Governance as the Backbone

Distinctive 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 Company with Three Committees (Nominating, Compensation and Audit) governance structure to enhance transparency, objectivity, and fairness in management. This structure aims to effectively separate business execution from management oversight while strengthening both functions. We consistently strive to reinforce corporate governance and pursue **Maximization of Shareholder Value (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 pursuing 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 the Co-Presidents. We strive to strengthen governance aligned with our **Asset Assembler model**, under which we pursue sustained growth by empowering our partner companies to realize their full potential. The Board of Directors, which plays the monitoring 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 across 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 shared 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 Independent Directors constituting a majority of the Board. To protect the interests of minority shareholders, any transactions with our majority shareholder 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 majority shareholder, 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 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 part of this process, we require the approval of relevant individuals with appropriate decision-making authority.

Related content

Message from Board Chair P55
- Website (1) **Viewpoints of Independent Directors**
- Website (2) **Partnership with the Wuthelam Group, Our Majority Shareholder**

Message from Board Chair

Masayoshi Nakamura
Lead Independent Director and Board Chair

Enhancing Risk Tolerance for Further Challenges

With **Maximization of Shareholder Value (MSV)** as our sole mission, we pursue our **Asset Assembler model**, in which we, with M&A as a key strategy, continuously accumulate high-quality assets led by exceptional management teams. Our Board of Directors, while respecting management's decision-making authority, plays the role of examining, from multiple and objective perspectives, the potential risks of actions proposed by the management team and, with a clear view of our risk tolerance, boldly supporting the management team.

With a majority shareholder holding approximately 59% of our shares, the Board of Directors also bears the responsibility of prioritizing the protection of minority shareholders' interests. In other words, the Board must ensure that there is no conflict of interest between the majority shareholder and minority shareholders, and that the common interest of all shareholders is sought through MSV.

As a Company with Three Committees, our Board of Directors operates under a unique framework designed to enhance its effectiveness.

Decision-making of the Nominating Committee and the Compensation Committee for appointment and compensation is limited to three individuals: the two Co-Presidents and one Executive Officer serving as General Counsel. As we operate globally and continue to pursue further M&As, this approach is intended to ensure that these two committees conduct effective evaluations within the scope of the Committees' visibility of their performance.

On the other hand, decisions on the appointment and compensation of management teams at each Partner Company Group (PCG) are entrusted to the Co-Presidents. The Board receives annual reports and confirms how the Co-Presidents have identified and evaluated talent. In other words, under the Asset Assembler model, in which the Co-Presidents entrust management to each PCG, whether appropriate talent management is being carried out is positioned as one of the key elements in evaluating the Co-Presidents.

Appropriate operation of internal control and risk management across the Group is the premise for respecting the autonomy of each PCG and holding them accountable for operations under a high degree of delegated authority. In addition to frameworks such as our "Global Code of Conduct," global risk management centered on **Control Self-Assessment (CSA)**, and whistleblowing systems, our "Audit on Audit" model has been on track and operational. In this model, the Audit Committee oversees whether the internal control system is functioning appropriately through internal audits at each PCG. These frameworks, when they properly function, give the Co-Presidents greater confidence to take further risks and serve as a fundamental prerequisite for the Board in supporting the management team's challenges.

Our relatively small Board, consisting of eight members in total, which includes only the two Co-Presidents from the management team, enables smooth communication, and we work to minimize the information gap not only between the management team and Directors, but also among Directors. Matters that do not require discussion are shared through the Board's digital platform, allowing greater hours at Board meetings for deliberations on the most important growth strategies and major investments. Flexibly using the Meeting of Independent Directors also serves to streamline issues, scenarios, and possible risks ahead of the Board meetings. As a result, our Board meetings can discuss, with a bigger picture in mind, what should be prioritized, where management resources should be allocated, and whether such decisions contribute to MSV. Through these efforts, I believe the quality of the Board's discussions has improved further, and our shared understanding of pursuing MSV has been refined.

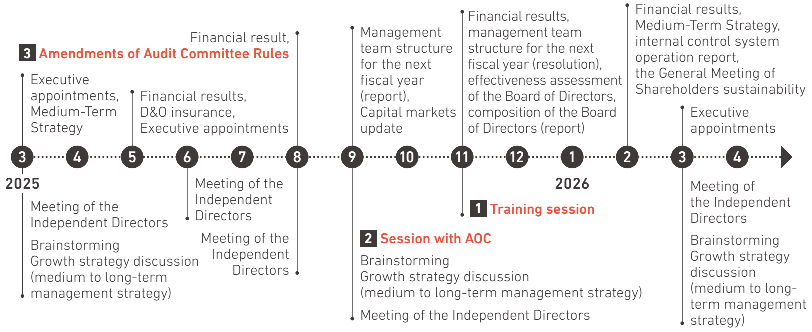
Needless to say, our challenges will continue. We as Directors will continue to examine the appropriate level of risks that the management team should assume and further enhance the Board's risk tolerance. I also would like to emphasize that the value of the existing assets accumulated by the management team needs to steadily increase, which should further strengthen our management and expand the options available for the next investment. By accurately assessing these outcomes, we will continue to support bold challenges aimed at accumulating high-quality assets and fulfill our responsibility for contributing to MSV.

Governance Highlights

In 2025, we focused in particular on the areas that had been identified in the Board of Directors' effectiveness evaluation and **required stronger initiatives in FY2025**. At the same time, in response to changing circumstances, we proactively carried out initiatives to continuously refine our management system. Below, we highlight three governance-enhancing initiatives as specific examples of how our Board of Directors exercises its monitoring function in support of management decision making.

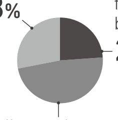
Main activities of the Board of Directors

(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.)

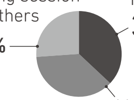


Main activities outside the Board meetings

Types of growth strategies discussed at Board of Directors meetings (percentage of deliberation time)



Percentage of meetings, including Board of Directors meetings, meetings of the Independent Directors, and offsite meetings (Based on the number of meetings held)



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

1 Dialogue with investors on market perceptions of our Group

In November 2025, the Board of Directors invited an overseas investor who already held our shares to our training session. Given the gap in the stock price between the Board's expectation and the market's assessment, the purpose of the session was to re-examine, through the lens of an external party, the issues the Board itself should address in monitoring the direction of execution—including acquisition strategy, capital allocation, and the appropriate level of risk-taking—rather than attributing the gap merely to the effectiveness of external communication or to external conditions. At this training session, the investors provided their views on our management policies and strategy. In addition, the market's concerns about our company, including those of other investors, were also shared. This provided a valuable opportunity for the Board to objectively examine the issues it should recognize. It also served as a highly insightful dialogue for improving the accuracy of our monitoring of management and for clarifying how we should engage with the market going forward.

Stock-Price Conscious Management P12

2 Dialogue with AOC management

In September, the management team of AOC, which we acquired in March 2025, visited Japan and discussed their management policy not only with our executive management but also with members of the Board of Directors, including all Independent Directors. In line with our Asset Assembler model, which respects the autonomous management of each partner company, the Board had in-person discussions with AOC's management team and deepened its understanding of their management policies and of what they intend to achieve, as a new member in our Group. The Board also gained an understanding of how it should effectively support AOC in both pursuing growth and managing risk. Through this dialogue and discussion, the Board reaffirmed the Group's shared direction that, based on relationships with partner companies founded on trust and accountability, AOC will pursue autonomous management to contribute to the Group's MSV.

Case Study 2: AOC's Business Strategy P49
M&A Strategy P41

3 Revision of the Audit Committee Rules to support rational decision-making

The Audit Committee made a major revision of its main internal rules and regulations, including the Audit Committee Rules, as part of the ongoing development of the "Audit on Audit" framework, with a view to clarifying the role of the Audit Committee and the division of responsibilities between the Audit Committee and the internal audit units. While the Audit Committee, as part of the Board of Directors, is expected to oversee the execution of duties by the Co-Presidents and the management teams of partner companies, while the internal audit function is responsible for monitoring in support of the Audit Committee's effective oversight. The audits conducted by the internal audit units of each partner company are the most important foundation of this framework, and the revised rules explicitly stipulate that the Audit Committee's audits rely on them. While "Audit on Audit" had previously focused on operational aspects, 2025 marked a year of significant progress in strengthening its infrastructure.

