

# Corporate Governance Policies

Nippon Paint Holdings Co., Ltd.

## General Provisions

### Article 1 (Objectives)

The objective of these Policies is to present the basic concepts and framework for the corporate governance of Nippon Paint Holdings Co., Ltd. (hereinafter referred to as “the Company”) and its corporate group.

### Article 2 (Basic Concepts on Corporate Governance)

1. The Company, in order to improve the transparency, objectivity, and fairness of management, as well as to separate and strengthen functions of business execution and supervision of management, shall select the form of a Company with a Nominating Committee, etc.
2. The Company, based on its “Purpose”, which shows the significance of existence common to the Group, and its “Business Philosophy” (Annex 1), which is its policy, shall promote its business and engage in ongoing efforts to enhance and strengthen its corporate governance, and thereby, will “maximize the financial value remaining after the performance of obligations to customers, employees, trading partners, and society, etc.” (hereinafter referred to as “MSV” or “Maximization of Shareholder Value.”), including obligations relating to sustainability, as its ultimate objective.
3. The Company presents the Group’s corporate governance system in Annex 2.

## Chapter 1 - Securing the Rights and Equal Treatment of Shareholders

### Article 3 (Securing of Equality and Rights of Shareholders)

1. The Company shall take appropriate actions in order to ensure the essential equality of shareholders in accordance with shareholder equity and shall also pay consideration to the rights granted to minority shareholders under Companies Act.
2. The Company shares a philosophy of MSV with the Wuthelam Group (hereinafter referred to as the “Controlling Company”), which has a history of cultivating business partnerships with the Company for over 60 years, and properly protect the interests of the minority shareholders.

### Article 4 (Exercising of Rights at General Meetings of Shareholders)

1. The Company sets the appropriate schedule of a General Meeting of Shareholders in order to ensure that shareholders can attend the shareholders meeting after giving sufficient consideration to the proposals or can exercise their voting rights before the date of the General Meeting of Shareholders
2. The Company, in order to ensure that shareholder can appropriately exercise their voting rights, shall provide accurate information including electronic disclosure of the convocation notice of the General Meeting of Shareholders and disclosure in English, and shall work on the improvement of environment for exercise of voting rights including the use of the Electronic Voting Platform.
3. The Company, in the event of a proposal submitted by the Company have an opposition rate of 20% or more,

shall examine the subsequent response through the analysis at the Board of Directors of the causes and issues surrounding such significant negative votes.

4. The Company, upon receipt of a request for attendance from a beneficial shareholder who owns shares under the name of, for example, a trust bank, the Company 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.

#### Article 5 (Capital Policy)

1. The Company's basic capital policy is to maintain the appropriate levels of growth investments and shareholders' equity for the sustainable growth of the Group.
2. The Company aims to establish a robust financial base to support business growth through the effective use of shareholders' equity, as well as the stable procurement of funds.
3. The Company provides sustainable returns to shareholders over the medium to long term, while always paying attention to financial soundness, including debt levels.
4. The Company selects appropriate indicators concerning capital efficiency in consideration of the financial position of the Company and market trends and explains these to shareholders and investors in a manner that is easy to understand.

#### Article 6 (Cross-Shareholdings Policy)

1. The Company makes a decision every year on the continued holding of cross-shareholders at the Board of Directors based on the policy described below and disposes of or reduces holdings of shares for which the rationality of their holding can't be recognized.

##### "Company Policy"

The Company holds shares of other listed companies as Cross-Shareholdings, limited to where it can be determined to be reasonable in consideration of, among others, the necessity of it for business activities (e.g., to maintain and strengthen the relationship with the business partner), the status of the issuer, and the return on the capital cost.

2. The Company, based on the policy of the preceding paragraph and internal standards, exercises voting rights upon making comprehensive judgment, from the perspectives of maximization of corporate value in the medium to long term of the other company to the Cross-Shareholding, the effect on the Group, etc.

#### Article 7 (Views on Related Party Transactions)

1. The Company reports to the Board of Directors and discloses significant related party transactions exceeding a certain monetary threshold, (such as transactions between the Company and a major shareholder, competing transactions between the Company and Directors or the Executive Officers, transactions for itself, and conflict of interest transactions, etc.).
2. When the Company intends to carry out a related party transaction, the Company 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 the Company or the interests of its minority shareholders and obtain the approval of the appropriate decision-maker.
3. In particular, when conducting transactions with the Controlling Company of the Company, the Company shall ensure appropriate involvement and supervision by the Independent Outside Directors of the Board, such as obtaining approval at the Board of Directors with the majority of the Independent Directors, etc.

