Promotion of Responsible Care Activities*

Under a Responsible Care management system based on our Basic Policy for Responsible Care, we implement a plan-do-check-act cycle (PDCA) for continuous improvement.

* Responsible Care activities are voluntary management activities of business operations that handle chemical substances. Measures related to the environmental, safety, and health, such as environmental protection, health and safety promotion, occupational health and safety, and chemical safety, are taken for improvement of all stages of the lifecycle from development to disposal. Nippon Paint Holdings Group has implemented the measures in accordance with the Japan Responsible Care Council (JACC) Charter the foundation of which is the IChemE and the principles in the Guiding Principles for Responsible Care activities, which are Responsible Care activities for coatings.

(Basic Policy for Responsible Care)

Based on the principle of activity contributing to Responsible Care activities* including environmental beautification and preservation through the creation of color and landscape and the protection of materials and resources in the business activities, the Nippon Paint Holdings Group is committed to the activities through the coordination of all organizations in the Group, including all employees, with awareness of the respective missions and responsibilities, aiming to contribute to the establishment of relationships based on mutual trust with the global community, local communities, and customers.

To this end, all of our business activities are required to follow the rules below:

1. We will endeavor to preserve the global environment and protect the ecosystem while striving to conserve energy and other resources in the course of all business activities.
2. We will promote the development of products with less environmental impact and technologies that help the products reduce such impact and will consider the impact of our products on the environment, safety, and health at all stages of their lifecycle from development to disposal.
3. We will work to reduce the environmental impact of our operations and ensure security and disaster prevention while striving to ensure the health and safety of local residents and employees.

Responsible Care Organizational Structure

Considering that the understanding and management of the environmental impact and safety of chemical substances is an important duty for paint manufacturers, we have re-established a management system to expand the scope to include occupational health and safety and chemical and product safety, in addition to the environment, and conducted Responsible Care (RC) activities since fiscal 2010. We will encourage employees to act in an autonomous and independent manner in the activities oriented to their primary duties for efficient operation of the system while also continuously improving the system through the PDCA cycle.

RC Organizational Structure (2017)

Setting of RC objectives/Targets

- Nippon Paint Holdings Group (in Japan)
  - Nippon Paint Holdings (NPH)
  - Nippon Paint Automotive Coatings (NPAC)
  - Nippon Paint Industrial Coatings (NPIC)
  - Nippon Paint (NPL)
  - Nippon Paint Surf Chemicals (NSC)
  - Nippon Paint Marine Coatings (NPAMC)
  - Nippon Trading (NT)

- Nippon Paint Holdings (Singapore)
  - Nippon Paint Singapore Pte Ltd

- Nippon Paint Holdings (Switzerland)
  - Nippon Paint (Switzerland)

- Nippon Paint (USA)
  - Nippon Paint USA Inc

- Nippon Paint (China)
  - Nippon Paint China Co., Ltd.

- Nippon Paint (Europe)
  - Nippon Paint Europe Co., Ltd.

- Nippon Paint (Australia)
  - Nippon Paint Australia Pty Ltd

- Nippon Paint (Taiwan)
  - Nippon Paint (Taiwan) Inc.

- Nippon Paint (Korea)
  - Nippon Paint (Korea) Co., Ltd.

- Nippon Paint (Hong Kong)
  - Nippon Paint (Hong Kong) Co., Ltd.

- Nippon Paint (Thailand)
  - Nippon Paint (Thailand) Co., Ltd.

- Nippon Paint (Thailand)
  - Nippon Paint (Thailand) Co., Ltd.

- Nippon Paint (India)
  - Nippon Paint (India) Pvt Ltd

- Nippon Paint (Malaysia)
  - Nippon Paint Malaysia Sdn Bhd

- Nippon Paint (Indonesia)
  - Nippon Paint Indonesia Tbk

- Nippon Paint (Vietnam)
  - Nippon Paint Vietnam Co., Ltd.

- Nippon Paint (Philippines)
  - Nippon Paint (Philippines) Inc.

- Nippon Paint (Philippines)
  - Nippon Paint (Philippines) Inc.

- Nippon Paint (India)
  - Nippon Paint (India) Pvt Ltd

- Nippon Paint (Vietnam)
  - Nippon Paint Vietnam Co., Ltd.

- Nippon Paint (Philippines)
  - Nippon Paint (Philippines) Inc.

- Nippon Paint (Indonesia)
  - Nippon Paint Indonesia Tbk

- Nippon Paint (Malaysia)
  - Nippon Paint Malaysia Sdn Bhd

- Nippon Paint (Thailand)
  - Nippon Paint (Thailand) Co., Ltd.