Audit Committee Report P69

Basic & New
NIPPON PAINT HOLDINGS

NIPPON PAINT HOLDINGS

Major Board Discussions on Key Strategies

	Major discussions in 2025	Relevant execution-related pages
M&A strategy	At the Board of Directors meetings, under the Asset Assembler model, we engage in active discussions on the creation of growth opportunities through M&A in global markets from multiple perspectives, including the quality of the management teams of acquisition targets, business synergies, and risk tolerance. In particular, in executing large-scale transactions, including AOC, we place emphasis on deliberations on their contribution to MSV, namely the expected contribution to EPS from Year 1, optimization of the Group portfolio, and the strengthening of the risk management framework. In addition, by drawing on the diverse perspectives of the Independent Directors, we exchange objective and constructive views on proposals from the management team and support decision-making that contributes to the Group's sustainable growth and shareholder value enhancement.	Medium-Term Strategy Updates (Released in February 2026) P36 M&A Strategy P41
Stock price and valuation	At the Board of Directors meetings, we are monitoring whether our stock price and valuation appropriately reflect our growth strategy and financial performance, and discuss how we should address capital market assessments and investor expectations based on indicators such as EPS, PER, and ROIC. We closely review how M&A and growth investments contribute to shareholder value enhancement over the medium to long term and whether returns in excess of the cost of capital are being achieved, and encourage the management team to improve capital efficiency and execute appropriate capital policies. In addition, to better understand market feedback, we have also held a training session by inviting an overseas investor, thereby deepening our understanding of the global capital markets. Through dialogue with investors and enhanced disclosure, the Board aims to achieve sustainable enhancement of shareholder value.	Leadership Roundtable P07 Stock-Price Conscious Management P12
Sustainability	The Board of Directors monitors whether the management team is appropriately addressing sustainability, taking into account investor expectations and the latest developments in international disclosure standards. Specifically, we invited experts from DuluxGroup with deep expertise in sustainability, and they provided us with their insights from their on-the-ground knowledge and practical case examples. We discussed upgrading the Group's overall sustainability capabilities as well as future issues and responses. In addition, in light of requests from investors and rating agencies, the Board has received reports from the management team on the overall picture of sustainability-related statutory disclosures and the actions that will be required across the Group to comply with the SSBJ standards going forward. We will continue to examine future sustainability strategies and necessary framework.	Sustainability as the Prerequisite for MSV P75 Discussions by the Board of Directors P58
Risk Management	In February each year, the Board of Directors receives a report from management, delivered by the Co-Presidents as the executives with ultimate responsibility for risk management across the Group, on the operation status of the internal control system. The report focuses on risk recognition and responses at both the Group-wide and each PCG level, including global risk management items, such as **CSA and high-risk categories**, as well as the results of the operation of the whistleblowing hotlines. At the same time, **the Group Audit Committee (GAC)** shares the status of risks across PCGs, thereby raising the level of risk recognition and enhancing the effectiveness of risk management. Through these processes, the Board of Directors works to enhance risk tolerance by ensuring the effectiveness of internal control and strengthening the risk management framework.	Risk Management P71

Discussions by the Board of Directors

Theme Sustainability Initiatives

The Company is preparing for non-financial disclosure on a consolidated basis. This section introduces selected discussions from the Board of Directors meeting in February 2026 on sustainability disclosure in the Asset Assembler model.

Q1 In the Asset Assembler model, how is the Group addressing mandatory requirements for non-financial disclosure in each region? What is our position for the inefficiencies of entity-by-entity responses?

A While the mandatory disclosure requirements vary across regions and therefore require individual responses in the local regions, the underlying principles are broadly aligned with the ISSB Standards. The Sustainability Team spanning partner companies is working to identify common issues, share know-how, and strengthen information coordination. This enables the Group to balance region-specific compliance with overall efficiency.
For example, the Team shares relevant knowledge and practices across the Group, including the level of GHG data required for third-party assurance in Australia, which is ahead of other markets in implementing mandatory disclosure requirements in the environmental and climate change field, NIPSEA's process for developing a sustainability product portfolio, and the path Japan Group went through to formulate its Scope 3 emissions reduction targets.

Q2 How is the Company assessing the human resources and talents required to prepare for non-financial disclosure under Japanese regulations and the related third-party assurance? Does it have sufficient expertise, and are preparations for the required disclosures progressing appropriately?

A We have currently allocated minimum manpower, and will need to assess the necessary resources by examining the practical workload involved, for example, for data collection and verification. In terms of expertise, the Company is drawing on knowledge within the Group through collaboration with Australia and other Asian regions, where prompt actions have been required, while also incorporating the know-how of external professionals to ensure readiness for the required disclosures. We also expect to take advantage of the networks of such external advisors, and will determine its own resource allocation in light of these factors.

Q3 What are the principal challenges for NPHD in addressing disclosure and assurance?

A We recognize the lack of full standardization in data definitions and calculation processes across Group companies as a principle challenge. While each company has adopted definitions suited to its regional and business environment, and operations have progressed to a certain extent, disclosure and assurance will require these data to be organized and standardized so that the information be objective and verifiable. In addition, we will need to identify and develop system infrastructure appropriate for the Group as a whole to enable efficient and continuous information collection.

SSBJ disclosure schedule

	2026	2027	2028	2029
Market cap of JPY 3 tn or more	Voluntary application of SSBJ standards	From FYE12/2027 Mandatory disclosure commences	From FYE12/2028 Mandatory assurance commences	
Market cap of JPY 1 tn or more	Voluntary application of SSBJ standards		From FYE12/2028 Mandatory disclosure commences	From FYE12/2029 Mandatory assurance commences

Expected Roles of Independent Directors

Governance That Sustains Challenges — Independent Directors Supporting MSV

Our Independent Directors play an important role in supporting the management team's bold challenges, while enhancing the quality of decision-making and the effectiveness of governance. Drawing on deep experience in management, global business, and M&A, as well as specialized expertise in areas such as legal affairs and finance, they engage in dialogue with the management team from their respective perspectives and encourage disciplined, appropriate risk-taking.

In this section, each Independent Director shares, in their own words, how they will contribute to the Company's growth and to MSV.

Website

Viewpoints of Independent Directors

Our Independent Directors, each bringing unique strengths and skills honed by diverse experiences, offer fresh perspectives as they analyze Nippon Paint's strengths and challenges, sharing their approaches to protecting minority shareholder interests and highlighting their commitment to MSV.

Leveraging Corporate Legal Perspective in Asset Assembler Model

Our Asset Assembler model, which respects the autonomous management of overseas partner companies we acquire, assumes deep trust between our company and the overseas management teams. Therefore, when evaluating a potential acquisition, we place importance not only on the target company's financial performance, but also on whether the target company has a management team that can be entrusted with the business, and whether that team is trustworthy as individuals. In the course of reviewing matters discussed at our Board meetings, I offer advice to the management team by drawing on my experience as a lawyer who has engaged in negotiations from a variety of standpoints, in Japan and overseas, and on both the buyer side and the seller side. While objectively organizing the key points necessary to assess the personality and skills of the other party's management team, I strive to clarify both the non-negotiable lines that our Company must protect and the essential points for reaching agreement. At the Board meeting where we discussed the acquisition of AOC last year, in addition to discussions on the acquisition terms and risks, we also confirmed the management team's way of thinking and personality. Going forward, I am dedicated to continuing my contribution towards strengthening human capital, a major pillar supporting governance as an Asset Assembler.

Hisashi Hara
Independent Director
Nominating Committee Chairperson

Supporting Value-Creating Decisions Through M&A and Capital Markets Experience

My main strengths lie in the fields of M&A, value creation, capital markets and corporate governance. These strengths have been developed over 30 years of my professional experience, during which I have been deeply involved in M&A, divestments, and corporate advisory work.

Particularly in the global paints, coatings and chemicals sectors, I have led and overseen significant earnings growth for shareholders through a mix of organic growth, M&A growth and capital management initiatives.

I also bring financial discipline and legal skills to the boardroom and am a member of the Audit Committee. Through numerous board roles in both executive and non-executive capacities, including experience with not only leading chemical manufacturing companies but also investment funds, I have combined deep management expertise with strong boardroom experience.

Based on this background, I believe I can ensure robust governance and provide sound oversight, supporting effective strategic decision-making at the Board level.

