

NIPPON PAINT HOLDINGS

CORPORATE GOVERNANCE POLICY

Chapter 1 General Provisions

(Purpose)

Article 1 Nippon Paint Holdings Co., Ltd. (hereinafter “Nippon Paint Holdings”), recognizing corporate governance as one of the important management issues, clarifies its fundamental views, framework, administrative guidelines, etc., on corporate governance of the Nippon Paint Group by the Nippon Paint Holdings Corporate Governance Policy (hereinafter “Policy”).

Note: As used in this Policy, the term the “Nippon Paint Group” refers to the corporate group consisting of Nippon Paint Holdings and its subsidiaries.

(Basic views)

Article 2 Nippon Paint Holdings, for the purpose of realizing the sustainable growth and medium/long-term enhancement of the corporate value of the Nippon Paint Group by putting into practice its “Management Philosophy”, continues to enhance and strengthen corporate governance on an ongoing basis aiming to create a management mechanism that enables Nippon Paint Holdings to respond to changes in the management environment promptly and effectively and to realize high management transparency.

<<Management Philosophy>>

Mission

The leading brand bringing colors & joy to everyday life through innovative coating solutions

Vision

To be the industry leader driven by passionate people using our strong business foundations to create value & inspire all stakeholders

Value

Mutual prosperity

To achieve long-term growth and mutual prosperity with all of our stakeholders through unmatched performance and constant improvement

A Pioneering spirit

To sustain the pioneering spirit that led us to become a leader in the global paint industry and constantly pursue innovation and excellence

Perseverance

To achieve our mission with unwavering perseverance, dynamism and initiative

Way

1. We will endeavor to develop strong bonds of trust with our customers, work with them as partners, and inspire them with our products and services.
2. We will prioritize the health and safety of group employees while pursuing a dynamic corporate culture.
3. We will value individuality and diversity while pursuing ever closer teamwork.
4. We will commit to tackling environmental and energy issues and will work proactively to address them.
5. We will persistently engage in activities that contribute to society, fulfilling our responsibilities to local communities as a trusted corporate citizen.
6. We will act honestly and in good faith as a member of society and in accordance with all national and international laws, rules, and regulations.
7. We will recognize the importance of communicating with all stakeholders and will disclose corporate information in an impartial, timely, and appropriate manner in order to ensure corporate transparency and to fulfill our social responsibilities.
8. We will pursue the development of major technological innovations, while also improving our technology every day.
9. We will always focus on cost and efficiency, and seek to appropriately invest profits to create new value, help improve the quality of life of our employees, and provide maximize returns to shareholders.

(Roles of the Holding Company in Corporate Governance)

Article 3 As a holding company, Nippon Paint Holdings manages and gives guidance about the business operations of its subsidiaries to ensure sound and proper business operations of the entire Nippon Paint Group and thereby strives to increase the corporate value of the Nippon Paint Group as a whole.

(Relationship with Stakeholders)

Article 4 Nippon Paint Holdings, in order to practice the Management Philosophy of the Nippon Paint Group based on the relationship of trust with our stakeholders including customers, business partners, employees, local communities, and shareholders both in Japan and overseas and fulfill its social responsibility as a corporate citizen, conducts CSR activities in the fields of compliance, responsible care, and social contribution, while providing appropriate opportunities to have dialogue with these stakeholders to promote their understanding of the business of Nippon Paint Holdings.

(Sustainability)

Article 5 Nippon Paint Holdings performs activities to improve its management system and addresses sustainability issues based on its internal responsible care policy. Nippon Paint Holdings' overall goals are proposed by the Responsible Care Committee to the CSR Committee chaired by the President and established by its approval to ensure continuous improvement through the operation of the management system.

(Ensuring Diversity)

Article 6 Nippon Paint Holdings, recognizing that the most important factor in the sustainable creation of corporate value and the implementation of business portfolio management is to strengthen its management foundation and to develop human resources to support it, ensures that competent persons are promoted to the right place regardless of their nationality, sex, or age, by promoting creation of corporate culture and organizations that utilize the diversity of the Nippon Paint Group as a whole.

Chapter 2 Views on Capital Policy, Shareholders, and the General Meeting of Shareholders

(Business Plan)

Article 7 Nippon Paint Holdings establishes a mid-term business plan, discloses strategies and earnings plans of main businesses on its website, and explains the progress and achievement status of them to shareholders and investors.

(Capital Policy)

Article 8 Nippon Paint Holdings' primary capital policy is to maintain the appropriate levels of growth investments and shareholders' equity based on the belief that sustainable growth is necessary for the continuous growth of the corporate value.