## **Chapter 2 - Appropriate Cooperation with Stakeholders Other Than Shareholders**

### Article 8 (Code of Conduct)

The Company shall establish a Global Code of Conduct (Annex 3) to be observed by all Directors of the Board, Executive Officers, and employees of the Group with respect to compliance, ethics and sustainability, and shall strive to put it into practice.

### Article 9 (Relationship with Stakeholders)

The Company fulfills its social responsibility as a corporate citizen to our stakeholders including customers, business partners, employees, local communities, and shareholders both in Japan and overseas, and will provide appropriate opportunities to have dialogue with these stakeholders to promote their understanding of the business of the Company.

### Article 10 (Promotion of activities relating to environment, society, and governance)

1. The Company, recognizing that dealing with sustainability issues are important management issues, examine issues to be addressed for sustainable growth of society from a global perspective and, based on this examination, will proceed with actions in the areas of environment, society, and governance.
2. The Company will set the targets relating to environment, society, and governance proposed by the Representative Executive Officer & Co-President as the targets of the Group after proposing them to the Board of Directors and passing a resolution.

### Article 11 (Ensuring of Diversity)

The Company recognizes that the diversity of the human resources and the promotion to create a corporate culture and organization that makes use of the diversity are essential for the sustainable growth of the Group, and aims to be an organization in which all employees of the Group, regardless of nationality, gender, age, race, or culture, and with a variety of values and ideas, can demonstrate their full potential.

### Article 12 (Whistleblowing)

1. The Company shall establish a system through which officers and employees of the Group can report or hold consultation internally or externally with any actual or potential compliance violation within the Group that they may find without suffering any disadvantage.
2. The Company shall establish a system, as a whistleblowing contact point that operates in Japan, in which reports can be made directly both internally and externally (to law firms and specialist companies, etc.), as well as to the Audit Committee.

### Article 13 (Demonstration of Function as Asset Owner of Corporate Pension Fund)

The Company, to promote the stable asset formation of members of the corporate pension and to secure the soundness of the financial condition of the Company, takes the following actions for management and operation by the Nippon Paint Corporate Pension Fund.

- (1) The Company systematically secures human resources with the qualities required for management and operation of the corporate pension from inside and outside the Group and assigns them to the Nippon Paint Corporate Pension Fund representative, asset management committee member, and secretary (hereinafter referred to as "Representative, etc.").

(2) The Company, through the Representative, etc., confirms the selection of an investment institution by the fund, the monitoring of the activity status and investment results of the investment institution, and that management of conflicts of interest that arise between the beneficiaries and the Company is performed appropriately and effectively, and voices an opinion where necessary.

### **Chapter 3 - Ensuring Appropriate Information Disclosure and Transparency**

#### **Article 14 (Business Plan)**

The Company formulates a mid-term business plan, discloses the Company's business strategies, matters relating to its business portfolio, as well as plans relating to sales revenue and profits, etc., and in addition, explains the progress and achievement status of these to shareholders and investors.

#### **Article 15 (Disclosure of Information)**

1. The Company will strive to provide information, such as the Group's management strategies, business activities, financial standing, governance, sustainability, risks, etc., promptly to all stakeholders including shareholders and investors so that they can understand and properly understand and evaluate the Company, while ensuring transparency, fairness, and continuity.
2. The Company will strive to disclose information in English.

#### **Article 16 (Assessment and Appointment of Accounting Auditor)**

The Audit Committee, based on the "Accounting Auditor Aptitude Evaluation Standards", which include standards for the independence and expertise of accounting auditors, assesses accounting auditors, and makes decisions on the necessity for their appointment, dismissal, and non-reappointment.

#### **Article 17 (Action to Ensure the Quality of Audits Conducted by the Accounting Auditor)**

1. The Audit Committee, when agreeing to the audit remuneration of an Accounting Auditor, based on the "Standards for Agreement on Audit Compensation for Accounting Auditors", shall examine the validity of the basis for the calculation of the estimated amount of remuneration, including the content of the audit plan, audit procedures, and audit system of the Accounting Auditor, as well as whether or not a suitable number of days is being secured for the audit.
2. The Audit Committee shall hold "Three-way audit meeting", which are attended by the Audit Committee Members, the accounting auditor, and members of Audit Department, on a regular basis to share information and exchange opinions on their audit plans and results, as well as issues identified through audits, etc., among the attendants.
3. The Audit Committee shall respond in collaboration with Audit Department in the case of receiving a report, etc., from the Accounting Auditor on the performance of a treacherous act or significant breach of laws and ordinances or the Articles of Incorporation in relation to the execution of the duties of Executive Officers or Directors of the Board.