Andrew Larke
Independent Director

Refining Management Decision-Making Through Foresight Shaped by Public- and Private-Sector Experience

Since my appointment as an Independent Director of Nippon Paint Holdings Co., Ltd. in March 2022, I have contributed actively to Board discussions, especially on strategy, financial and regulatory matters, and the China and Southeast Asian markets, drawing on my experience in leadership positions in both the public and private sectors.

With China's real estate market having been unstable in recent years, I provide advice, based on this knowledge, to ensure that our responses to the challenges facing the China market are robust and financially manageable.

My experience with multinational operations and the constant transformation of businesses has also been helpful in governance oversight and consistency in quality of operations, all with the aim of MSV.

For the overall strategy of assembling high quality and promising assets to be successful, the various businesses must continue to be led by capable management teams. This would necessitate succession planning, talent identification and the provision of career path training/experience, elements of which I had contributed substantially in previous and current roles, so I believe I can provide truly effective advice.

Lim Hwee Hua
Independent Director
Compensation Committee Chairperson

Strengthening Both Growth-Oriented and Risk-Conscious Governance Through CPA Expertise and International Business Experience

My strengths, firstly, include many years of experience in conducting accounting audits as a CPA at the audit firm, PwC Japan. I am also well versed in key elements of risk management based on my involvement with due diligence for M&A transactions.

Secondly, as an active expert in ESG and sustainability, I can provide advice on global trends and stakeholders' concerns.

Thirdly, I draw on my management experience at PwC as a partner, where business is conducted based on mutual trust, in the discussions of our Board of Directors.

I believe my important roles are to continue driving governance reform at NPHD by leveraging my strengths, to contribute to the decision-making process of the Board of Directors, and to support the Co-Presidents in their business execution.

In particular, I will point out issues and provide advice from the viewpoints of accounting, risk management, ESG and sustainability, which are my areas of specialty. In addition, I would like to improve the level of risk management through the **"Audit on Audit"** framework, which includes individual partner companies.

Masataka Mitsuhashi
Independent Director
Audit Committee Chairperson

Enhancing Governance to Empower Executive Decision-Making from M&A Advisory Perspective

In my role on the Board, I bring extensive M&A advisory and capital market financing expertise, which I gained through my work at major US investment banks, as well as management experience in building global investment banking operations at Mitsubishi UFJ Financial Group (MUFG).

The fundamental role of an M&A advisor, a profession that forms the foundation of my career, is to guide the clients' management teams in ultimately arriving at the proper decisions.

The same holds true for my role as NPHD's Board Chair. In leading the Board meetings, I place importance on conveying the necessary perspectives and advice of the Independent Directors to the Co-Presidents and ensuring that sufficient discussions are being conducted while ultimately respecting the Co-Presidents' own judgments.

With respect to our M&A endeavors for further asset accumulation, I lead the Board to utilize the expertise of each Director in assessing the potential risks and returns and guide the management team toward better decision makings.

As Board Chair, I factor in the output from these discussions and seek to fully utilize the knowledge and insights of each Director in the deliberations and decision-making processes of our Board meetings, while also maintaining the independence of the Independent Directors. By fulfilling these functions, I hope to live up to the trust of our shareholders.

Masayoshi Nakamura
Lead Independent Director
and Board Chair

Analysis and Assessment of the Effectiveness of the Board of Directors

P Plan

Areas that required stronger initiatives in FY2025

1 Enrichment of discussion on growth strategy

Further increase opportunities for and enrich the discussion on future strategy to facilitate the executive team's realization of the growth strategy.

2 Thorough engagement in succession planning

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 be better aligned with our Asset Assembler model.

D Do

Main initiatives in FY2025

1 Enrichment of discussion on growth strategy

We held in-person brainstorming sessions at the beginning of the fiscal year and in September to deepen discussions. In addition, we leveraged forums such as the Meeting of the Independent Directors and training session with overseas investors to broaden perspectives and enhance the quality of discussions on growth strategy.

2 Thorough engagement in succession planning

In addition to understanding the status of human capital across the Group, we discussed enhancing succession planning through ongoing communication with key members of management.

3 Further upgrading of the "Audit on Audit" framework

Further developed the "Audit on Audit" framework suited to the Asset Assembler model, which included updating the internal rules around the Audit Committee.

C Check

Guidelines for conducting FY2025 evaluation

Evaluation subjects

All Directors for FY2025: 9 persons
Managing Executive Officer, General Counsel (GC): 1 person

Methodology

Led by the Board Chair and the Chairperson of the Nominating Committee, we conducted the evaluation survey using a questionnaire while we appointed Towers Watson K.K. (WTW) as an independent third-party evaluator. Based on WTW's analysis and evaluation of the survey results, the Board of Directors discussed the effectiveness of the Board.

Questionnaire items

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

Evaluation process

Step 1: Distributed the questionnaire to each Director and Executive Officer, and received responses
Step 2: WTW analyzed and evaluated the survey results
Step 3: Reported on and discussed the effectiveness evaluation at the Board of Directors meeting

Overview of the FY2025 evaluation results

Based on the analysis and evaluation of the survey by WTW, the Board of Directors concluded that the Board was generally effective in FY2025.

Summary of evaluation

- It was confirmed that understanding of MSV and the Asset Assembler model has been firmly established as a shared foundation for deliberations at the Board of Directors.
- Regarding discussions on growth strategy, in addition to securing sufficient opportunities for discussion, deliberations were enhanced by incorporating multifaceted perspectives.
- From the perspective of supporting a sustainable management structure, the need for continued consideration of succession planning was shared, and discussions were made.
- Progress was made in developing an audit framework suited to the Asset Assembler model, leading to clearer definition of the framework supporting "Audit on Audit."

A Action

Areas that require stronger initiatives in FY2026

1 Further enrichment of discussion on growth strategy

Contribute to the execution of strategies by the executive team and to the enhancement of the market confidence.

2 Thorough engagement in succession planning

Reinforce talent identification and development for a management structure suitable for the next stage of growth.

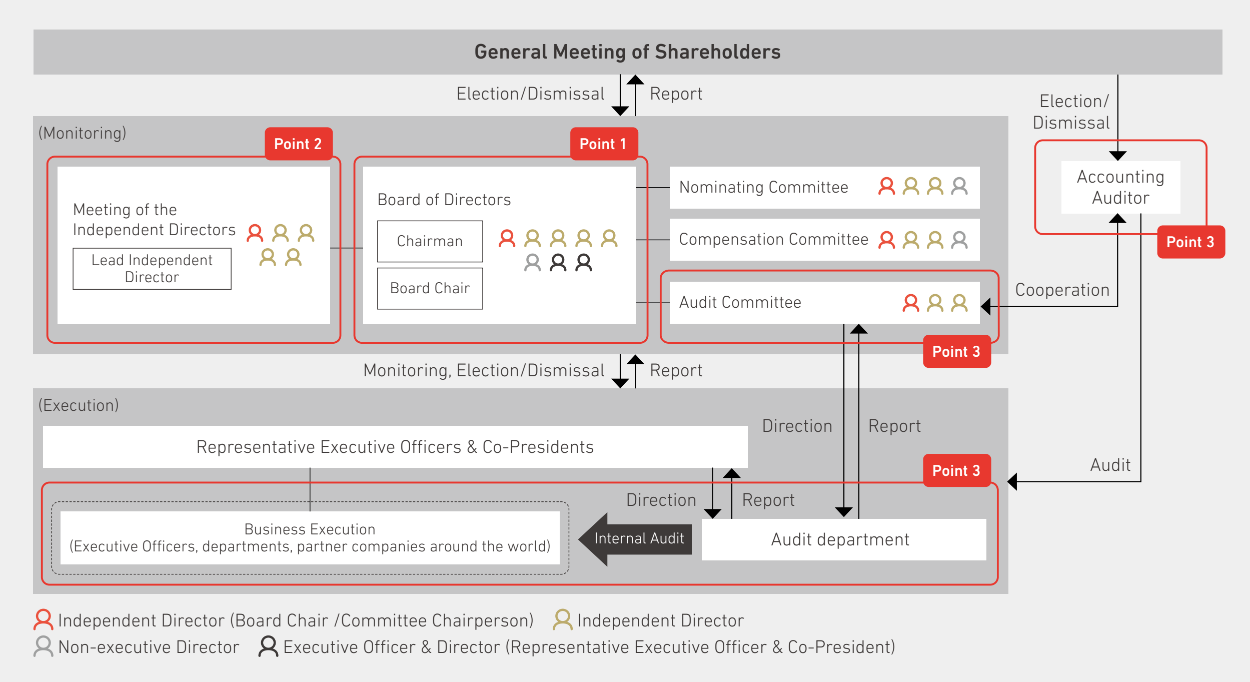
3 Further upgrading of the "Audit on Audit" framework

Operate "Audit on Audit" aligning with and effective in the Asset Assembler model.