2. Nippon Paint Holdings aims to simultaneously secure both effective use of shareholders' equity and strong financial foundation that enables Nippon Paint Holdings to raise funds for growth investments in a stable manner. To this end, Nippon Paint Holdings strives to improve capital efficiency by establishing the standards to maintain its financial soundness, such as the borrowing limit, and enhancing shareholder returns in a manner that is sustainable over the medium- to long-term period.
3. Nippon Paint Holdings ensures that appropriate indicators of capital efficiency are selected in view of the financial environment of Nippon Paint Holdings and market trends and explains them to our shareholders and investors in a manner that is easy to understand.

(Cross-Shareholding Policy, Views on the Exercise of Voting Rights Pertaining to Shares Held as Part of Cross-Shareholdings)

Article 9 Nippon Paint Holdings holds shares of other listed companies as cross-shareholdings only if it is deemed to be reasonable in consideration of the necessity of it for business activities, e.g., to maintain and strengthen the relationship with the business partners, and the status of the issuer, the return status for capital costs, etc. Nippon Paint Holdings, based on this policy, regularly makes a determination as to the advisability of continuing to hold all cross-shareholdings at its board meetings and makes a disposition or reduction with respect to the shares that are determined not to be deemed reasonable.

2. Nippon Paint Holdings, based on the policy referred to in the preceding paragraph, exercises voting rights pertaining to such shares based on a comprehensive judgment of the effect of such exercise on the Nippon Paint Group, taking into consideration the opportunity for medium- to long-term increases in the corporate value of the investee in the cross-shareholding based on internal standards and the improvement of corporate governance, etc.

(General Meeting of Shareholders, Voting Rights, etc.)

Article 10 Nippon Paint Holdings sets the date of a General Meeting of Shareholders appropriately to ensure that shareholders can attend the General Meeting of Shareholders after giving sufficient consideration to the proposals and can also exercise their voting rights before the date of the General Meeting of Shareholders.

Nippon Paint Holdings works on the improvement of the environment for exercise of voting rights including the publication of the convening notice on the Tokyo Stock Exchange's Timely Disclosure Network ("TDnet") and the website of the Nippon Paint Holdings before it is sent, the provision of information in English, and the use of the Electronic Voting Platform.

2. If Nippon Paint Holdings has had 20% or more votes against any of its proposals, it ensures that the shareholders' intention is reported to the board through the analysis of the cause of such negative votes at a board meeting following the General Meeting of Shareholders and appropriate responses are made going forwards.
3. Nippon Paint Holdings respects the intention of such shareholders as minority shareholders and foreign shareholders, who may often find it difficult to exercise their rights and will not prevent them from exercising those shareholder rights that are granted also to minority shareholders by the Companies Act, such as the right to inspect the shareholder registry and other documents and the right to make a proposal at a General Meeting of Shareholders.
4. Nippon Paint Holdings regards those whose name is recorded in the shareholder registry to have voting rights at the General Meeting of Shareholders. However, upon receipt of a request for attendance from a beneficial shareholder who owns shares under the name of, for example, a trust bank, Nippon Paint Holdings will permit the shareholder to attend the General Meeting of Shareholders (including the attendance as an observer) after conducting a reasonable identity confirmation of the shareholder.

(Anti-Takeover Measures)