- Nippon Paint (Thailand)
  - Nippon Paint (Thailand) Co., Ltd.

- Nippon Paint (China)
  - Nippon Paint (China) Inc.

- Nippon Paint (China)
  - Nippon Paint (China) Inc.

- Nippon Paint (Korea)
  - Nippon Paint (Korea) Co., Ltd.

- Nippon Paint (Singapore)
  - Nippon Paint Singapore Pte Ltd

- Nippon Paint (Europe)
  - Nippon Paint Europe Co., Ltd.

- Nippon Paint (Australia)
  - Nippon Paint Australia Pty Ltd

- Nippon Paint (Taiwan)
  - Nippon Paint (Taiwan) Inc.

- Nippon Paint (USA)
  - Nippon Paint USA Inc

- Nippon Paint (Japan)
  - Nippon Paint Holdings (NPH)
  - Nippon Paint Automotive Coatings (NPAC)
  - Nippon Paint Industrial Coatings (NPIC)
  - Nippon Paint (NPL)
  - Nippon Paint Surf Chemicals (NSC)
  - Nippon Paint Marine Coatings (NPAMC)
  - Nippon Trading (NT)

- Nippon Paint (Switzerland)
  - Nippon Paint (Switzerland)

- Overseas management
  - Nippon Paint Holdings provides active support for overseas companies for their health and safety activities. In Asia and China, action bodies on environmental and safety issues have been set up in the respective countries together with the regional headquarters and are supported by the Group to enable Group companies to establish improvement activities based on mutual assessment or self-assessment. While the safety and environmental levels on the sites have been steadily improved in comparison with last year, we are working to enhance mutual communication and share information to help solve the problems to the maximum extent.
  - In Europe and the Americas as well, we conduct environment-related audits and provide support for corrective actions on an as-needed basis in cooperation with domestic operating companies.
Promotion of Responsible Care Activities*

Under a Responsible Care management system based on our Basic Policy for Responsible Care, we implement a plan-do-check-act cycle (PDCA) for continuous improvement.

* Responsible Care activities are voluntary management activities of business operators that handle chemical substances. Measures related to the environment, safety, and health, such as environmental protection, health and safety, and chemical safety, are taken for improvement of all stages of the life cycle from development to disposal. Nippon Paint Holdings Group has implemented the measures in accordance with the Responsible Care Creative Approach of Nippon Paint Holdings Group (RCA) to ensure the sustainability of the company in the long term and contribute to the society in the short term. We set out, in promotion of Responsible Care activities for coatings, which are Responsible Care activities for coatings.

[Diagram: Responsible Care Organizational Structure]

<table>
<thead>
<tr>
<th>Priority subjects</th>
<th>Targets</th>
<th>Company-wide results and their analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal management of RC activities</td>
<td>Implementation of activities by each company according to the RC manual as specified by the overall plan throughout a year</td>
<td>The target was achieved as the companies basically operated the activities as planned without major problems.</td>
</tr>
<tr>
<td>Environmental conservation</td>
<td>Reduction of CO2 emissions and energy consumption. The basic KH is per unit reduction by 1%.</td>
<td>While some companies achieved improvement through the installation of new equipment and other measures, per unit results slightly increased overall.</td>
</tr>
<tr>
<td>Reduction of RC risks</td>
<td>Setting of targets for reducing disaster risks based on the risk assessment of each company. The basic KPI is the achievement of zero disasters.</td>
<td>The companies promoted safety activities and worked to prevent accidents in response to intrinsic risks. As a result, a total of 14 accidents occurred in the Group in fiscal 2017 (while 12 accidents, including one accident resulting in lost time, occurred in the previous fiscal year), which consisted of no accident resulting in lost time and 13 accidents without lost time. Although relatively minor accidents slightly increased, we managed to prevent major accidents.</td>
</tr>
<tr>
<td>Development of RC-related products and promotion of their use</td>
<td>Promotion of the development of process-shortening products, environmentally friendly products, and low VOC paints</td>
<td>The development of process-shortening products was advanced mostly as planned. The replacement of lead-containing paints and chrome treatment products that are targeted for reduction with non-containing products was advanced steadily.</td>
</tr>
</tbody>
</table>

**Results on RC priority targets (FY2017)**

**Environment and Work Safety Management**

Acquisition of ISO 14001 certification

Nippon Paint Holdings Group (Japan) received ISO 14001 multi-certification for the seven companies in the Responsible Care structure and their subsidiaries. In November 2016, we underwent a renewal inspection in a revised version by an outside inspection body and received the certification with no non-compliance identified. We also received surveillance last year and obtained the certification. For the opportunities for improvement identified through the surveillance, we immediately took and completed measures and have confirmed that there is no problem in the operation after that.

