Compile and analyze the questionnaire results
Step 3: Conduct the effectiveness evaluation during the Board of Directors meeting

Overview of FY2024 evaluation results

The Board of Directors has concluded that the Board was generally effective in FY2024.

Summary of evaluation

- The questionnaire results indicate progress in addressing previously identified issues, such as those related to the Board's operations, resulting in an overall positive evaluation of its effectiveness.
- The Board is working to enhance both the quality and quantity of growth strategy discussions, with the goal of further deepening strategic deliberations aligned with the Asset Assembler model.
- The Board's operations have become more efficient through the adoption of annually organized agenda and strict adherence to the operations guidelines.
- Regarding succession planning, the Board continues to explore the optimal balance between execution and monitoring required to realize the next stage of growth strategies. We remain committed to establishing a sustainable management structure.
- The Board has engaged in repeated discussions to further refine the "Audit on Audit" framework, fostering a shared understanding among Directors and driving the establishment of an audit system aligned with the Asset Assembler model.

A Action — Issues that require stronger initiatives in FY2025

1. **Enrichment of discussion on growth strategy**
Further increase opportunities for and enrich the discussion on future strategy in order to facilitate the executive team's realization of the growth strategy.
2. **Thorough engagement in succession planning**
To establish a more sustainable management foundation, review and draw up plans to identify and develop talents.
3. **Further upgrading of the "Audit on Audit" framework**
fine-tune the audit framework to better suit our Asset Assembler model.

For the analysis and evaluation of the effectiveness of the Board of Directors prior to FY2024, please refer to the "Effectiveness evaluation (for previous years)" section on our website.

Discussions by the Board of Directors

Theme

Strategic Implications of AOC Acquisition

In October 2024, we announced the acquisition of AOC, a U.S.-based global specialty formulator, and successfully closed the transaction in March 2025. While AOC operates outside our core paint and coatings business, the acquisition aligns fully with our Asset Assembler model and reflects our future vision.

This section outlines key remarks from our Directors regarding this milestone transaction.

Overview of the Transaction

(Excerpted from the AOC acquisition presentation material released on October 28, 2024)

Overview of AOC	• A leading formulator of CASE (Coatings, Adhesives, Sealants, and Elastomers), colorants & composite solutions, formulating, producing, and selling Unsaturated Polyester (UP) and Vinyl Ester (VE) • 2023A Net sales: USD 1,496M (JPY 216,907M), EBITDA: USD 528M (JPY 76,571M), EBITDA margin: 35.3%
Acquisition price and schedule	• Acquisition price (Equity value basis*1/Enterprise value basis) - USD 2,304M/4,350M (JPY 334,080M/630,750M) • EV/EBITDA multiple*2: c.8.2x
Financial impact	• EPS for the first year is expected to increase by +15-17 yen*3 on an annualized basis • Fully financed through existing cash and new debt facilities. No plans for equity financing • Based on 2024 pro forma, net debt/EBITDA: c.3.5x; net D/E ratio after this acquisition: c.0.7x

Note: USD/JPY=145.0 for AOC figures

*1 Equity value is calculated based on the latest balance sheet. The actual purchase price will be determined after adjustment of some items at the completion of this transaction based on agreement with the seller

*2 2023A EBITDA on IFRS basis

*3 Closing is scheduled for 1H 2025 thereby contribution in year 1 will be pro rated depending on the timing of closing. Post-acquisition EPS in this document is based on a pro forma estimate, assuming a full-year contribution for FY2024 with a preliminary estimate of interest cost, forex and PPA/ITA amortization included

Q1. How do you evaluate the risks of acquiring a business outside the paint and coatings sector?

A Although AOC operates beyond our traditional paint and coatings domain, we do not consider the associated risks to be material. The company brings a strong track record, robust cash-flow generation, attractive market fundamentals, and a high-caliber management team. While our distribution channels differ, AOC and our Group share a common foundation in resin-based technologies, making AOC's business model relatively familiar to us. Notably, both businesses benefit from high profitability and strong cash-flow supported by low capital expenditure requirements, a result of factory operations centered around reactor-based processes similar to those used in paint manufacturing. As such, AOC represents a business adjacent to, rather than entirely outside of, our operational expertise, a feature of which gives us additional confidence to the business risk profile.

Q2. AOC's profitability has improved significantly over the past three years. Do you believe this level of performance is sustainable following the acquisition?