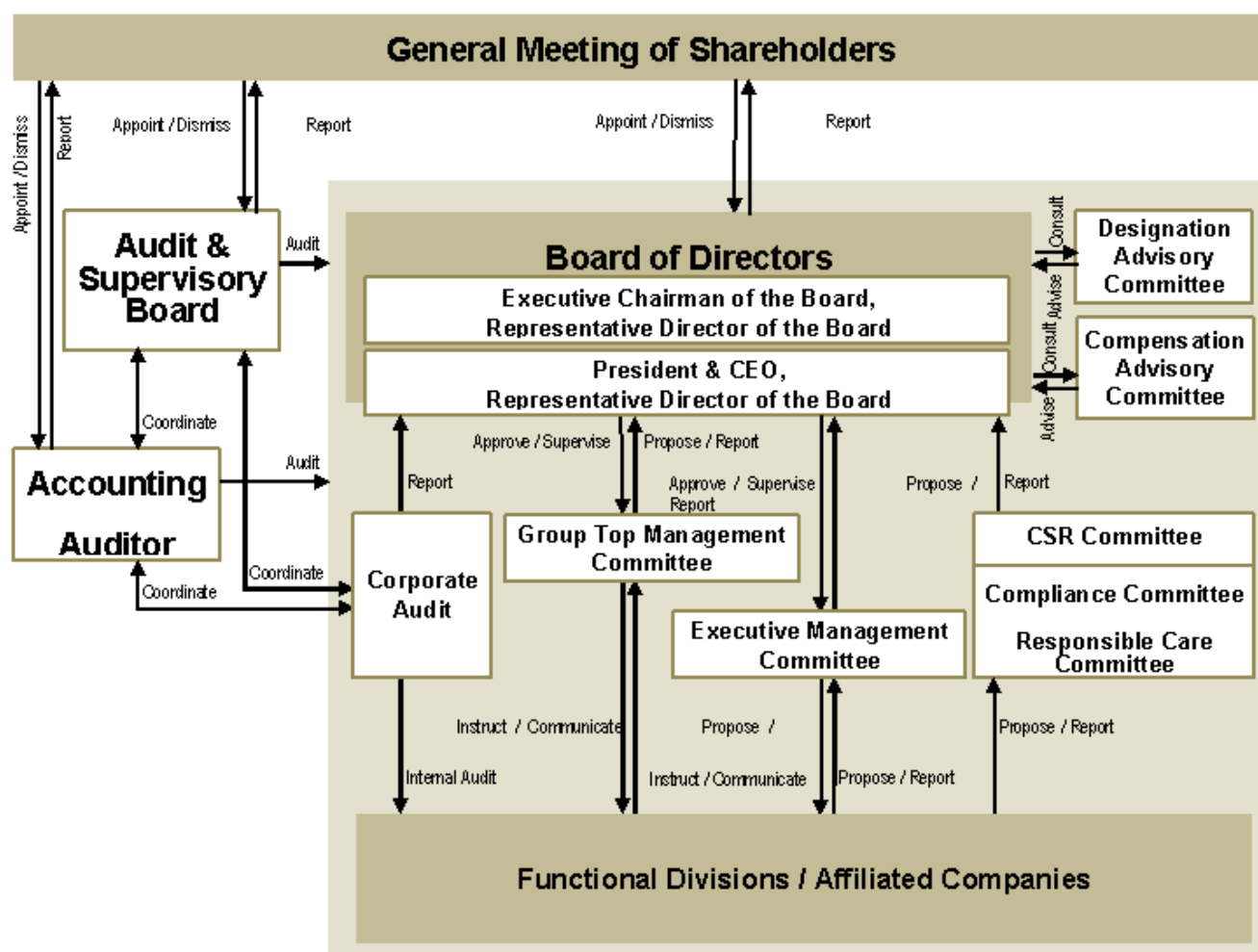
Article 11 In adopting and operating anti-takeover measures, Nippon Paint Holdings will constantly examine their necessity and rationale and, if adopting any such measures, take appropriate steps to exclude any arbitrary countermeasures that could be taken by the Board of Directors. In addition, Nippon Paint Holdings will explain to the shareholders sufficiently that the purpose of the anti-takeover measures is not the entrenchment of the board, but the protection and enhancement of the common interest of shareholders.

2. Nippon Paint Holdings will make a decision on, for example, a capital policy that will cause a significant dilution based on a careful judgment regarding its necessity and rationale so that the interest of the existing shareholders is not unduly impaired.

Chapter 3 Corporate Governance Structure

(Basic structure)

Article 12 Nippon Paint Holdings has elected to be a company with Audit & Supervisory Board and has adopted an executive officer system. The corporate governance structure of Nippon Paint Holdings is as follows:



(Roles of the Chairman of the Board)

Article 13 The chairman of the Board of Directors is responsible for improving the quality of discussion at board meetings, ensuring the effective and efficient administration of the board, and exercising leadership to ensure that the board will make appropriate and bold decisions.

(Optional Advisory Bodies)

Article 14 Nippon Paint Holdings will establish, as necessary, an optional advisory committee consisting of Directors of the Board including at least one Independent Director of the Board as an advisory body to the Board of Directors.

2. The Designation Advisory Committee will, at the request of the Board of Directors, deliberate on the appointment of candidates for Directors of the Board and Audit & Supervisory Board Members and

advise the Board on the deliberation results.