### **Chapter 4 - Responsibilities of the Board**

#### **Article 18 (Role of the Board of Directors)**

1. The Board of Directors shall, recognizing its responsibilities to all stakeholders including shareholders and investors, exercise its authority appropriately and be responsible for achieving MSV in the medium to long term of the Company.
2. The Board of Directors provides the general direction of the Group's corporate strategies, and monitors management in general.
3. The Board of Directors delegates authority to make decisions on the execution of business, excluding those of (1) to (3) below, to the executive officers, and detailed information on the matters requiring resolution of the Board of Directors is set forth in the Board of Directors Rules.
  - (1) Matters requiring a resolution of the Board of Directors pursuant to laws and ordinances or the Articles of Incorporation.
  - (2) Matters delegated to the Board of Directors by resolution of a Meeting of General Meetings of Shareholders
  - (3) Basic policy and important matters relating to the strategies and management of the Group

#### Article 19 (Composition of the Board of Directors)

1. The Board of Directors of the Company shall be well balanced overall in terms of the knowledge, experience, and aptitudes required for the effective fulfillment of its roles and responsibilities, and shall be composed of members with both diversity in terms of gender, internationality, and work experience and appropriate size, while examining the combination of skills to enable active deliberations and prompt decision-making.
2. As a general rule, the majority of the Board of Directors of the Company shall be Independent Directors of the Board.

#### Article 20 (Director of the Board Appointment and Qualification Standards)

1. The Company, in order to secure the effectiveness of the Board of Directors, has adopted the policy of nominating candidate Directors of the Board with diverse experience, achievements, high levels of insight, and high levels of expertise, etc., regardless of nationality, gender, whether from Japan or overseas, or from within or outside the Group, etc.
2. The Company nominates personnel that meet the following as candidate Directors of the Board.
  - (1) Directors of the Board have the qualifications to appropriately perform their duty of loyalty and duty of care, and to contribute to the sustainable growth of the Group and MSV in the medium to long term.
  - (2) Outside Directors of the Board, in addition to (1) above, have high levels of insight and extensive experience in the fields of corporate management, accounting, and legal affairs, etc., have qualifications to monitor the execution of business of Executive Officers from an independent and objective perspective as a general rule, and in addition, meet the "Independence Criteria for Outside Director of the Board" (Annex 4) prescribed by the Board of Directors.
  - (3) Directors of the Board concurrently serving as Executive Officer, in addition to (1) above, have the abilities required to be conversant with the business of the Group and for the appropriate execution of the business management of the Group.
3. As a general rule, the number of times that an Outside Director of the Board may be nominated as a candidate is four (a total of four years), and if the prior consent of a majority of Directors of the Board has been obtained, this may be up to a maximum of eight times (a total of eight years).

#### Article 21 (Role of the Board Chair)

1. The Board Chair endeavors to raise the quality of discussions at the meeting of the Board of Directors, as well

as to operate the meeting of the Board of Directors effectively and efficiently.

2. The Board Chair shall be a Non-Executive Director of the Board.

#### Article 22 (Role of Independent Directors of the Board)

Independent Directors of the Board play the roles described below.

- (1) In regard to management policies and the improvement of management, based on their own knowledge, to provide advice from the perspectives of promoting the sustainable growth of the Group and MSV in the medium to long term.
- (2) To supervise management through the election and dismissal of Executive Officers, as well as other important decisions of the Board of Directors.
- (3) To supervise conflicts of interest between the Company and Directors of the Board, Executive Officers, and controlling shareholders, etc.
- (4) In a position of independence from business executives and controlling shareholders, etc., to ensure that the opinion of stakeholders such as minority shareholders is appropriately reflected at the Board of Directors.

#### Article 23 (Independent Director of the Board)

1. Meetings of the Independent Directors of the Board shall be comprised of all Independent Directors of the Board.
2. Meetings of Independent Directors of the Board shall be held as necessary by convocation by the Lead Independent Director of the Board, before or after meetings of the Board of Directors.