A AOC operates in a market with high barriers to entry, which supports its ability to maintain strong profitability. Its customer base further reinforces this, enabling stable, long-term performance. At the core of AOC's success is a disciplined, system-driven approach rooted in principles akin to the Toyota Production System. This holistic business model integrates a structured set of practices and procedures designed to deliver consistent and repeatable performance improvements. AOC systematically applies this framework across key operational areas, including new product development, lean manufacturing, procurement, and commercial excellence, through a cross-functional lens. This ongoing focus on value creation supports the sustainability of its profitability. Additionally, approximately 70% of AOC's products are customized formulations, enabling the company to meet specific customer needs and differentiate itself by delivering high-performance solutions. Looking ahead, we see further upside in profitability through volume recovery and a greater share of custom formulations in the U.S., alongside the expansion of AOC's business system into Europe.

Q3. In light of heightened uncertainty in the current environment, including geopolitical factors, do you have any reservations about proceeding with this acquisition at this time?

A We view the geopolitical risk associated with this acquisition as relatively limited, particularly given that AOC's core business centers on resin production and involves a modest-sized workforce. As such, its direct exposure to geopolitical dynamics is minimal. While the upcoming U.S. presidential election does contribute to broader market uncertainty, we also see this as a window of opportunity for M&A activity. AOC is currently owned by a private equity fund expected to seek an exit in the near term, and we believe that our ability to offer long-term stability and certainty as part of the Nippon Paint Group strengthens our position as an attractive buyer. Although this marks our first major acquisition outside the paint and coatings sector, we are confident that the associated risks are well within our capacity to manage.

Q4. Is there a risk that AOC's current CEO may step down? If the CEO or other key executives were to leave, would AOC still be able to maintain its competitive edge?

A To assess this risk, our Chairperson and both Co-Presidents held in-person meetings with AOC's management team, in addition to conducting multiple online interviews. These discussions reaffirmed the CEO's strong commitment, as well as that of his leadership team, to drive its continued growth post-acquisition. Moreover, we observed a high degree of alignment between AOC's management and our MSV mission and broader management philosophy. Based on this alignment and the mutual enthusiasm for future collaboration, we view the likelihood of key leadership departures as relatively low. Furthermore, AOC's business system is deeply embedded across the organization. As a result, even if certain key members of the management team were to depart, we are confident that AOC would retain its ability to deliver strong, sustained profitability.

Q5. How do you expect the stock market to respond to the significant changes in our profit breakdown and the reduced dependence on China resulting from the AOC acquisition?

A With the consolidation of AOC and assuming a simple aggregation of 2024 operating profits, our operating profit composition is projected to change, with approximately 25% coming from AOC and 25% from NIPSEA Except China. Meanwhile, the contribution from NIPSEA China is expected to decrease from 32% to 24%. The addition of AOC as a new growth pillar is anticipated to drive improvements in consolidated margins, cash-flow generation, and other key financial metrics. This transaction is expected to enhance consolidated profitability and deliver meaningful EPS compounding from the first year, while naturally lowering our earnings dependence on China. Given that a "China discount" is currently reflected in some degree by the stock market, we believe this diversification will be positively received by investors. It is important to underscore that the acquisition of AOC was driven by its strategic fit with our Asset Assembler model, not by an intent to reduce exposure to China. The shift in profit composition is simply a result of this strategic alignment, not its primary aim, and we will communicate this point clearly to the stock market.

Our Group's margin profile following consolidation of AOC*1 (2024)

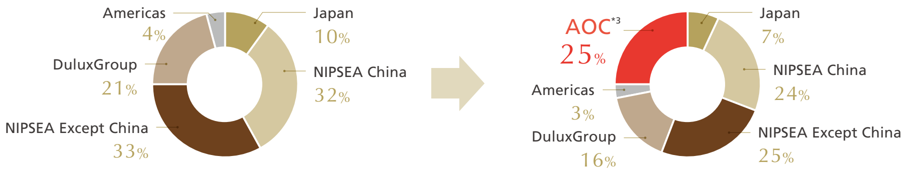
OP margin

11.5% → 13.7%

Operating cash flow

JPY167.4bn → JPY221.3bn

Operating profit breakdown*2



Note: The exchange rate used for AOC's figures is USD/JPY152.2

*1 FY2024 results are pro forma, representative as if AOC operated as subsidiary for the whole of 2024

*2 Percentages to the total sum of segment profit

*3 PPA reflects our current assumptions but excludes one-off costs such as inventory step-up. M&A expenses related to the AOC acquisition are excluded. To align with our post-acquisition profit and loss profile, expenses such as payments to India businesses in EMEA and affiliated companies of former shareholders are also excluded

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Development of Nippon Paint's Governance as a pillar of the Asset Assembler Strategy

How is our governance evolving in our unwavering commitment to MSV?
— In this dialogue, Masahiko Yamaguchi, CEO and CIO of global investment management firm MY.Alpha Management HK Advisors, Ltd. — who has been a long-standing observer of our progress as an investor — and Masayoshi Nakamura, Lead Independent Director and Board Chair of Nippon Paint Holdings, engage in a discussion on our M&A strategy and governance. They also share their insights on the future direction of our governance as we continue to advance as an Asset Assembler.