3. The Compensation Advisory Committee will, at the request of the Board of Directors, deliberate on the remuneration of Directors of the Board and Executive Officers and advise the Board on the deliberation results.
4. The Designation Advisory Committee will be chaired by an Independent Director of the Board and a 50% or more of the committee members will be Independent Directors of the Board.
5. Nippon Paint Holdings will establish the Group Top Management Committee and the Executive Management Committee, as advisory bodies to the President & CEO, through which it will deliberate on matters to be submitted for review to the Board of Directors in deciding on execution of duties.

(Roles and Responsibilities of the Board of Directors)

Article 15 The Board of Directors should, recognizing its fiduciary responsibility to all stakeholders including shareholders and investors, exercise its authority appropriately and is responsible for realizing sustainable growth and the medium/long-term enhancement of the corporate value of Nippon Paint Holdings.

2. The Board of Directors is responsible for making major operational decisions and supervising the execution of duties by each Director of the Board.
3. Nippon Paint Holdings prescribes matters requiring the decision of the Board of Directors in the Regulations of the Board of Directors. Matters requiring a resolution of the Board of Directors include the following matters of particular importance:
 - Medium- to long-term and short-term business plans
 - New business plans
 - Appointment and dismissal of the Representative Directors and Executive Officers (hereinafter referred to as the “Management Team”), nomination of a candidate for a Director of the Board or Audit & Supervisory Board Member, and other important personnel affairs
 - Large capital investments, contracts for the acquisition or transfer of a business or a company split, and matters concerning the financing and investment of funds
 - Establishment and amendment of the Corporate Governance Policy of the Nippon Paint Group and matters concerning the supervision of the operation status of internal controls and the supervision of conflict of interest transactions
4. Nippon Paint Holdings delegates to its Executive Officers the execution of business plans, matters not requiring a resolution of the board, and decisions on the execution of daily business operations.

(Views on Related Party Transactions)

Article 16 Nippon Paint Holdings reports to the Board of Directors and discloses in the “convening notice for General Meeting of Shareholders” and the “annual securities report” related party transactions, such as significant transactions between Nippon Paint Holdings and major shareholders, Director of the Board’s transactions competing against the interest of Nippon Paint Holdings, transactions with Nippon Paint Holdings for the interest of a Director of the Board himself/herself, and conflict

of interest transactions, within the scope of disclosure required by the Companies Act and applicable accounting standards (limited to important transactions exceeding a certain monetary threshold).

2. When Nippon Paint Holdings intends to carry out a related party transaction, Nippon Paint Holdings will make a comprehensive judgment regarding the reasonableness of the transaction taking into consideration its terms and condition, profit and cost levels, etc., to ensure that the transaction will not harm the interests of Nippon Paint Holdings or the common interests of its shareholders and obtain the approval of the Board of Directors or the relevant parties with competent decision making rights.

(Composition of the Board of Directors)

Article 17 The Board of Directors of Nippon Paint Holdings consists of 11 or less Directors of the Board as prescribed by the articles of incorporation. The Board consists of Executive Directors, Independent Directors, and Non-executive Directors, who are selected from Japan and foreign countries as well as from inside and outside the Nippon Paint Group. The Independent Directors to be appointed should satisfy the “Independence Criteria for Outside Officers” (Appendix) established by the Board of Directors of Nippon Paint Holdings to further promote active discussion at meetings of the Board of Directors and to increase the corporate value/shareholder value of Nippon Paint Holdings.

(Appointment and Dismissal of Management Team and Candidates for Director and Corporate Audit & Supervisory Board Member Nomination Policy and Procedures)

Article 18 The policy of the Board of Directors shall be to appoint the Management Team and nominate candidates for Directors of the Board and Audit & Supervisory Board Members, irrespective of nationality and sex, among those who have a wide variety of experience, achievements, deep insight, strong expertise, etc., who are adequate for the Management Team and a Director of the Board/Audit & Supervisory Board Member and who can contribute to the sustainable growth and the medium/long-term enhancement of the corporate value of the Nippon Paint Group from Japan and foreign countries as well as from inside and outside the Nippon Paint Group. Based on the policy above, procedures to appoint and dismiss the Management Team and nominate candidates for Directors of the Board and Audit & Supervisory Board Members will be taken by the Board of Directors after deliberation based on advice given by the Designation Advisory Committee at a board meeting attended by Independent Directors of the Board and Independent Audit & Supervisory Board Members.