#### Article 24 (Lead Independent Director of the Board)

1. The Lead Independent Director of the Board shall be appointed from the Independent Directors of the Board by mutual election.
2. The Lead Independent Director of the Board, in addition to serving as the chair of meetings of the Independent Directors of the Board prescribed in Article 23, upon collecting the opinions of the other Independent Directors of the Board as necessary, shall convey the opinion of the Independent Directors of the Board to the Chairman, the Representative Executive Officer & Co-President or other Executive Officer, and shall hold consultation regarding the response as needed.
3. Lead Independent Director of the Board shall serve as the Board Chair by resolution of the Board of Directors, if necessary from the point of view from Article 22, Paragraph 4.

#### Article 25 (The Nominating Committee)

1. The Nominating Committee shall be comprised of three or more committee members, a majority of which shall be Independent Directors of the Board.
2. Among the Executive Officers, the Directors of the Board concurrently serving as the Representative Executive Officer and President or other equivalent position may not become a Nominating Committee Member.
3. The Committee Chairperson of the Nominating Committee shall be an Independent Director of the Board.
4. The Nominating Committee deliberate and pass resolutions on the matters set forth below.
  - (1) Proposals to General Meetings of Shareholders regarding the election and dismissal of Directors of the Board
5. The Nominating Committee, in response to consultations from the Board of Directors, shall deliberate and reports on the matters set forth below.
  - (1) The construction of successor plans and candidate lists for Directors of the Board

- (2) The appointment, removal, and successor planning of the Representative Executive Officer and President
- (3) The appointment, removal, and successor planning of other Representative Executive Officers
- (4) The election, dismissal, and successor planning of Executive Officers
- (5) The appointment and dismissal of Chief Executive Officers of significant subsidiaries separately prescribed by the Board of Directors

Article 26 (The Compensation Committee)

1. The Compensation Committee shall be comprised of three or more committee members, a majority of which shall be Independent Directors of the Board.
2. Among the Executive Officers, the Directors of the Board concurrently serving as the Representative Executive Officer and President or other equivalent position may not become a Compensation Committee Member.
3. The Committee Chairperson of the Nominating Committee shall be an Independent Director of the Board.
4. The Compensation Committee, based on Article 27, deliberate and pass resolutions on the matters set forth below.
  - (1) Decision making policy for the individual remuneration, etc., of Directors of the Board and Executive Officers
  - (2) The content of individual remuneration, etc., of Directors of the Board and Executive Officers

Article 27 (Decision Making Policy for Remuneration, etc., of Directors of the Board and Executive Officers)

1. The Compensation Committee shall deliberate and decide on the remuneration system for Directors of the Board and Executive Officers, based on the “Remuneration Philosophy”.

[Remuneration Philosophy]

Overarching Principle

- In order to implement “Maximization of Shareholder Value” (MSV), to build a remuneration system that is transparent and satisfactory and to continue to provide appropriate motivation, incentives, etc., to key executives by implementing individual treatment based on the system.

Guiding Principles

- To be able to attract and keep management talent that excels at practicing MSV.
- To be able to continuously provide motivation so that maximum potential can be encouraged even under changing environment.
- To function effectively and in harmony with the current state of business development, level of maturity of organizational systems, organizational values, and the community.

2. The Compensation Committee shall deliberate and decide on remuneration for the Company’s Representative Executive Officer and President, based on the “Design Policies for the Remuneration of the Representative Executive Officer and President” detailed below.

[Design Policies for the Remuneration of the Representative Executive Officer and President]

- A total amount of remuneration that is commensurate with the performance of the Representative Executive Officer and President
- A remuneration structure that promotes appropriate and decisive risk taking
- Strengthening of share remuneration that contributes to MSV

Article 28 (The Audit Committee)

1. The Audit Committee shall be comprised of three or more committee members, a majority of which shall be

Independent Directors of the Board.

2. A Director of the Board concurrently serving as an Executive Officer may not become an Audit Committee Member.
3. The Committee Chairperson of the Audit Committee shall be an Independent Director of the Board.
4. The Audit Committee, with the exception of where otherwise prescribed in laws and ordinances or the Articles of Incorporation, shall deliberate and make decisions on the matters set forth below, as well as other matters that are separately prescribed in rules.
  - (1) Formulation, amendment, and abolition of audit standards, etc.
  - (2) Drafting of audit policy, formulation of audit plans, preparation of audit reports
  - (3) Matters relating to the appointment and dismissal of the Accounting Auditor

#### Article 29 (Communication between the Audit Committee and the Internal Audit Department)

1. Audit Department shall assist with the duties of the Audit Committee.
2. Audit Department shall serve as secretary of the Audit Committee, and furthermore, based on the instructions of the Audit Committee, either itself or in partnership with related departments, shall investigate, analyze, and report on matters subject to auditing, and shall conduct on-site audits as necessary.
3. The Audit Committee, in regard to the basic policy of Audit Department, the content of the audit plan, and the formulation of the budget, shall have the authority to agree beforehand to this, and in addition, shall submit specific instructions to Audit Department as necessary.
4. In the event that an instruction, regarding a matter relating to audits, to Audit department directed by the Audit Committee conflicts with an instruction directed by the Representative Executive Officer & Co-President, the instruction by the Audit Committee shall have priority.