Feedback from the Directors on the evaluation results

- Authority has been appropriately delegated to the executive team, and MSV and the Asset Assembler model are shared among Directors and serve as a consistent guiding principle in Board deliberations.
- Under the appropriate leadership of the Board Chair, substantial and sufficient discussions are conducted from an essential perspective on matters of importance to the Group as a whole.
- To support sustainable growth and medium- to long-term enhancement of Shareholder Value, further deepening of discussions on growth strategy, PER improvement, and M&A is necessary. Further improvement in the quality of discussions is expected through the use of external expertise and more extensive prior explanations.

Corporate Governance Structure



Approach to governance reform (roadmap)

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

	2025	2026	2027
Board of Directors governance	‣ Enrichment of discussion on growth strategy ‣ Thorough engagement in succession planning ‣ Further upgrading of the "Audit on Audit" framework	‣ Further enrichment of discussion on growth strategy ‣ Thorough engagement in succession planning ‣ More effective "Audit on Audit"	‣ Further strengthen governance to provide active support for the Executive team's pursuit of MSV
Execution governance	‣ Effectively leveraged the CSA list as a self-assessment tool and promoted the establishment within each PCG of an autonomous, comprehensive framework covering the full process from risk identification to countermeasure implementation ‣ Shared best practices among PCGs for the Whistleblowing Hotline to improve its effectiveness and efficiency ‣ Extended and brushed up various measures and initiatives for AOC, the latest company to join our Group, to maintain and enhance governance and internal controls across the Group	‣ Respond to the upcoming revision of the Corporate Governance Code ‣ Maintain the effectiveness of the CSA list through continuous review ‣ Further promote the use of the whistleblowing hotline based on reported cases ‣ Support the development of organizational structures at new PCGs, including AOC ‣ Continue monitoring developments in economic sanctions laws and regulations amid an unstable international environment	‣ Continue leveraging CSA as a key tool for global risk management ‣ Promote the effective use of the whistleblowing system based on reported cases ‣ Monitor emerging compliance issues, including business and human rights, and continuously maintain our governance framework

Point 1 Diverse Board composition that contributes to multifaceted monitoring capabilities

Our Board of Directors maintains a diverse composition that enables advice and discussions from a wide range of perspectives, with Independent Directors constituting a majority of the Board. This structure provides a monitoring framework that supports our pursuit of MSV, our sole mission. In an environment of rapid and constant change, we constantly review and consider the most appropriate monitoring framework. The Board members with different expertise and experience express their views and join discussions from their individual perspectives on our key issues—global business management, capital markets, M&A, and **sustainability** —, which enhances the quality of our decision-making.

Directors P63

Point 2 Independent directors meetings enabling agile decision-making by the Board

To respond swiftly to matters that require prompt decision-making, such as M&A transactions, we make use of meetings composed exclusively of Independent Directors, enabling the early identification of key issues, pre-examination of risks, and improved judgments. At these meetings, Independent Directors openly exchange their views without formalities, which allows them to fine-tune the issues from a monitoring perspective and to hold efficient and effective discussions at the Board of Directors, where decisions are made. In addition, through discussions at Board meetings, the Independent Directors draw fully on one another's expertise. This, in turn, enhances the effectiveness of the Board and serves as one of the key mechanisms for maintaining the independence of the Independent Directors.

Point 3 Monitoring based on the "Audit on Audit" framework

Based on the "Audit on Audit" framework that aligns with the Asset Assembler model, the internal audit units of each Partner Company Group (PCG) assess the effectiveness of their internal control systems within their own groups. The Audit Committee monitors whether the internal control framework is being appropriately operated and effectively functioning, based on information provided by the Audit Department and others, including internal audit results from PCGs. On the other hand, for areas that we recognize as relatively high-risk across the Group, the Audit Committee and the Audit Department proactively gather information to confirm that risks are being appropriately controlled. This "Audit on Audit," relying on such monitoring, is designed to enhance the effectiveness of governance based on "trust" and "accountability" at the Group level without undermining autonomy of the PCGs.

Audit Committee Report P69

Directors

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.

Name	Yuichiro Wakatsuki	Wee Siew Kim	Goh Hup Jin	Hisashi Hara	Andrew Larke
Title	Director, Representative Executive Officer & Co-President	Director, Representative Executive Officer & Co-President	Chairman	Independent Director	Independent Director
Committee membership	—	—	■ ■	■ (Chairperson) ■	■
Number of years in office	4	4	11 years and 3 months	8	1
Attendance at Board of Directors meeting*1	6/6	6/6	6/6	6/6	6/6
Attendance at Nominating Committee meeting*1	—	—	7/7	7/7	—
Attendance at Compensation Committee meeting*1	—	—	6/6	—	—
Attendance at Audit Committee meeting*1	—	—	—	—	5/5*3
Number of shares of the Company held*2	225,110	145,000	—	134,289	13,900
Date of birth	August 28, 1966	August 19, 1960	April 6, 1953	July 3, 1947	December 3, 1968
Experience/Expertise					
Corporate management	○	◎	◎	◎	◎
Global business	◎	◎	◎	◎	◎
M&A	◎	◎	○	◎	◎
Finance	◎	○	○		○
Legal affairs	○		○	◎	○
IT/Digital			○		○
Manufacturing/Technology/R&D		○	◎		○
	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.	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.	Possessing knowledge and experience in various industries and capital markets, he can provide professional advice on various agenda items and projects.	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.	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 Monitoring functions of the Board of Directors.

■ Nominating Committee ■ Compensation Committee ■ Audit Committee

Required experience/Skills

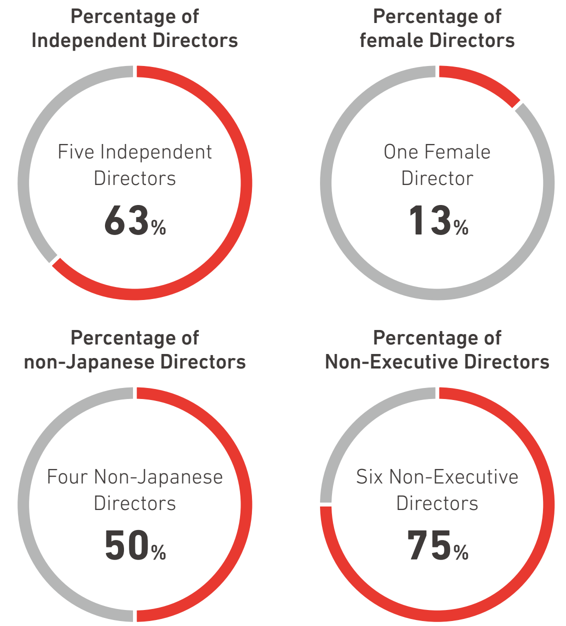
1	Experience in corporate management	The ability to provide oversight and give advice concerning a broad range of matters involving management, extending from determining business strategies to their implementation
2	Experience in global business operations	The ability to provide oversight and give advice 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 provide 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 provide oversight and give advice concerning capital allocations and other financial activities of NPHD
5	Legal affairs	The ability to provide oversight and give advice concerning regulations involving operations, GRC (governance, risk management, compliance), and internal controls
6	IT/Digital	The ability to provide 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 provide 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

Name	Lim Hwee Hua	Masataka Mitsuhashi	Masayoshi Nakamura
Title	Independent Director	Independent Director	Lead Independent Director Board Chair
Committee membership	■ Nominating ■ Compensation (Chairperson)	■ Audit (Chairperson)	■ Nominating ■ Compensation ■ Audit
Number of years in office	4	6	8
Attendance at Board of Directors meeting*1	6/6	6/6	6/6
Attendance at Nominating Committee meeting*1	—	—	7/7
Attendance at Compensation Committee meeting*1	6/6	—	6/6
Attendance at Audit Committee meeting*1	—	8/8	8/8
Number of shares of the Company held*2	64,300	90,589	123,789
Date of birth	February 26, 1959	September 30, 1957	November 10, 1954
Experience/Expertise: Corporate management	○	○	○
Global business	◎	◎	◎
M&A	◎	◎	◎
Finance	◎	◎	◎
Legal affairs			
IT/Digital	◎		
Manufacturing/Technology/R&D			
	With a broad network and knowledge and experience in investment funds and stewardship, she can provide accurate advice on investment projects and business strategies.	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.	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.