(Appointment and Dismissal of the Representative Director and President)

Article 19 The Board of Directors shall, in accordance with the succession plan and based on the deliberation and advice of the Designation Advisory Committee, appoint as the Representative Director and President, who functions as the Chief Executive Officer, a person who has extensive experience and achievements in the corporate management field, demonstrates the appropriate capability as the Representative Director and President at a high level, and can realize the

Nippon Paint Group Vision after deliberation at a meeting of the Board of Directors attended by Independent Directors of the Board and independent Audit & Supervisory Board Members. In addition, if the Representative Director and President falls under any of the following cases and it is objectively deemed that his/her dismissal is appropriate, he/she will be dismissed upon full deliberation at a meeting of the Board of Directors based on the advice of the Designation Advisory Committee.

- When he/she is deemed to have violated laws and regulations, the Articles of Incorporation, etc., and has remarkably damaged the corporate value of the Nippon Paint Group
- When remarkable interference occurs in the execution of duties
- When it becomes clear that he/she lacks the requirements of the appointment standards

(Succession Plan for the Representative Director and President)

Article 20 The Board of Directors shall establish a succession plan and provide appropriate supervision of the successor candidates based on the succession plan through, among others, the administration of an executive development program based on the selection system and the promotion to important executive positions such as the management at companies within Nippon Paint Group.

(Independence Standards and Qualification for Independent Officers)

Article 21 The Board of Directors shall designate candidates for Outside Directors of the Board and Outside Audit & Supervisory Board Members based on the "Independence Criteria for Outside Officers" (Appendix) established by the Board of Directors of Nippon Paint Holdings.

(Roles and Responsibilities of Independent Directors)

Article 22 Independent Directors shall fulfill the following role and job responsibilities.

- (1) With regard to management policy and management improvement, providing advice from the standpoint of enhancing medium and long-term corporate value and achieving sustainable growth based on one's knowledge and insights.
 - (2) Monitoring the management by appointing and removing the management team and other important decisions taken by the Board of Directors.
 - (3) Monitoring any conflict of interests between Nippon Paint Holdings and management team, controlling shareholders, and the like.
 - (4) From the standpoint that is independent from the management team and controlling shareholders, etc., appropriately reflecting the opinions of stakeholders including minority shareholders.
2. In order to actively contribute to the discussions in the Board of Directors such that Independent Directors contribute to sustainable growth and enhancement of medium and long-term corporate value of the Nippon Paint Group, Nippon Paint Holdings shall provide occasions where Independent Directors and Independent Audit & Supervisory Board Members can exchange opinion.
 3. In order to allow Independent Director deepen interaction and coordination with the Management Team, and cooperation with the Audit & Supervisory Board Members, Nippon Paint Holdings shall provide occasions for sharing information and exchanging opinions with directors, audit & supervisory board members, and executive officers.

(Measures to Improve the Effectiveness of the Board)

Article 23 The Board of Directors shall take the following measures to improve its effectiveness:

1. Support system including board meeting operation and agenda setting
 - Nippon Paint Holdings will strive to put in place an environment that encourages lively discussion to ensure that discussions at the monthly board meetings are rewarding. For example, Nippon Paint Holdings will notify board meeting agenda and deliver materials related to them to Directors of the Board and Audit & Supervisory Board Members in advance in addition to the provision of prior explanation to Outside Directors of the Board and outside Audit & Supervisory Board Members as necessary.
 - Nippon Paint Holdings will determine the annual board meeting schedule before the commencement of a fiscal year and notify the Directors of the Board and Audit & Supervisory Board Members of it to ensure that they can easily attend the board meetings.
 - Directors and Audit & Supervisory Board Members shall request divisions concerned to provide any information and materials necessary for the execution of their duties and these divisions shall provide the requested information as appropriate.
 - Nippon Paint Holdings will secure budget that is determined to be necessary for the execution of duties by the Directors of the Board and Audit & Supervisory Board Members.

2. Serving also as an Director of the Board or Audit & Supervisory Board Member of another company

Outside Directors of the Board and Outside Audit & Supervisory Board Members may concurrently serve as a Director of the Board or Audit & Supervisory Board Member of a company other than Nippon Paint Holdings only to a reasonable extent that permits them to secure time and energy necessary for the execution of their duties at Nippon Paint Holdings. If they receive a new request from another company to serve as its Director of the Board or Audit & Supervisory Board Member, they shall notify the Board of Directors to that effect. When an Outside Director newly joins as a director of another company, he/she shall obtain the prior approval of the Board of Directors of Nippon Paint Holdings.

The status of significant concurrent positions held by Outside Directors of the Board and Outside Audit & Supervisory Board Members including positions as an Director of the Board or Audit & Supervisory Board Member of another listed company shall be disclosed each year in the “convening notice for General Meeting of Shareholders” and the “annual securities report.”