#### Article 30 (Ensuring the Effectiveness of the Board of Directors)

1. The Company, in examination of the execution of the Company's business strategies and the business environment that constantly changes, shall identify and list the experience and skills that the Board of Directors should have, and shall use this to assist in the examination of candidates for the Director of the Board.
2. The Company shall conduct an annual analysis and assessment on the effectiveness of the Board of Directors, and shall disclose a summary of this.
3. Directors of the Board of the Company, in the event of concurrently serving as Officers, etc. of other company, shall be limited to a reasonable extent that secures the time and effort required for the execution of their duties at the Company.
4. The Company shall disclose the status of significant concurrent positions, including Officers, etc. positions at other companies, held by Directors of the Board.

#### Article 31 (Policies and Procedures for the Election and Dismissal of Executive Officers)

1. The Company shall use the following as criteria for the election of the Executive Officers and the appointment of the Representative Executive Officers.

(Executive Officer)

A person who has the diverse experience, performance, high level of insight, and high level of expertise, etc., worthy of the Executive Officer, who will contribute to the achievement of the sustainable growth and MSV in the medium to long term of the Group, regardless of nationality, gender, whether from Japan or overseas, or from within or outside the Group.

(Representative Executive Officer)



A person who has a wealth of experience and achievements in corporate management, who will demonstrate high levels of ability worthy of the Representative Executive Officer and President and will contribute to the achievement of the sustainable growth and MSV in the medium to long term of the Group.

2. The Board of Directors, pursuant to the policies of the preceding Paragraph, and based on the deliberations and reports of the Nominating Committee, shall elect and dismiss Executive Officers, and shall appoint and remove the Representative Executive Officers.
3. The Board of Directors, in the case of an Executive Officer or Representative Executive Officer and President falling applicable under any of the following and being able to objectively determine that removal or dismissal would be appropriate, shall dismiss or remove him/her, upon sufficient deliberations at the Board of Directors, based on the reports of the Nominating Committee.
  - (1) In the event of having violated a law or ordinance or the Articles of Incorporation, etc., and it being able to be recognized that significant damage has been caused to the shareholder value of the Group
  - (2) In the event of significant impediment having occurred to the execution of their duties
  - (3) In the event of it being realized that the requirements of the election and appointment standards are not met

#### Article 32(Successor Plan for the Representative Executive Officers, etc.)

The Board of Directors shall continuously consider the ideal person of Representative Executive Officer, etc. who will contribute to the achievement of MSV in light of the social environment and the business environment of the Group and determine candidates for successors to Representative Executive Officer, etc., based on the deliberations and opinions of the Nominating Committee.

#### Article 33 (Activation of Deliberations at the Board of Directors)

The Company aims to enhance and activate the deliberations of the Board of Directors by having the Representative Executive Officer and the Board Chair cooperate with each other, and by distributing the agenda and materials relating to proposals for a meeting of the Board of Directors to Directors of the Board, as well as providing prior explanations on proposals.

#### Article 34 (Policies on Training for Directors of the Board)

1. The Company shall provide training for newly appointed Outside Directors of the Board to learn about the organization, business, business category, etc., of the Company upon their assumption of office.
2. The Company shall conduct annual training for all Directors of the Board so that they can acquire the knowledge required for the execution of the duties.

#### Article 35 (Maintenance of Internal Control System)

The Board of Directors, in order to ensure that the business in the whole Group is conducted appropriately, shall prescribe a Basic Policy on the Internal Control System, and shall maintain and monitor the operation of a system for the securing of compliance, the appropriateness of financial reporting, as well as risk management, etc.