Masahiko Yamaguchi

CEO and CIO of MY.Alpha Management HK Advisors, Ltd.

Mr. Yamaguchi developed his career at leading global investment firms, including Morgan Stanley and Citadel Investment Group. At York Capital Management, serving as Head of the Asia Division, he significantly expanded the firm's assets under management. In 2021, he founded MY.Alpha Management as a spin-off from York.
He is now recognized for his outstanding investment track record, employing flexible investment strategies that focus on value creation and capitalization on market anomalies by management throughout the Asian markets. MY.Aplha's AUM as of the 1st quarter 2025 was over USD 2.2 billion.

Masahiko Yamaguchi
CEO and CIO of MY.Alpha Management HK Advisors, Ltd.

Masayoshi Nakamura
Lead Independent Director and Board Chair

Executive Summary

1. Our acquisition of AOC represents a significant step forward in advancing our Asset Assembler model in pursuit of MSV.
2. The Board's primary focus is on how to increase our risk tolerance when evaluating further acquisition opportunities.
3. For the execution of EPS-accretive M&A, equity financing from the capital markets—which may result in dilution of the majority shareholder's stake—remains a viable option.
4. The Board is committed to further enhancing governance to better serve the interests of minority shareholders, including improvements in the Board composition, succession planning, and executive compensation.

What first sparked your interest?

Nakamura To kick things off, what was it that first sparked your interest in Nippon Paint Group?

Yamaguchi I had considered Nippon Paint one of the most attractive companies in Japan and had been closely following its developments even before 2015, when Wuthelam Group's stake rose to around 39% as a result of the consolidation of Nippon Paint's Asian joint venture with Wuthelam Group. Then, in early 2021, when Nippon Paint fully integrated the Asian joint venture and acquired the Indonesia business, Wuthelam's stake rose to 58.7%. This led to a notable EPS growth and further strengthened my positive view of the company. Around the same time, I also noticed meaningful reinforcement in the company's governance structure, which underscored the company's strong commitment to enhancing shareholder value and gave me greater confidence as an investor. What is attractive about Nippon Paint includes its continued margin improvement in the domestic market, as well as its strong and rising share in Asia's fast-growing markets. In particular, Nippon Paint's recent achievements in both organic growth and M&A-driven step-change growth make it a highly compelling investment opportunity.

The AOC acquisition and the Board's evolving approach to risk tolerance

Nakamura I'm glad to hear you've been following our Group for many years. Speaking of recent developments, I'd like to touch on our acquisition of AOC. This was a significant step for our Board of Directors and a clear demonstration of our Asset Assembler model for the next phase of our growth. I'm curious, did this acquisition impact your perception of Nippon Paint Group in any way?

Yamaguchi What stood out to me about the AOC acquisition is that it represents an expansion of Nippon Paint's business slightly beyond its traditional scope as a paint company. That said, I see it as a move that could gradually redefine the Group's overall profile. I remember that around 2022, Nippon Paint introduced the Asset Assembler model, and I am watching with keen interest, as this deal seems to be the first step toward realizing that vision. Expanding into businesses beyond paint and coatings is a strategic move, but to avoid the so-called "conglomerate discount," it will be important for AOC to contribute steadily to EPS growth. A common issue among Japanese companies is that, when they diversify into too many businesses, it becomes unclear what the company's core focus is, making analysis more difficult and potentially leading to lower valuations.
I believe that EPS growth contributed by the AOC acquisition will help avoid such pitfalls and enable effective portfolio management. AOC's business segment is somewhat adjacent to your core operations, so it fits well within the portfolio and helps maintain strategic coherence. What's more, AOC has strong cash-flow generation capabilities, and the business appears to have been streamlined through previous ownership transitions. That likely enabled the company to be acquired as an efficient and lean entity. It is my hope that this development will enhance recognition of Nippon Paint's robust cash-flow profile, potentially resulting in improved valuation multiples.