■ Nominating Committee ■ Compensation Committee ■ Audit Committee

*1 Attendance at the Board of Directors/committee meetings is for FY2025 (late March 2025 to mid-March 2026)
*2 The number of shares is as of December 31, 2025
*3 After assuming Audit Committee member on May 14, 2025

Features of the Board's composition



- 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

The Nominating Committee's Mission: Maintaining an Optimal Execution and Oversight Structure

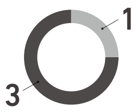
The Nominating Committee's mission is to establish and sustain an optimal and effective structure for execution and oversight in support of Maximization of Shareholder Value (MSV). Among its responsibilities, the appointment and succession of top executive leadership is regarded as the Committee's highest priority. Since transitioning to a Company with Three Committees in 2020, the Committee has continuously reviewed and enhanced the execution and oversight framework in response to the Company's evolving growth stage and management environment.

In succession planning, the Committee does not rely on uniform selection criteria or pre-defined development programs. Instead, greater emphasis is placed on identifying high-potential talent—both internally and externally—rather than solely on developing it. Through ongoing and close dialogue with the Co-Presidents, key members of management, and next-generation candidates, the Committee seeks to build a comprehensive understanding of leadership capabilities and character, while also clarifying the qualities required of future leaders. At the same time, the Committee prioritizes expanding the pipeline of next-generation candidates by leveraging both internal and external professional networks.

With respect to the composition of the Board of Directors, a key prerequisite for selecting an outstanding management team and entrusting it with execution is that the Board—responsible for oversight—shares a clear and common perspective on the principles and priorities that guide its judgments. In fall 2025, the Board had the opportunity to exchange views with AOC's management team during their visit to Japan. On that occasion, AOC provided a detailed explanation of its business model and management policies, and Board members engaged in active discussions on topics such as the pursuit of further earnings opportunities and the potential application of AOC's strengths across other Group companies. Through this engagement, I reaffirmed, in my capacity as Chairperson of the Nominating Committee, that the diversity of our current Board composition is functioning as intended; that all Board members share a common perspective on the values and priorities that underpin their decision-making from the standpoint of MSV; and that an effective structure is in place to support appropriate risk-taking by the execution side.

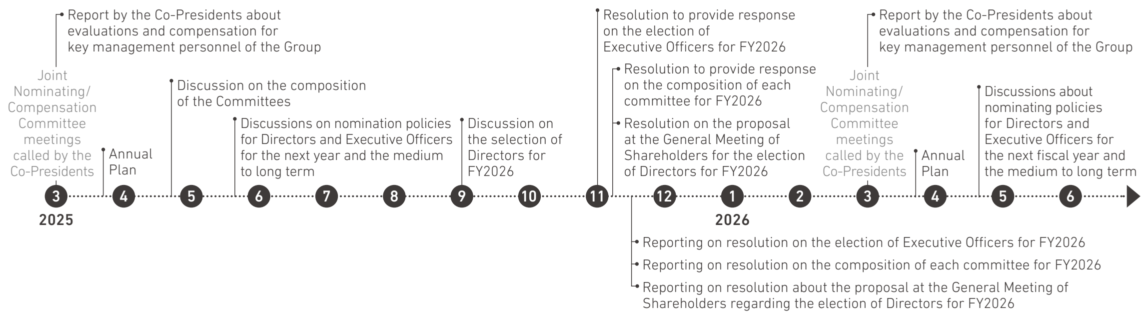
As Chairperson of the Nominating Committee, I will continue to ensure that the composition of the Board and the execution framework remain aligned with the Company's stage of growth, while working to build and sustain a robust governance structure that supports the realization of MSV.

Overview and main activities

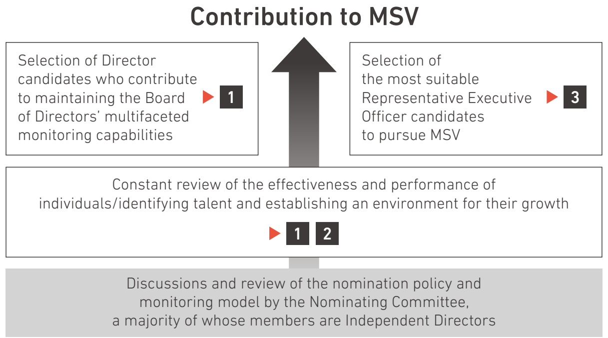
Chairperson	Hisashi Hara (Independent Director)
Committee members	 ● Non-Executive Director ● Independent Director
Number of meetings	FY2025 ···· 7 (late March 2025 to mid-March 2026) FY2026 ···· 2 (late March 2026 to end-June 2026)

Roles of the Committee	Decisions on proposals regarding the election and dismissal of Directors to be submitted to the General Meeting of Shareholders, discussions about succession plans for Directors based on advice from the Board of Directors, appointment and dismissal of the Representative Executive Officer and President and other Executive Officers, and submission of opinions about the succession plan and other proposals
Main activities	The Nominating Committee passed a resolution regarding the election and dismissal of Directors for FY2026 to be submitted to the General Meeting of Shareholders, and deliberated and provided responses on the selection of Executive Officers for FY2026.

Main activities



Key reports to the Board of Directors



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 required of Directors. 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 to pursue MSV. Since NPHD transitioned to a Company with Three Committees structure in the 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 to pursue MSV.

2 Identifying future management talent 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 talent amid the globalization of operations and drastic changes in the business environment. Instead, we are focusing on identifying talent 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 companies 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, does not include the current Co-Presidents and consists of four Non-Executive Directors—three 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 talent
- Exchanges of information about talent outside the Group by using internal and external networks of personal connections

Changes in the Number of Directors

FY	Number of Directors	Changes from the previous year		Independent Directors	Non-Japanese	Female
		New appointment	Retirement			
2022	11	4	1	73%	22%	18%
2023	9	0	2	67%	45%	11%
2024	9	0	0	67%	56%	11%
2025	9	1	1	67%	56%	11%
2026	8	0	1	63%	50%	13%

* The numbers shown are as of the time of appointment at the General Meeting of Shareholders

Compensation Committee Report

Lim Hwee Hua
Independent Director
Compensation Committee Chairperson

Compensation Decisions That Support the Pursuit of MSV

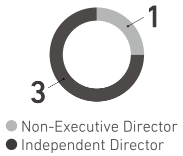
In determining the compensation of the Co-Presidents, the Compensation Committee places particular emphasis on ensuring that compensation serves as a source of motivation and incentive aligned with our Compensation Philosophy and supportive of the pursuit of Maximization of Shareholder Value (MSV). With MSV defined as the Company's sole mission, the foundation of our governance framework is that both the executive and monitoring functions fulfill their respective responsibilities with a clear focus on the medium- to long-term pursuit of MSV.

The Compensation Committee consists of three Independent Directors with extensive experience in evaluating management and determining executive compensation, together with one non-Executive Director who has been involved with the Company and the paint industry for nearly 50 years. As an Independent Director, I serve as Chairperson of the Committee. In assessing the performance of the Co-Presidents, the Compensation Committee takes a comprehensive and balanced view, considering prior-year results, medium- to long-term strategic execution, risk management to support sustainable growth, and share price performance, while also benchmarking these factors against peer companies. The Committee further incorporates deliberations of the Board, as well as ongoing dialogue with Independent Directors and key management. In determining compensation levels, the Committee rigorously evaluates appropriateness through comparisons with peer companies and broader market standards.