(Evaluation of the Board)

Article 24 Nippon Paint Holdings will conduct an annual analysis and evaluation on the effectiveness of the Board of Directors designed to make the board aware of specific issues and to resolve them and will thereby improve the effectiveness of corporate governance. Nippon Paint Holdings will also disclose the summary results of the analysis and evaluation in its corporate governance report.

(Composition of the Audit & Supervisory Board)

Article 25 The Audit & Supervisory Board consists of five or less Audit & Supervisory Board Member as appropriate as prescribed by the articles of incorporation. Certified public accountants, lawyers, and other experts who have strong expertise in the fields of finance/accounting and

compliance/risk management shall be appointed as Audit & Supervisory Board Member in a manner to result in a well-balanced composition of members of the Audit & Supervisory Board without any concentration in one particular area of expertise. A majority (more than half) of Audit & Supervisory Board Member shall be independent Audit & Supervisory Board Member satisfying the “Independence Criteria for Outside Officers” (Appendix) established by the Board of Directors of Nippon Paint Holdings.

(Coordination with Outside Directors of the Board/Internal Audit Division/Accounting Auditors to Improve Audit Effectiveness)

Article 26 Audit & Supervisory Board Members and the Audit & Supervisory Board shall, through the operational audits, accounting audits, and the attendance of important meetings such as those of the Board of Directors, oversee whether the supervisory function of the Board of Directors of Nippon Paint Holdings is properly exercised, actively provide opinions and advice to help the Nippon Paint Group to achieve sustainable growth and the medium/long-term enhancement of the corporate value.

2. Audit & Supervisory Board Members and the Audit & Supervisory Board shall, in coordination with the divisions concerned, strive to secure an adequate audit environment, schedule, and structure and examine whether the Accounting Auditor complies with the “Standards for Quality Control of Audits,” which are necessary for them to perform accounting audits properly. The Board of Directors shall give due consideration to the efforts of the Audit & Supervisory Board Members and the Accounting Auditor to secure adequate an audit environment and schedule.
3. The following measures shall be taken by each to improve the effectiveness of audits:
 - Outside Audit & Supervisory Board Members shall, based on their respective professional experience and knowledge, and full-time Audit & Supervisory Board Members shall, based on their extensive internal experience and information, share information and exchange opinions.
 - Regular meetings between the Representative Director of the Board and Audit & Supervisory Board Members shall be held for information gathering and sharing as well as exchange of opinions that are necessary for them to execute their duties.
 - “Three-way audit meetings,” which are attended by Audit & Supervisory Board Members, the Accounting Auditor, and members of the Corporate Audit and “consultation meetings between the Accounting Auditor and Audit & Supervisory Board Members” shall be held on a regular basis to share information and exchange opinions on their audit plans and results, issues identified through different audits, etc., among the attendants.
 - The Accounting Auditor shall have interviews with the Representative Director and President and the Director of the Board in charge of finance and report its outline at a “three-way audit meeting.”
4. Independent Directors of the Board may, subject to the approval of the chairperson of the Audit & Supervisory Board, attend a “regular meeting between the Representative Director of the Board and Audit & Supervisory Board Members” and a “three-way audit meeting” and also attend Audit & Supervisory Board meetings as an observer, if necessary.
5. The Audit & Supervisory Board shall prescribe, in the “Audit & Supervisory Board Member Audit Standards” and the “Standards for the Administration of Consultation Meetings between the

Accounting Auditor and Audit & Supervisory Board Members,” their responses to cases in which they have received a report from the Accounting Auditor to the effect that there has been a fraud or a significant violation of laws and regulations or the articles of incorporation in relation to the execution of duties by a Director of the Board.

(Evaluation and Appointment of the Accounting Auditors)

Article 27 The Audit & Supervisory Board shall establish and review and revise as necessary each year the “Standards for the Evaluation of Accounting Auditor Qualifications,” including the standards for independence and expertise of the Accounting Auditor.

2. The Audit & Supervisory Board shall evaluate Accounting Auditors based on the standards referred to in the preceding paragraph and decide whether to appoint/dismiss or refuse re-appointment of the Accounting Auditor.
3. When the Audit & Supervisory Board has determined that an Accounting Auditor needs to be appointed, it shall evaluate Accounting Auditor candidates based on the standards referred to in Paragraph 1 and decide whether to appoint a candidate as the Accounting Auditor.