In corporate acquisitions, securing a high-quality asset at a relatively low valuation multiple often demands a far greater level of decisiveness than acquiring financial products with high liquidity. Opportunities like this typically arise only during economic downturns or when a company is temporarily undervalued by the market. From a long-term perspective in the economic cycle, what are the views on corporate acquisitions of Mr. Goh, the Representative of Wuthelam Group, the majority shareholder of Nippon Paint, as well as those of the Board of Directors and the Independent Directors?

Nakamura The business environment today is far more volatile than in the past, with sharper swings in both directions. Against this backdrop, the Board has placed greater emphasis on two key priorities: heightening risk awareness and raising risk tolerance, especially when evaluating acquisition opportunities. What's essential is whether the executive team can challenge the limits of their capabilities. As the Board, our role is to help them realize that they often have more untapped potential than they think, even when they feel stretched. We aim to encourage prudent risk-taking by fostering that confidence. At the same time, it's equally important to ensure we have robust risk management systems in place for our existing businesses. Our basic policy is to build a self-sustaining management structure for each asset, including autonomous internal audits. When issues do arise, partner companies are encouraged to seek inputs from the Co-Presidents, and if needed, bring matters to the Board for further guidance and support. We continue to evolve and strengthen this system so that, with the right framework in place, the executive team can operate with greater assurance and agility. This should ultimately encourage them to pursue strategic growth opportunities, including acquisitions like AOC.

Pursuing MSV through targeted acquisitions

Yamaguchi From an investor's perspective, what gives me the greatest confidence is seeing a strong governance framework combined with M&A activities that clearly aim to maximize shareholder value, not simply serve as a vehicle for Mr. Goh's interests. The more I am convinced of this combination, the more inclined I am to take a favorable long-term view of the Company. That said, one area I think could unlock further value is market liquidity. Despite a sizable market capitalization, around 2.5 trillion yen, Nippon Paint's stock still seems somewhat lacking in liquidity. Higher liquidity could be a key factor in unlocking higher valuation.

Nakamura Wuthelam Group has consistently held the view that it would not oppose a dilution of its stake if Nippon Paint were to raise capital through a share issuance, provided the funds are used for a large-scale M&A transaction that clearly contributes to maximizing shareholder value. Do you think this view has been sufficiently recognized and understood by the capital markets?

Yamaguchi It's hard to say whether that view has been fully communicated to the capital markets. That said, considering Nippon Paint's strong cash-flow generation and its current levels of net debt and EBITDA leverage, I don't see a need to raise capital through share issuance for deals on the scale of the AOC acquisition, nor would I wish to see such dilution. By the way, there's always the risk that certain acquisitions, especially those not immediately understood by the market, could lead to a temporary dip in valuation. But I also believe that the true value of such transactions will be fairly evaluated over time. Even when a premium acceptable for the seller is paid for a business temporarily devalued for some reason, as long as there are meaningful synergies to be realized, the deal will eventually be fairly evaluated by the capital markets over time.

Nakamura I understand your point. In fact, for many of our past M&A transactions, we've set acquisition prices based on the expectation that the deal would be EPS-accretive from the very first year, even without counting in potential synergies. We've never regarded synergies as the primary rationale for an acquisition; instead, we view them as additional upside that may materialize over time. I believe that excluding synergies from our valuation reflects a conservative and sound approach.

What you are suggesting is that acquisitions that price in anticipated synergies may lead to a temporary drop in share price, but that over the medium to long term, investors may come to appreciate the value of taking on such risk?

Yamaguchi Exactly. As a shareholder of Nippon Paint, I would actually be inclined to increase my holdings when major announcements, such as a significant M&A deal, are made. That's because if the acquisition has the potential to fundamentally transform the Company and ultimately succeed, I believe a re-rating of the valuation is inevitable. Of course, there may be some short-term pressure on the share price. But after six months to a year, once the synergies become more tangible, I think the market could start to view the transaction as a clear value-creator, something along the lines of "1+1=3 or more." That said, there's always a risk of pushback from investors who don't share that long-term view. Striking the right balance is crucial, and clear and transparent communication about how the acquisition will enhance shareholder value is essential to gain investor trust.

Nakamura Up to now, during the pricing process we've deliberately focused on transactions that are EPS-accretive based on our own valuation multiples, without factoring in synergies. This has naturally led us to steer clear of deals with multiples higher than ours. As you mentioned, certain situations may call for actions beyond this disciplined approach.

