

NOTICE: For the convenience of capital market participants, NIPPON PAINT HOLDINGS CO., LTD. makes efforts to provide English translations of the information disclosed in Japanese, provided that the original Japanese version prevails over its English translation version in the case of any discrepancy found between the original and translation.



February 27, 2019

To whom it may concern,

Name of company: Nippon Paint Holdings Co., Ltd.

Representative: Tetsushi Tado, Representative Director and President  
(Stock Exchange Code: 4612, 1st Section of the Tokyo Stock Exchange)

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### Notice regarding Introduction of a Restricted Stock Compensation Plan

Nippon Paint Holdings Co., Ltd. (the “Company”) hereby announces that a resolution detailed below was passed at a Board of Directors meeting held today in regard to the introduction of a restricted stock compensation plan accompanying a review of the compensation plan for directors and a revision of compensation amount, and that measures on this plan will be submitted to the 194th Annual General Meeting of Shareholders (hereinafter, the “General Meeting of Shareholders”) scheduled for March 27, 2019.

#### 1. Purpose of reviewing compensation plan for directors

In the new medium-term management plan “N-20” announced in May 2018, the Company Group advocated “establishing an overwhelming position in Asia and accelerating global growth” and set its sights on becoming a leading company that continues to create new value. Moving forward, the roles that the Directors of the Board will play in maximizing shareholder value for the Company Group will become greater than ever and there will be an increase in both the opportunities and the risks presented by making important decisions. Furthermore, the Company considers it essential to seek out outstanding business managers, etc., from around the world regardless of nationality, sex, age, or industry/business category experience, and invite them to be Directors of the Board (including Outside Directors of the Board) and further strengthen the management structure and corporate governance of the Company. In light of these circumstances, the Company finds it necessary to adjust the compensation provided to Directors of the Board to correspond with their future roles and responsibilities and increase the number of personnel (upper limit) composing the Board of Directors, and submit a revision of compensation, etc., amount for Directors of the Board for discussion at the General Meeting of Shareholders, as well as discuss the introduction of a restricted stock compensation plan to promote a shared sense of values with the shareholders. The Company intends to discuss increasing the number of personnel (upper limit) composing the Board of Directors at the General Meeting of Shareholders in the same manner.

#### 2. Revision of compensation plan and compensation amount for Directors of the Board

The compensation, etc., of the Directors of the Board consists of job-based compensation, performance-linked compensation, and long-term incentive compensation. The current compensation, etc., amount provided to Directors of the Board was approved at the 189th Annual General Meeting of Shareholders held on June 27, 2014, to be within 1.0 billion yen per annum (which includes up to 60 million yen for Outside Directors of the Board), and it was furthermore approved at the 190th Annual General Meeting of Shareholders held on June 26, 2015, to grant stock acquisitions rights in the form of stock compensation-type stock options to Directors of the Board (excluding Outside Directors of the Board) within the range of the above compensation, etc., amount.

At this point in time, for the realization of the medium-to-long term vision of “becoming a leading company that continues to create new value,” the roles and responsibilities involved in maximizing shareholder value for the Company Group will be further increased, and there will be an increase in both the opportunities and the risks presented by making important decisions. In addition, it is necessary to seek out outstanding business managers, etc., and strengthen the management structure and governance of the Board of Directors. In light of these circumstances, the Company finds it necessary to adjust the compensation provided to Directors of the Board to correspond with their future roles and responsibilities and increase the number of personnel (upper limit) composing the Board of Directors, and intends to submit for shareholder approval at a General Meeting of Shareholders that the compensation, etc., amount provided to

Directors of the Board be adjusted to within 2.0 billion yen per annum (which includes up to 300 million yen per annum for Outside Directors of the Board), as well as introducing a restricted stock compensation plan (hereinafter, the “Plan”) for Directors of the Board as long-term incentive compensation and granting monetary compensation claims (hereinafter, “monetary compensation claims”) for within 600 million yen per annum (which includes up to 200 million yen per annum for Outside Directors of the Board). It is to be noted that the professional duties of Outside Directors of the Board have been taken into account, and they are not to be provided with performance-linked compensation.

The stock compensation-type stock options available to officers on assignment overseas who are eligible for provision shall be provided to them upon returning to their home country and considered completed in turn.

### 3. Introducing a restricted stock compensation plan

Taking “2. Revision of compensation plan and compensation amount for Directors of the Board” into account, the Company has decided to introduce this Plan for the Eligible Directors of the Board of the Company in order to provide incentive for continued improvement of the Company Group’s shareholder value and promote a shared sense of values with the shareholders. As this Plan entails the provision of monetary compensation claims involved in granting restricted stock to the Eligible Directors of the Board, the introduction of this Plan requires obtaining the approval of the shareholders at a General Meeting of Shareholders in providing this compensation.

An outline of this Plan is presented below.

#### <Plan outline>

The Directors of the Board shall provide all monetary compensation claims granted by the Company as assets contributed in kind in accordance with this Plan and shall issue or dispose of common shares of the Company in turn.

Based on this Plan, the total amount of monetary compensation claims to be provided to the Eligible Directors of the Board will be set to within 600 million yen per annum (which includes up to 200 million yen per annum for Outside Directors of the Board). The specific provision schedule and allotment for each the Eligible Director of the Board shall be decided by the Board of Directors.

In accordance with this Plan, the total number of common shares to be newly issued or disposed of shall be within 300 thousand shares per annum (which includes up to 100 thousand shares per annum for Outside Directors of the Board. However, in the event that the Company conducts a stock split (including a gratis allotment of common shares) or reverse stock split of common shares that were put into effect on or after the date of this resolution by the General Meeting of Shareholders, the Company shall adjust this total number of shares in proportion to the split or consolidation ratios from the date they were put into effect as necessary and to an extent considered reasonable.), and the price of each share shall be based on the closing price of the Company’s common shares on the Tokyo Stock Exchange for the business day preceding each resolution by the Board of Directors (if trading did not occur on that day, then the closing price on the most recent preceding day on which trading occurred) as determined by the Board of Directors to the extent that it does not result in a particularly advantageous amount for the Directors of the Board receiving these common shares.

Furthermore, with regard to the issuance or disposal of common shares (hereinafter, the “Shares”) of the Company in accordance with this Plan, it shall be required that a restricted stock allocation agreement be signed between the Company and the Directors of the Board who are eligible to receive provision of restricted stock compensation which includes content to the effect that ①. for a fixed period (hereinafter, the “Restriction Period”), the transfer of these Shares to a third party, the establishment of security rights, and any other methods of disposal shall be prohibited, and ②. the Company will acquire these Shares through gratuitous allotment on the occurrence of certain circumstances. During the Restriction Period, these Shares shall be managed in exclusive accounts opened by the Directors of the Board with Nomura Securities Co., Ltd. so that no transfers, establishment of security rights, or other methods of disposal can be performed.

Additionally, in accordance with this Plan and in addition to the Directors of the Board, restricted stock compensation shall also be provided to Executive Officers who are not serving concurrently as Directors of the Board in the same way that it is to Directors of the Board through resolution by the Board of Directors, and common shares of the Company shall be newly issued or disposed of in turn.

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