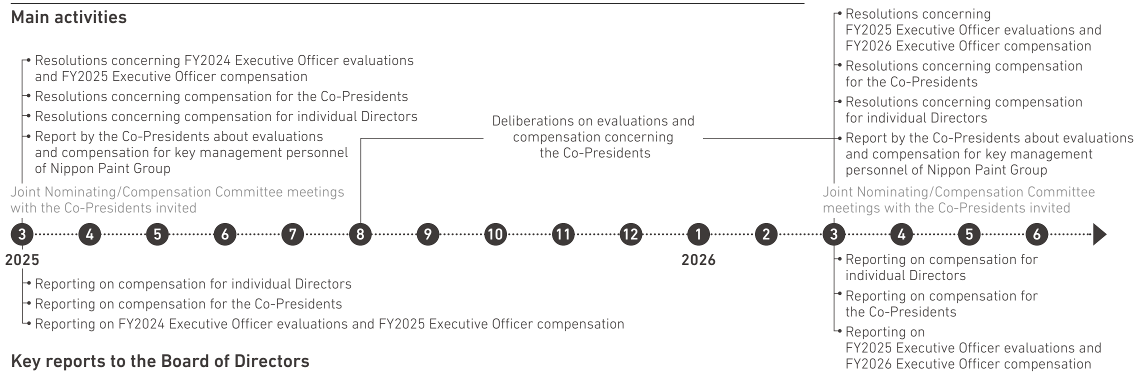
We believe that compensation decisions made through a transparent and objective process, designed to advance MSV, also foster meaningful alignment with the interests of shareholders. At the same time, we believe our foremost priority is to maximize the motivation of the Co-Presidents so that they can perform at the highest level in pursuing MSV, including by fostering an environment in which their entrepreneurial spirit can be fully manifested. From the perspective of the Compensation Committee, the most effective approach is a simple and transparent compensation structure that clearly communicates both our assessment and our expectations, while also taking into account continuity in compensation. Based on this determination, compensation for the Co-Presidents has consisted entirely of cash compensation since 2022.

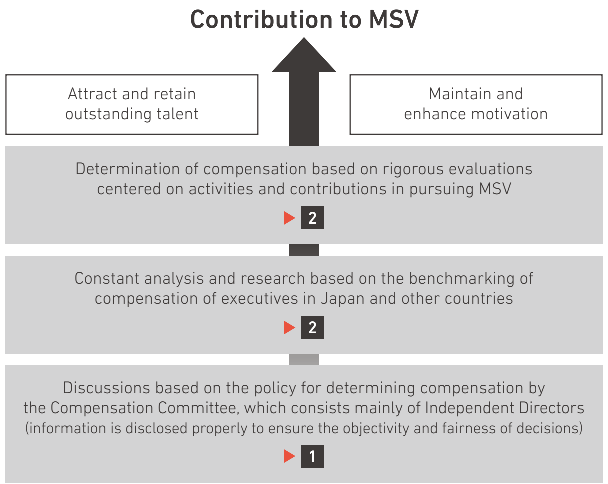
Looking ahead, the Compensation Committee will continue to review and refine the optimal compensation framework to support the pursuit of MSV, taking into account changes in the Company's operating environment and the ongoing evolution of its business foundation, thereby continuing to fulfill its responsibilities.

Overview and main activities

Chairperson	Lim Hwee Hua (Independent Director)
Committee members	
Number of meetings	FY2025 (late March 2025 to mid-March 2026): 6 FY2026 (late March 2026 to end-June 2026): 3

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
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).





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, please refer to 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 an emphasis on their activities and contributions in pursuing MSV. At the same time, the committee strives to design compensation that motivates the Representative Executive Officers & Co-Presidents to make further efforts to pursue 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.

Key evaluation items for the comprehensive evaluation

- "Maximizing EPS and PER" in pursuit of MSV
- Improvement in profitability across the Nippon Paint Group
- 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 consideration 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 to pursue MSV and provide effective incentives

Performance evaluation of the Co-Presidents

Compound annual growth rate*1

	2024 ▸ 2025		2020 ▸ 2025	
	Revenue	EPS	Revenue	EPS
NPHD	+8.3%	+43.0%	+18.1%	+22.9%
Competitors' median*2	+0.2%	+0.9%	+5.1%	+6.9%

PER*3

	Last twelve months	Next twelve months
NPHD	15.1x	13.2x
Competitors' median*2	19.6x	13.4x

*1 Compound annual growth rate calculated based on each company's reporting currency
*2 Median of the top six global paint companies by sales, excluding NPHD, which ranks fourth
*3 Source: FactSet (as of December 30, 2025)

Composition of executive compensation

Compensation for the Representative Executive Officers & Co-Presidents	**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.
Compensation for Directors Directors who do not concurrently serve as Executive Officer (Independent Directors)	**Fixed Compensation**	◆ Job-based compensation (BS) Compensation is set at levels that can attract and retain management talent 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.

Audit Committee Report

Masataka Mitsuhashi
Independent Director
Audit Committee Chairperson

Enhancing the Effectiveness of the "Audit on Audit" and Strengthening Key Risks Monitoring

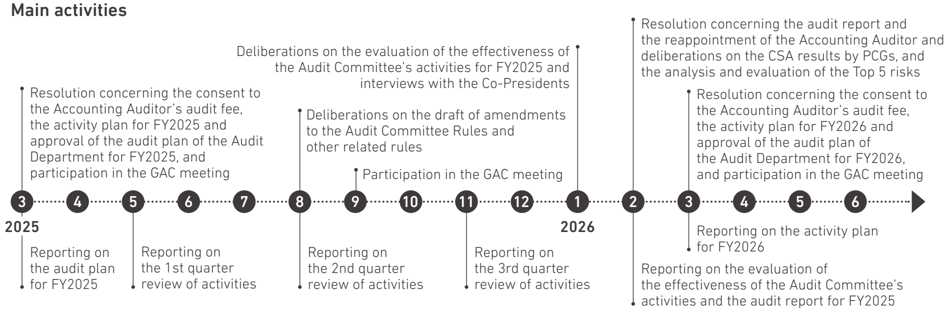
In the "Audit on Audit" framework, the Audit Committee plays a critical role in supporting sound risk-taking by execution aligned with the Asset Assembler strategy by ensuring that internal controls are appropriately designed and operating effectively. In fiscal 2025, the Committee identified key priority issues and rigorously monitored management's execution through regular meetings with the Co-Presidents, complemented by ongoing dialogue with Directors, Executive Officers, and senior management of major partner companies in Japan and overseas. Control Self-Assessment (CSA) serves as a core mechanism for evaluating key processes and material risks, enabling management to assess the effectiveness of controls and drive continuous improvement. It facilitates end-to-end monitoring across the improvement cycle, from analyzing root-causes and developing corrective actions to implementing follow-ups and confirming the embedded sustainable operations.

As part of its monitoring of PCGs, the Audit Department focused on the operational status of subsidiaries within DuluxGroup and the NIPSEA Group, the establishment of governance and management systems at AOC following its acquisition in 2025, and credit risk management in China. In addition, through regular trilateral meetings with the Accounting Auditor and other occasions, the Department reviewed key financial reporting matters, including the appropriateness of accounting estimates and related disclosures. The Audit Committee also conducted its annual effectiveness evaluation, using a self-assessment questionnaire and optional comments to assess the performance of its monitoring function. Based on the results, the Committee identified the need to further strengthen coordination and enhance timely information sharing among internal audit functions across the Group.

Overview and main activities

Chairperson	Masataka Mitsuhashi (Independent Director)
Committee members	3 ● Independent Director
Number of meetings	FY2025 ..... 8 (late March 2025 to mid-March 2026) FY2026 ..... 2 (late March 2026 to end of June 2026)

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
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



Monitoring of Internal Control System by the Audit Committee and Audit Department

The Group's audit framework, based on the "Audit on Audit" approach, relies on PCG's internal audit that assures the effectiveness of autonomous internal control systems within each PCG. The Basic Policy on Internal Control System is underpinned by three core elements: the Nippon Paint Group Global Code of Conduct, the Global Risk Management Basic Policy, and the Global Basic Policy on the Whistleblowing Hotline.

By ensuring that each PCG appropriately manages its internal control system across governance, risk management, and compliance, the Group maintains robust and effective internal controls on a global basis.