## **Chapter 5 - Dialogue with Shareholders**

#### Article 36 (Basic Policy on Dialogue with Shareholders)

1. The Company, through the thorough performance of fair information disclosures (fair disclosures) and ongoing dialogue with domestic and overseas shareholders, shall construct a relationship of trust with shareholders and reduce information asymmetry.
2. The Company, for constructive dialogue with shareholders, shall endeavor to ascertain the shareholder structure, and will pay close attention to any possibility of a leakage of insider information in having such dialogue.
3. The Company shall designate the Representative Executive Officer & Co-President, the General Manager of the Investor Relations Department, and the General Manager of the General Affairs Department as contact points for dialogue with shareholders, and also shall arrange for opportunities for dialogue with Outside Directors of the Board.
4. The Company shall provide appropriate feedback to the Board of Directors on the opinions of shareholders obtained in the course of the dialogue as appropriate to reflect them in management, and will utilize the opinions of Directors of the Board, including Outside Directors of the Board, in dialogue with shareholders.

#### Article 37 (System for Dialogue with Shareholders)

The Company, through the partnership of the Representative Executive Officer & Co-President, management team, and the general managers of the departments set forth below, shall engage in investor relations activities, shareholder relations activities, statutory disclosures, timely disclosures, and disclosure of important decisions.

- Investor Relations Department
- Public Relations Department
- Finance & Accounting Department
- Corporate Governance Department
- Other Related Departments

### **Supplementary Provisions**

#### Article 1 (Periodic Review and Amendment)

The content of these Policies shall be reviewed periodically and amended by a resolution of the Board of Directors as appropriate. However, amendments of Article 27 shall be in accordance with the resolution of the Compensation Committee.

Date of Establishment: November 20, 2015

Final Amendment Date: January 14, 2022

End

## Annex 1

### <“Purpose” and “Business Philosophy”>

# NIPPON PAINT GROUP

Our Business Philosophy

## Prosper Together

We prosper with absolute integrity and fairness by fulfilling our obligations and maximizing our commitments to all stakeholders (consumers, customers, communities, employees, suppliers, governments).

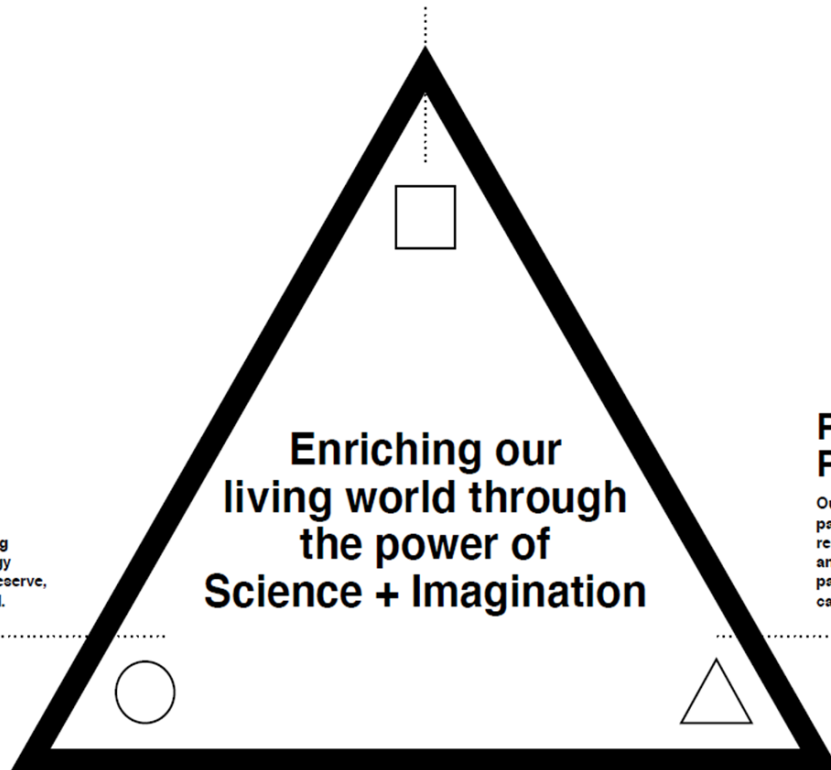
## Science + Imagination

The unlimited power of Science + Imagination, leading to ground-breaking technology and useful innovation that preserve, enhance and enrich the world.

## Powerful Partnerships

Our unique approach between our partner companies is based on respect, trust, empowerment and accountability. These partnerships form a powerful catalyst for innovation and growth.

Enriching our living world through the power of Science + Imagination



All facets are interrelated – resulting in intergenerational growth and prosperity.

#### ■ Purpose

Enriching our living world through the power of Science + Imagination

#### ■ Business Philosophy

#### Prosper Together

We prosper with absolute integrity and fairness by fulfilling our obligations and maximizing our commitments to all stakeholders (consumers, customers, communities, employees, suppliers, governments).