(Method of Determining the Compensation, etc. of Directors and its Breakdown)

Article 28 Nippon Paint Holdings establishes the Compensation Advisory Committee consisting of Directors of the Board and including at least Independent Directors of the Board as an advisory body to the Board of Directors. The Committee shall deliberate on the compensation, etc. of Directors of the Board and Executive Officers, and the Board of Directors shall determine the compensation, etc. based on the deliberation results of the Committee.

2. The compensation, etc. of the Directors of the Board of Nippon Paint Holdings (excluding Outside Directors of the Board) shall consist of job-based compensation, performance-linked compensation, and long-term incentive compensation. The compensation, etc. of Outside Directors of the Board shall consist of job-based compensation, and long-term incentive compensation.
3. Performance-based compensation is a fixed-amount compensation determined for each role/responsibility and position while performance-linked compensation changes in accordance with consolidated financial results. Long-term incentive compensation is provided in the form of restricted stock compensation, which are provided to each Director of the Board based on the amount determined for each position, after a restricted stock agreement is signed between the Company and the Director of the Board.
4. The outline of the operation status of the compensation system, such as the specific breakdown of compensation into job-based compensation, performance-linked compensation, and long-term incentive compensation, will be disclosed in the “annual securities report” and elsewhere.

(Training Policy for Directors of the Board and Audit & Supervisory Board Members)

Article 29 Nippon Paint Holdings will provide training for newly appointed Outside Directors of the Board and Outside Audit & Supervisory Board Members to obtain knowledge about the organization, business, business category, etc., of Nippon Paint Holdings upon their assumption of office.

Nippon Paint Holdings will also provide training for all Directors of the Board and Audit & Supervisory Board Member on such topics as necessary legal knowledge and corporate governance every year on an ongoing basis.

(Whistleblowing)

Article 30 Nippon Paint Holdings will establish points of contact for whistleblowing both internally and externally (law firm and companies having special expertise) and establish a structure that allows for direct reporting to Audit & Supervisory Board Members through which Directors of the Board, Executive Officers and employees of the Nippon Paint Group can report any actual or potential compliance violation within the Nippon Paint Group that they may find without receiving any disadvantage.

2. If Directors of the Board, Executive Officers or employees of the Nippon Paint Group have come to know of a fact that may cause a significant damage to the Nippon Paint Group, such as a violation of laws and regulations or the occurrence of a serious accident, they shall promptly report it to an Audit & Supervisory Board Member of Nippon Paint Holdings.
3. Nippon Paint Holdings shall conduct the confirmation of the operation status of the whistleblowing framework and report the result to the Board of Directors from time to time.

(Roles of Corporate Pension Funds as Asset Owners)

Article 31 Nippon Paint Holdings conducts the following support for the administration and management of the Nippon Paint Corporate Pension Fund in order to promote the stable asset formation of the corporate pension members, as well as to secure the soundness of the financial conditions of Nippon Paint Holdings:

1. Systematically secure the human resources who have the necessary disposition for the administration and management of the corporate pension from the officers and employees of the Nippon Paint Group and the management of the employee labor union, and receive the appointment as the representatives, fund management committee members and secretariat of the Nippon Paint Corporate Pension Fund (hereinafter referred to as the “Representatives, etc.”).
2. Through the Representatives, etc. who are appointed to the Nippon Paint Corporate Pension Fund, conduct the selection of the investment institution and the monitoring of the activity status and investment results by means of the said fund, confirm whether the management of the conflict of interests arising between the beneficiaries and Nippon Paint Holdings is being properly and effectively conducted, and state opinions whenever necessary.

Chapter 4 Information Disclosure and Dialogue

(Information Disclosure)

Article 32 Nippon Paint Holdings will, in accordance with the “Disclosure Policy” published in the website of Nippon Paint Holdings and based on the principles of transparency, fairness, and consistency, strive to provide information promptly to all stakeholders including shareholders and investors so

that they can understand the management philosophy, management strategies, business activities, etc., of Nippon Paint Holdings, through which we aim to gain a fair evaluation of the corporate value of Nippon Paint Holdings and trust from the stakeholders.

2. Nippon Paint Holdings will, in accordance with the timely disclosure rules prescribed by securities exchanges, disclose information on a timely basis through TDnet and also disclose the same information promptly in the website of Nippon Paint Holdings. Nippon Paint Holdings will also actively disclose any information that is judged by Nippon Paint Holdings to be useful for all stakeholders for them to better understand Nippon Paint Holdings.
3. Nippon Paint Holdings will designate a certain period immediately preceding the announcements of earnings results as a “quiet period,” during which it will refrain from replying to any questions or comments on earnings results in order to prevent the leakage of earnings result information and ensure fairness.
4. The Nippon Paint Holdings will strive to disclose information also in English from the perspective of fairness.