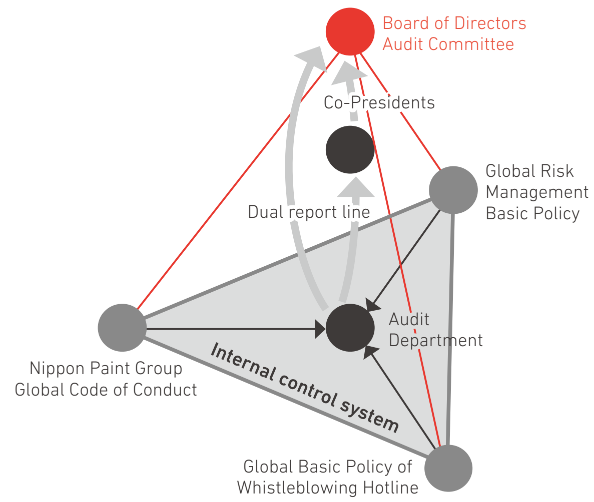
The Audit Committee, responsible for monitoring the proper operation and effectiveness of these frameworks, receives information from the Audit Department on the results of internal audits conducted across PCGs, as well as on key matters discussed at major PCG meetings. In addition, through the Group Audit Committee (GAC) meetings convened by the Audit Department, the Committee obtains direct input from representatives of internal audit units across major PCGs. These processes enable the Audit Committee to assess the effectiveness of the Group's governance structure and internal control systems on a consolidated basis. Furthermore, the Committee receives an annual report from the Co-Presidents at the Board of Directors meeting on the status of internal control system operations.

The Audit Department has a dual reporting line to the Audit Committee and Co-Presidents. At the same time, the Audit Committee has the authority to agree in advance on the personnel matters of the Audit Department's General Manager. In the event of any conflict between the instructions to the Audit department between the Audit Committee's and Co-Presidents', the Audit Committee's instructions shall prevail. These serve to maintain the independence of the Audit department from execution. In this structure, the Audit Department can conduct objective and impartial monitoring of internal control system operations and report its findings directly to the Audit Committee.

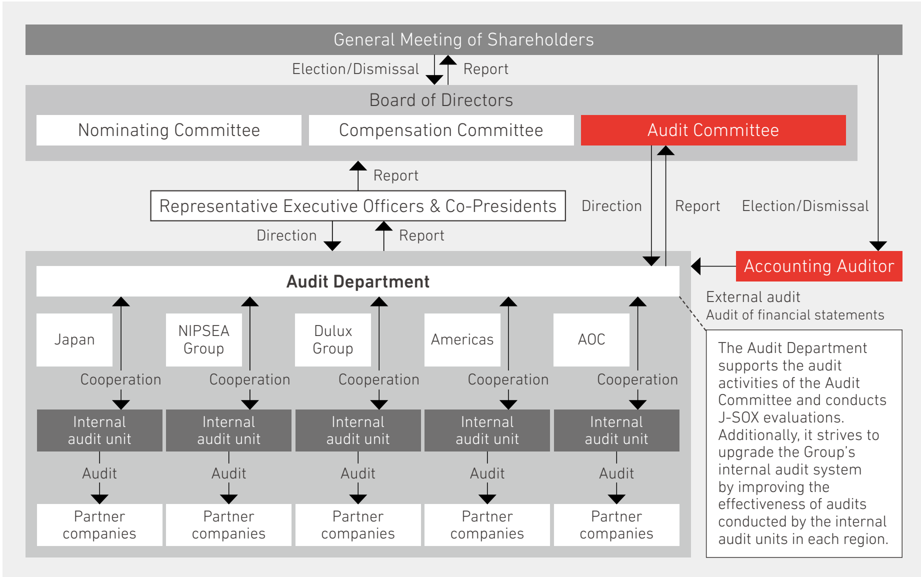
Strengthening the effectiveness of Group-level internal audits by the Audit Department

Serving as the secretariat to the Audit Committee, the Audit Department provides timely reporting on key Group-wide monitoring themes. In addition, as a part of its Audit Plan that incorporates the Committee's risk recognitions, through regular engagement with internal audit units across each PCG and the review of their audit reports, the Audit Department continuously monitors risk and control conditions across the Group.
In conducting these reviews, it assesses not only audit findings, but also the appropriateness of risk assessments, the adequacy of audit procedures, and the progress and operational status of corrective actions. Where necessary, the Department collaborates with each PCG to support early risk identification, timely remediation, and the prevention of recurrence.

In fiscal 2025, the Audit Department further strengthened the infrastructure supporting the Audit Committee's operations through the review of Audit Committee-related rules and furthered knowledge sharing within the Department. In addition, at the GAC meetings, it shared information on emerging risk events and improvement practices, and reviewed the items on the Control Self-Assessment checklist to enhance its effectiveness.



"Audit on Audit" Group audit system



Examples of internal audits at PCGs in 2025

- IT and Security
- Data Privacy and Protection
- Identity and Access Management
- Accounts Payable, Receivable, and Payroll
- Employee Travel and Expense Analytics
- Procurement
- Credit Management and Inventory
- Internal Delivery Services Analytics
- Other (19 general site audits)

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 participations 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

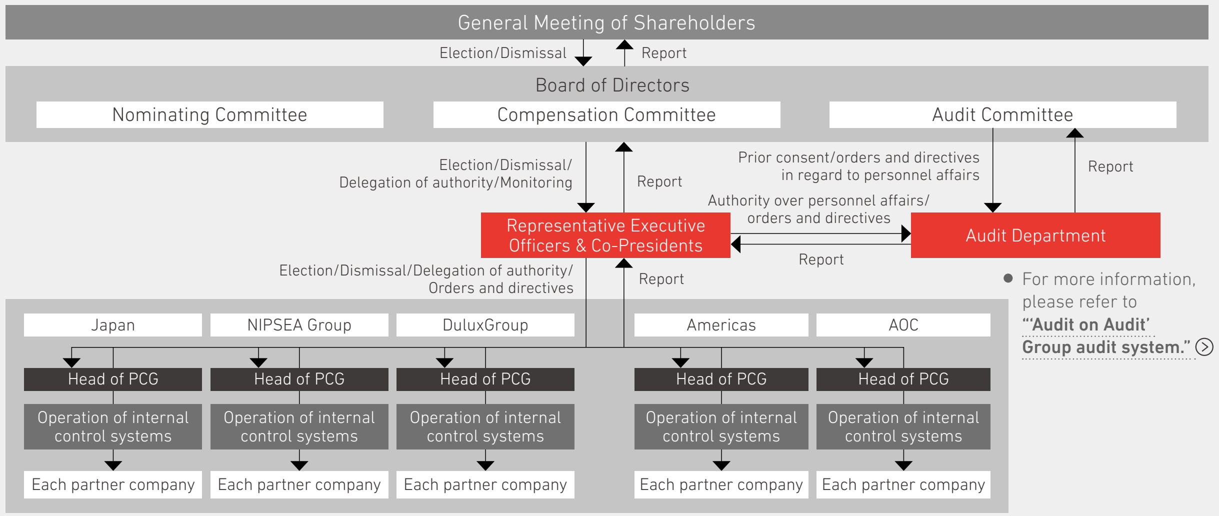
Our Global Risk Management Basic Policy states that Co-Presidents have overall responsibility for risk management in our Group. The policy also defines the roles of each head of PCG as a frontline. In this manner, autonomous risk management at each PCG is implemented appropriately by Co-Presidents and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

The head of each PCG conducts the control self-assessment (CSA), consisting of self-inspections and self-assessments based on a risk-based approach. They assess the residual risk for all items set out in the CSA, formulate management plans for items with high risk, and report the assessment results, together with such plans, to the Co-Presidents.

Results of CSA are reported to Co-Presidents, who, based on this information, grasp risk factors at our Group in individual regions and businesses and identify the risks that should be closely monitored in the Group. 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. At the GAC meeting in March 2026, advanced initiatives within the Group concerning the use of AI and related risks were shared.

Internal control system



● For more information, please refer to "'Audit on Audit' Group audit system."

Separately, 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 directions covering the entire Group. The table below summarizes the risk descriptions and principal countermeasures reported by each PCG for the four items assessed as high residual risks, based on the results reported by the PCGs and aggregated across our Group.