#### Powerful Partnerships

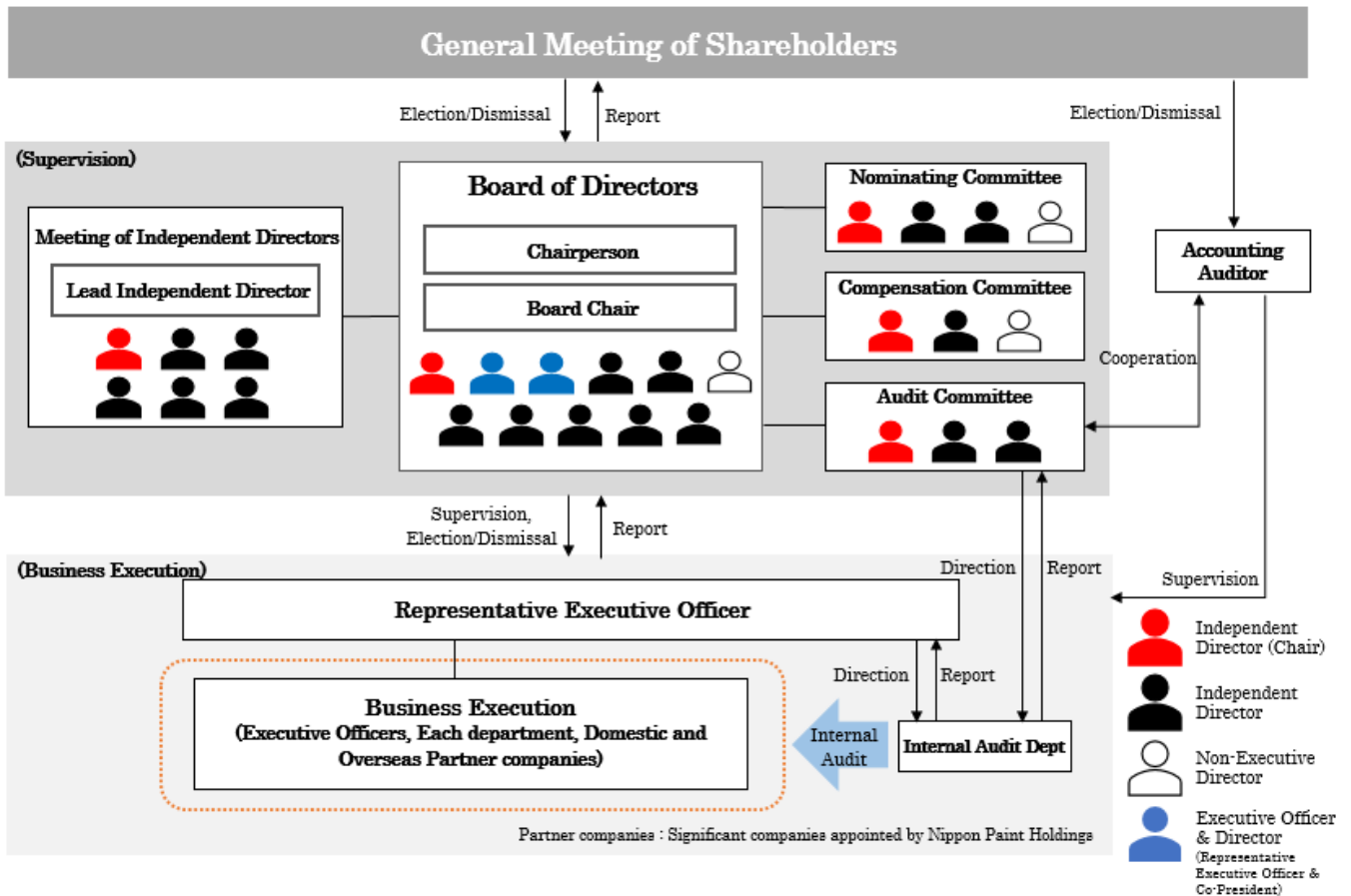
Our unique approach between our partner companies is based on respect, trust, empowerment and accountability. These partnerships form a powerful catalyst for innovation and growth.

#### Science + Imagination

The unlimited power of Science + Imagination, leading to ground-breaking technology and useful innovation that preserve, enhance and enrich the world.