**Overseas management**

Our Group provides active support to overseas companies for their health and safety activities. In Asia and China, action bodies on environmental and safety issues have been set up in the respective countries together with the regional headquarters and are supported by the Group to enable Group companies to establish improvement activities based on mutual assessment or self-assessment. While the safety and environmental levels on the sites have been steadily improved in comparison with last year, we are working to enhance mutual communication and share information to help solve the problems to the maximum extent.

In Europe and the Americas as well, we conduct environment-related audits and provide support for corrective actions on an as-needed basis in cooperation with domestic operating companies.
Prevention of Climate Change

Reduction of CO₂ emissions

The initiatives of the Nippon Paint Holdings Group (in Japan) to prevent global warming mainly aim to reduce energy use. We reduce energy use through meticulous daily efforts to reduce energy use, including the optimal use of various equipment and devices that consume power or gas, modification of the operating conditions of compressors, boilers, chillers, and other equipment on the production sites using large equipment, and strict temperature control of air conditioners and efforts to turn off the power of unused office equipment in the offices for indirect jobs, etc. 

While CO₂ emissions increased in fiscal 2017, per unit emissions decreased and we consider that the initiatives mentioned above had a positive impact. We will continue to work to reduce CO₂ emissions.

Data on the emissions of greenhouse gases other than CO₂ are not disclosed because they are negligible.

* Scope of data collection:
  - Former Nippon Paint Co., Ltd. before the spin-off for the data for the years 2013-2015.
  - NIPJ, NIPJ MP, NIPJ SP, and NIPJ for the data in FY2016 and FY2017

* Data collection period:
  - April to December (three months only) for FY2016

Waste Reduction and Zero Emissions

Initiatives in FY2017

Using an electronic manifest system, which was also used in the previous fiscal year, the Nippon Paint Holdings Group (in Japan) made Group-wide efforts to reduce waste such as reduction of waste generation and proper disposal of waste including effective use. In fiscal 2017, although our recycling activities covered all waste, the amount of waste generated increased year-on-year.

Breakdown of waste (FY2017)

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>7,205.6</td>
</tr>
<tr>
<td>Incinerator ash, dust</td>
<td>54.9</td>
</tr>
<tr>
<td>Inspection waste</td>
<td>1,417.3</td>
</tr>
<tr>
<td>Waste oil and wax</td>
<td>316.2</td>
</tr>
<tr>
<td>Mixed-plastic</td>
<td>809.4</td>
</tr>
<tr>
<td>Total</td>
<td>8,645.1</td>
</tr>
<tr>
<td>Incinerator ash, dust</td>
<td>48.1</td>
</tr>
<tr>
<td>Inspection waste</td>
<td>1,189.3</td>
</tr>
<tr>
<td>Waste oil and wax</td>
<td>342.9</td>
</tr>
<tr>
<td>Mixed-plastic</td>
<td>2,435.2</td>
</tr>
<tr>
<td>Total</td>
<td>5,256.8</td>
</tr>
</tbody>
</table>

Comprehensive Management of Chemical Substances

Basic Approach

Paints contain various chemical substances originating from the raw materials and some of them can be harmful to the environment. Laws and regulations concerning chemical substances have become increasingly stringent globally in recent years. For the management of chemical substances, our Group Product Safety Committee, which is set up under the Responsible Care (RCI) Committee, makes discussions with Group companies and prepares management standards to standardize the handling of chemical substances and prevent incorrect operation.

Measures to Comply with Laws

We properly responded to legal changes made during fiscal 2017, including the revision of the Industrial Safety and Health Act, partial revision of the Cabinet Order for the Designation of Poisonous and Deleterious Substances, and revision of the Chemical Substance Control Law. For our products containing the substances newly specified in the ordinance, we took additional measures such as modification of labeling and the issuance of Safety Data Sheets. We also have established measures to comply with the Poisonous and Deleterious Substances Control Law because our products include 2-tert-butylyphenol and drug products containing the substance. We have not been required to take corrective actions by the competent ministry or authority as to this issue.