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 FY2025, internal investigations were conducted into a total of 95 whistleblowing reports across all Group companies. Depending on the nature of each report, the appropriate department within each PCG investigates, analyzes, and addresses the matter, while also taking corrective action and implementing measures to prevent recurrence. In normal times, the Group also works to prevent misconduct and violations before they occur by raising awareness of whistleblowing channels and providing compliance training to employees. There have been cases in multiple PCGs where whistleblowing reports served as an effective tool for detecting compliance violations, demonstrating the effectiveness of the whistleblowing system.

We also closely monitor fluctuations in the number of reports received. When a PCG shows a significant year-on-year increase or decrease in the number of reports, it is asked to explain the background, overall circumstances, and status of its response at forums such as GAC meetings, and this information is shared with relevant stakeholders across the Group. Through this regular process, opportunities are provided to objectively review the whistleblowing system, which helps improve the operation of the system across the Group.

Going forward, the relevant bodies within each PCG, together with the Co-Presidents and the Audit Committee, will continue to operate and oversee the system in an integrated manner, while working to further enhance its effectiveness across the Group.

High-risk categories

High-risk categories identified for FY2025	Change in risk sensitivity (vs FY2024)	Risk descriptions	Mitigation initiatives by PCGs
Supply chain	Unchanged	Risks such as supply disruptions and reduced profitability resulting from interruptions in raw material procurement, logistics delays, and deficiencies in quality control and product information management	▸ Multi-sourcing of raw materials, development of alternative raw materials and suppliers, and expansion of global procurement ▸ Strengthening supply continuity through more sophisticated demand forecasting, inventory optimization, and the reconfiguration of production and logistics systems ▸ Promoting overall optimization through supplier evaluation, quality and product information management, and process standardization and monitoring
IT use and IT systems	Lower	Risks such as business disruption and reputational damage resulting from improper management of information assets, cyberattacks, system failures, delays in system renewal, and similar factors	▸ Strengthening security tools and monitoring systems, including updates and vulnerability countermeasures ▸ Providing employee education and training, and establishing incident response and BCP frameworks ▸ Enhancing IT asset management, modernizing core systems, and promoting digital transformation
BCP	Higher	Business continuity risks related to safety and disaster preparedness, environmental and safety regulations, and quality and product information management	▸ Strengthening accident and disaster prevention by improving safety procedures and disaster preparedness systems, and by providing training ▸ Reducing the risk of labeling deficiencies and supply disruptions through rigorous product information management in line with applicable laws and quality requirements ▸ Strengthening systems to maintain supply in the event of a disaster or accident by reviewing production, logistics, and management structures
Human capital	Slightly higher	Risk of business continuity and growth slowdown due to delays in executive succession, talent development, recruitment, and retention	▸ Expanding the pool of potential successors through the selection of candidates and the development and following up of succession plans ▸ Strengthening the development of next-generation talent through training and the strategic placement of personnel based on their skills and aptitudes ▸ Promoting talent acquisition and retention through enhanced recruitment efforts and initiatives to improve engagement

Whistleblowing reports received in FY2025

Whistleblowing report categories	Number of reports
Working environment (industrial accidents, harassment, discrimination, etc.)	65
Loss of assets/Leakage of information (conflict of interest, embezzlement, illegal use of data, etc.)	15
Accounting fraud	0
Violations of laws and regulations (anti-trust law violations, insider trading, bribery, business laws violations, etc.)	7
Other	8
Total	95

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

IR Disclosure and Activities Initiatives to Enhance Shareholder Value Based on Dialogue with Investors

We are continuously enhancing our IR activities, including our disclosures and IR initiatives such as the Integrated Report, through regular investor interviews and other measures (Production Process). Drawing on the feedback and requests we receive through dialogue with investors, we work to further enhance our disclosures, expand opportunities for dialogue, and better communicate employees' voices and on-the-ground activities. Through these efforts, we aim to deepen understanding of our growth potential, profitability, and the replicability of our management approach, thereby supporting appropriate market valuation and enhancing shareholder value.

Enhancing disclosures

Investor feedback

- ✓ Clarifying the future vision and path to get there would support more informed investor assessment
- ✓ Showing a track record, rather than assurance alone, would strengthen investor understanding
- ✓ In highlighting PER, please also show how it relates to ROE and ROIC

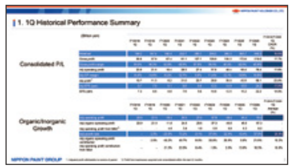
Our perspective

We recognize there is further scope to communicate more clearly to investors the sustainability of our competitive advantages and strengths, our underlying earnings power, and how we compound EPS through both organic and inorganic growth. We will provide a consistent explanation of our track record from the past to the present, together with a clear path to future EPS growth from both organic and inorganic perspectives.

Key initiatives

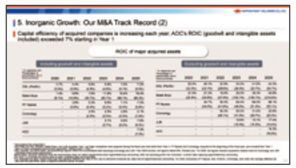
Quarterly financial results presentation

- Disclosure of adjusted earnings to show our underlying earnings power
- Disclosure of growth rates broken down into sales volume, price/mix, and foreign exchange impact
- Provision of long-term historical performance summary data
- Breakdown of earnings contributions from organic and inorganic growth



Medium-Term Strategy presentation

- Disclosure of our track record of EPS compounding through organic and inorganic growth
- Disclosure of ROIC for individual companies, both including and excluding goodwill and intangible assets
- Disclosure of the path to continued EPS compounding through organic growth and M&A



Expanding opportunities for dialogue

Investor feedback

- ✓ Interested in hearing from local management what drives the strength of each business, including brand power
- ✓ Interested in knowing what is happening on the ground and why each business is strong
- ✓ Interested in learning more about drivers of profitability and value creation at AOC and NIPSEA China

Our perspective

To deepen understanding of our competitive advantages and growth potential, we believe it is important not only to communicate clearly through earnings presentation materials, the Integrated Report, and other disclosures, but also to provide ongoing opportunities for two-way dialogue with investors. Through IR DAY and investor meetings, we will address investors' key interests and further enhance understanding of our strengths and the replicability of our growth.

Key initiatives

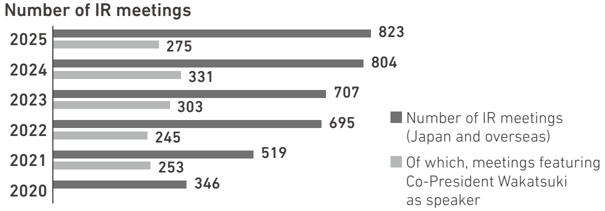
IR DAY

- Held annually since 2024, covering topics of strong interest to investors
- Addresses the business strategies of the NIPSEA Group and AOC, the brand strategies of DuluxGroup and the NIPSEA Group, M&A strategy, and governance
- Management responsible for each region and business present directly and participate in Q&A sessions

Investor meetings

- We have shifted our investor outreach priority from our traditional shareholder base in the chemicals and paint sector toward investors who focus on EPS Compounders
- In addition to the U.S. and Asia, we regularly visit global investors based in Europe and Canada
- Co-President Wakatsuki directly meets with approximately 300 investors each year

Number of IR meetings



Better communicating employees' voices and on-the-ground activities

Investor feedback

- ✓ Interested in gaining a real sense of the strengths of local operations and frontline teams, and of what enables each business to win in its market
- ✓ Greater visibility into corporate culture and depth of talent would reinforce confidence in the sustainability of growth
- ✓ In addition to the Integrated Report, business briefings and factory tours would also be valuable

Our perspective

Our sustained growth is driven not only by strategy and financial results, but also by the execution capabilities of our frontline operations, the depth of our talent, and our corporate culture that support them. We therefore believe it is important to communicate more clearly the strength of our frontline capabilities and of our people and organization, which are the source of our competitive advantage, by more fully highlighting the people, frontline operations, and organizational capabilities behind the numbers.

Key initiatives

Website

- Supplementary case studies and basic information that complement the Integrated Report are published and expanded on our website and in our Investor Book
- Our sustainability initiatives, along with our people on the ground—their voices, perspectives, and the realities they face firsthand—are clearly presented through images, videos, and other formats
- Articles from industry publications are published on our website to give investors a better understanding of frontline operations and the people on the ground (only available in Japanese)

Investor Tour

- Held the Investor Tour 2025 to help investors understand and experience firsthand our R&D activities, as well as the atmosphere and energy on the ground
- The CTO directly explained the advantages of our R&D and technological capabilities, and how LSI (Leveraging, Sharing, and Integration) will serve as a source of future EPS growth