Annex 2

<Corporate Governance system>



(Updated on March 29, 2022)

## Annex 3

# Nippon Paint Group Global Code of Conduct

*Global Code of Conduct ensure our people act according to our Purpose and our stakeholders understand how we operate*

### DEALING WITH INTEGRITY

***We maintain our reputation by conducting our business in a fair and honest way***

We compete fairly  
We market responsibly  
We conduct business ethically  
We comply with laws, regulations and maintain accurate records  
We do not tolerate bribery or corruption  
We avoid conflicts of interest and are responsible to act sensibly with gifts and entertainment  
We prohibit insider trading  
We do not compromise on quality or safety  
We protect our assets and confidential information  
We use technology and innovation to enhance and enrich

### WORKING TOGETHER

***We care and work as a team to ensure the safety and well being of all our stakeholders***

We care about people  
We work as a team  
We embrace diversity  
We treat each other and our stakeholders fairly  
We provide a safe and healthy workplace free from harassment and discrimination  
We act in the best interests of the company  
We work collaboratively with our partner companies for the greater good  
We act in accordance with the Global Code of Conduct and protect those that speak up

### RESPECTING ENVIRONMENT & COMMUNITIES

***We respect and enrich the environment & communities that we operate in***

We embrace social and environmental responsibility  
We respect human rights, including supporting all efforts to eliminate forced labour and child labour  
We strive to reduce the environmental impact of what we do  
We aim to leave a positive and sustainable footprint

***Acting in accordance with Global Code of Conduct, Speaking Up when there is a suspected breach and protecting others who Speak Up is a responsibility for all who work with us.***

***To Speak Up***

***<Concrete focal point information/procedures for Speak up by employee is provided locally in a manner of no unfair treatment or fear of retaliation to those who make honest speak up. >***

## Annex 4

### < Independence Criteria for Outside Director of the Board >

1. The Company will determine that Outside Directors of the Board or candidates for Outside Directors of the Board are sufficiently independent from the Company if they are found to satisfy all the requirements prescribed in the following items as a result of a reasonable investigation by the Company.
  - (1) The person in question is not a controlling shareholder (Note 1) of the Company.
  - (2) The person in question is not an executive (Note 3), a director or an ex-member (Note 4) of the parent company of the Company (Note 2).
  - (3) The person in question is not an executive or an ex-executive (Note 5) of the Company or any of the subsidiaries of the Company (hereinafter “the Group”).
  - (4) The person in question is not an executive or an ex-executive of a sister company of the Company (Note 6).
  - (5) 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 the Company (Note 7) or an executive of such a shareholder
    - ② A person whose major business partner is the Group (Note 8) or an executive of such a person
    - ③ A major business partner of the Group (Note 9) or an executive of such a business partner
    - ④ A person belonging to an audit corporation that conducts statutory audits of the Group
    - ⑤ A person who receives a significant amount (Note 10) of money, etc. from the Group, in addition to remuneration of Officers
    - ⑥ An executive of an organization that receives a significant amount (Note 10) of donation or aid from the Group
  - (6) The person in question is not a spouse or a relative within the second degree of kinship of a person falling under any items from (1) to (5) above.
2. Independent Directors shall strive to maintain the independence prescribed by these Independence Criteria until the resignation from office. If an Independent Director no longer satisfies these Independence Criteria, he/she shall promptly notify the Company of the fact.

#### Notes:

1. A controlling shareholder means an individual among the controlling shareholders set forth in the “Securities Listing Regulations (Tokyo Stock Exchange)” (Listing Regulations) Article 2, Item 42-2, Article 3-2 of the Enforcement Regulations of the same.
2. Parent company means the parent company set forth in the “Regulations on Terminology, Forms and Methods of Preparation of Financial Statements” (Financial Statement Regulations) Article 8, Paragraph 3.
3. An executive means an executive director, an Executive Officer, a corporate officer, and a person holding a similar position at a corporation or other organization.
4. An ex-member means a person who was an executive or a director during the past 10 years.

5. An ex-executive means a person who has been an executive anytime during the past 10 years.
6. A sister company means another company who has the same parent company as the Company.
7. A major shareholder means a person who directly or indirectly holds 10% or more of the total voting rights.
8. A person whose major business partner is the Group means a person who has received from the Group a payment equivalent to 2% or more of the annual consolidate sales revenue or annual consolidated net sales for the latest fiscal year of that person.
9. A major business partner of the Group means a person who has paid to the Group an amount equivalent to 2% or more of the annual consolidated sales revenue for the latest fiscal year of the Company or a person who has an outstanding balance of loans to the Company that is equivalent to 2% or more of the consolidated total assets of the Company as of the end of the latest fiscal year of the Company.
10. A significant amount means an amount exceeding an annual amount of 10 million yen on average over the past three fiscal years of the Company.