(Basic Policy on Dialogue with Shareholders)

Article 33 Nippon Paint Holdings will promote investor relations and shareholder relations activities led by the Representative Director of the Board and other Management Team members to support sustainable growth and medium/long-term enhancement of the corporate value. Nippon Paint Holdings will also strive to grasp its shareholder ownership structure to have constructive dialogue with them. In having such dialogue, Nippon Paint Holdings will pay close attention to any possibility of a leakage of insider information.

2. Nippon Paint Holdings will designate an officer/officers who will supervise such dialogue and the designated officer/officers shall ensure an organic coordination between divisions that support the dialogue. The officer/officers shall also report the opinions of shareholders expressed in the course of the dialogue regularly to the Board of Directors and ensure that useful comments will be reflected in the management.

Supplementary Provisions

(Periodic Review and Amendment)

Article 1 The content of this Policy shall be reviewed periodically and amended by a resolution of the Board of Directors as appropriate. However, an insignificant amendment may be effected by the Executive Officer in charge of the CSR Development Department.

(Exceptional Treatment)

Article 2 Any exceptional treatment that is inconsistent with this Policy shall be subject to a resolution of the Board of Directors and the consent of the Audit & Supervisory Board.

Established on November 20, 2015

Revised on July 1, 2016

Revised on March 3, 2017

Revised on March 28, 2018

Revised on November 28, 2018

Revised on March 28, 2019

Appendix

<Independence Criteria for Outside Officers>

1. Nippon Paint Holdings will determine that Outside Directors of the Board and Outside Audit & Supervisory Board Members (hereinafter collectively referred to as “Outside Officers”) or candidates for Outside Officers are sufficiently independent from Nippon Paint Holdings if they are found to satisfy all the requirements prescribed in the following items as a result of a reasonable investigation by Nippon Paint Holdings.
 - (1) The person in question is not an executive (See Note 1) or an ex-executive (See Note 2) of Nippon Paint Holdings or any of its subsidiaries (hereinafter “Nippon Paint Group”).
 - (2) The person in question does not fall under any of the following persons either currently or anytime during the past three years:
 - 1) A major shareholder of Nippon Paint Holdings (See Note 3) or an executive of such a shareholder
 - 2) A person whose major business partner is the Nippon Paint Group (See Note 4) or an executive of such a person
 - 3) A major business partner of the Nippon Paint Group (Note 5) or an executive of such a business partner
 - 4) A person belonging to an audit corporation that conducts statutory audits of the Nippon Paint Group
 - 5) A person who receives a significant amount (Note 6) of money, etc. from the Nippon Paint Group, in addition to remuneration of Directors of the Board or Audit & Supervisory Board Member
 - 6) An executive of an organization that receives a significant amount (Note 6) of donation or aid from the Nippon Paint Group
 - (3) The person in question is not a spouse or a relative within the second degree of kinship of a person falling under any items of (1) or (2) above.
2. Independent Directors of the Board/Audit & Supervisory Board Member shall strive to maintain the independence prescribed by these Independence Criteria until the resignation from office. If an Independent Director of the Board/Audit and Supervisory Board Member no longer satisfies these Independence Criteria, he/she shall promptly notify Nippon Paint Holdings of the fact.

Notes:

1. An executive means an executive director, an executive officer, a corporate officer, or a person holding a similar position at a corporation or other organization.
2. An ex-executive means a person who has been an executive anytime during the past 10 years.
3. A major shareholder means a person who directly or indirectly holds 10% or more of the total voting

rights.

4. A person whose major business partner is the Nippon Paint Group means a person who has received from Nippon Paint Holdings a payment equivalent to 2% or more of the annual consolidated net sales for the latest fiscal year of that person.
5. A major business partner of the Nippon Paint Group means a person who has paid to the Nippon Paint Group an amount equivalent to 2% or more of the annual consolidated net sales for the latest fiscal year of Nippon Paint Holdings or a person who has an outstanding balance of loans to Nippon Paint Holdings that is equivalent to 2% or more of the consolidated total assets of Nippon Paint Holdings as of the end of the latest fiscal year of Nippon Paint Holdings.
6. A significant amount means an amount exceeding an annual amount of 10 million yen on average over the past three fiscal years of Nippon Paint Holdings.