Yamaguchi That's a valid point. Sticking too rigidly to a highly disciplined M&A approach may, in some cases, limit your ability to pursue transformative transactions, deals that could potentially double your market capitalization or require financing measures to improve share liquidity. Of course, pursuing major acquisitions during periods of economic expansion often means accepting very high valuation multiples. Ideally, opportunities should be captured when uncertainty around a target's business or market creates more favorable pricing conditions. At the same time, I think it's equally important to focus on raising Nippon Paint's own valuation multiples. Compared with other Japanese companies, Nippon Paint, with the majority shareholder in place, may have certain structural constraints, and it may be more difficult to pursue flexible strategies like share buybacks or aggressive dividend increases. It can also give investors an impression that Nippon Paint has limited options in the market combined with the low liquidity. Given such conditions, I find the idea quite compelling to use large-scale M&A as a strategic lever to both expand the business and improve market liquidity.

Nakamura We share that perspective and hope to see more M&A transactions of this nature take shape. The AOC acquisition marked a meaningful step forward, not just for the executive team, but also for the Board. As we begin to explore even larger opportunities going forward, there may be more room to factor in potential future synergies, particularly as part of our continued commitment to maximizing shareholder value.

Key attributes expected of Independent Directors

Nakamura As a company with a Three-Committee structure, Independent Directors make up two-thirds of our Board, six out of nine members. They also form the majority on both the Nominating and Compensation Committees, while the Audit Committee is composed entirely of Independent Directors. In that sense, Independent Directors play a central role in how our Board functions and governs the company. I'd be interested to hear your thoughts, do you have any particular perspectives or observations regarding our Board structure?

Yamaguchi Bringing in new Board members with backgrounds in investment funds or capital markets could go a long way in reinforcing the perception that the Company is attuned to the interests of minority shareholders. It would signal to investors that "this Board understands the voice of the market," and that, I believe, would strengthen confidence in the Board's oversight. On a related note, succession planning has been gaining more attention across Japanese companies lately. I'm curious, how is Nippon Paint approaching this increasingly important area?

Nakamura We don't follow a formal succession plan built around a template program for leadership development or selection.

Instead, successors tend to emerge from within the organization for each role. We also have opportunities to collaborate with

external executives through various projects, and from time to time, we come across individuals who leave a strong impression. Mr. Yamaguchi, how important is succession planning when evaluating potential investment opportunities?

Yamaguchi I believe that offering some visibility into potential future leaders, at the right time, can reassure the capital markets and helps position the Company in a more favorable light.

Nakamura In addition to succession planning, I believe executive compensation is another area that draws attention from investors. In recent years, I've noticed growing interest in how compensation structures are designed, whether they are formula-based, how they balance fixed pay with short- and long-term incentives, and what portion is stock-based. For our Co-Presidents, we begin by determining the total annual compensation and then decide the split between cash and stock-based components. That said, since 2022, we've concluded that including stock in their compensation doesn't necessarily enhance motivation. As a result, we've opted to set their total compensation at a slightly lower level than peer benchmarks and deliver it entirely in cash.

Yamaguchi In my view, stock-based executive compensation sends a clear and reassuring signal to the capital markets. By contrast, if compensation is paid solely in cash, it may give the market an impression that the company is not sufficiently attentive to its stock price, which could be less convincing. Ensuring strong alignment between management and shareholders is essential. One approach I find effective is to allocate around 10% of total compensation to short-term stock options with a one-year vesting period. This directly links annual compensation to share-price performance, making it clear that increases in shareholder value are tied to executive rewards. If cash compensation levels are maintained while incentives are enhanced through options, I believe investors would be more supportive. It would also allow the Board to send a clear message to management that they are expected to drive initiatives that contribute to share-price growth on a yearly basis.

Nakamura Regarding alignment with shareholders, although our current compensation framework doesn't include stock, both Co-Presidents have been purchasing the Company's shares personally. Of course, opinions may vary on which approach is more effective. If I understand you correctly, you're suggesting that introducing stock-based compensation equivalent to around 10% of the current total package would only modestly increase overall cost, but could significantly strengthen alignment with shareholders, and likely be well received by the market. We will continue to give thoughtful consideration to the potential introduction of stock-based components.

Key takeaways from the dialogue

Nakamura Hearing your insights has given me a deeper understanding of the long-term perspective that investors like yourself bring to our Company. I also truly appreciate the confidence you've expressed in our Asset Assembler model and its role in driving MSV. This discussion has been both meaningful and thought-provoking. We remain committed to continuously evolving our governance framework to enhance our risk tolerance and better meet investor expectations.

Thank you very much for your time and valuable input today.