Use of lead compounds by year

<table>
<thead>
<tr>
<th>Year</th>
<th>Lead compounds (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>183,397</td>
</tr>
<tr>
<td>2013</td>
<td>77,398</td>
</tr>
<tr>
<td>2014</td>
<td>72,320</td>
</tr>
<tr>
<td>2015</td>
<td>39,480</td>
</tr>
<tr>
<td>2016</td>
<td>6,115</td>
</tr>
<tr>
<td>2017</td>
<td>39,480</td>
</tr>
</tbody>
</table>

PRTR Survey (total amounts for the Nippon Paint Holdings Group in Japan)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atmospheric emissions</td>
<td>6,115</td>
</tr>
<tr>
<td>Decontamination processing</td>
<td>2,435.2</td>
</tr>
<tr>
<td>Products</td>
<td>50,091 (62.7%)</td>
</tr>
</tbody>
</table>

Initiatives in FY2017

In fiscal 2017, as we did in the previous fiscal year, we obtained information via various channels to ensure that we can respond to legal changes on chemical substances on a global scale and also worked to improve the mechanism. We addressed notification and planning for the TSCA Inventory Revisit, for which the deadline is the next fiscal year, and responded to the request made by the European Automobile Manufacturers’ Association (ACEA) to companies in the world for disclosure on the substances of very high concern of European Chemical Agency because the CAls number is not mentioned or is lacking for some of them.

We also made lists on regulatory movements on dangerous chemical products in China, draft revisions of government ordinances on chemical product management in Vietnam, and the outline of registry management of new chemical substances of other Asian countries including the Philippines, South Korea, and Taiwan.

In Japan, we gave support for hazardous material management, SDSs, and GHS label management in the operation of a new management system in response to the expansion of the backbone system in Group companies.

<table>
<thead>
<tr>
<th>Use of lead compounds by year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead compounds (t)</td>
<td>183</td>
<td>77</td>
<td>72</td>
<td>39</td>
<td>6</td>
<td>39</td>
</tr>
</tbody>
</table>

Environmental For the Global Environment and Safety
Environmental For the Global Environment and Safety

Prevention of Climate Change

**Reduction of CO2 emissions**

The initiatives of the Nippon Paint Holdings Group (in Japan) to prevent global warming mainly aim to reduce energy use. We reduce energy use through meticulous daily efforts to reduce energy use, including the optimal use of various equipment and devices that consume power or gas, modification of the operating conditions of compressors, boilers, chillers, and other equipment on the production sites using large equipment, and strict temperature control of air conditioners and efforts to turn off the power of unused office equipment in the offices for indirect jobs, etc. While CO2 emissions increased in fiscal 2017, per unit emissions decreased and we consider that the initiatives mentioned above had a positive impact. We will continue to work to reduce CO2 emissions.

Data on the emissions of greenhouse gases other than CO2 are not disclosed because they are negligible.

* Scope of data collection:
  - Former Nippon Paint Co. Ltd. before the spin-off for the data for fiscal 2015.
  - NPL, NPU, EPLTU, and NPSU for the data in FY2016 and FY2017.
* Data collection period:
  - April to December (three months only for FY2016)

**Waste Reduction and Zero Emissions**

**Initiatives in FY2017**

Using an electronic manifest system, which was also used in the previous fiscal year, the Nippon Paint Holdings Group (in Japan) made Group-wide efforts to reduce waste such as reduction of waste generation and proper disposal of waste including effective use. In fiscal 2017, although our recycling activities covered all waste, the amount of waste generated increased year-on-year.

**Breakdown of waste (FY2017)**

- Generator oil, dust, etc. 5.4
- Industrial waste and sludge 1,471.3
- Waste solvents and others 316.2
- Synthesis polyurethane 869.4
- Total 7,205.6

**PRTR Survey (total amounts for the Nippon Paint Holdings Group in Japan)**

**Comprehensive Management of Chemical Substances**

**Basic Approach**

Paints contain various chemical substances originating from the raw materials and some of them can be harmful to the environment. Laws and regulations concerning chemical substances have become increasingly stringent globally in recent years. For the management of chemical substances, our Group Product Safety Committee, which is set up under the Responsible Care (RC) Committee, makes discussions with Group companies and prepares management standards to standardize the handling of chemical substances and prevent incorrect operation.

**Measures to Comply with Laws**

We properly responded to legal changes made during fiscal 2017, including the revision of the Industrial Safety and Health Act, partial revision of the Cabinet Order for the Designation of Poisons and Deleterious Substances, and revision of the Chemical Substance Control Law. For our products containing the substances newly specified in the Ordinance on Prevention of Hazards Due to Specified Chemical Substances, we took additional measures such as modification of labeling and the issuance of Safety Data Sheets. We also take necessary measures to comply with the Poisonous and Deleterious Substances Control Law because our products include 2-tert-butylphenol and drug products containing the substance. We have not been required to take corrective actions by the competent minister or authority as to this issue. The easing of regulations on law volume or law production volume new chemical substances in the Chemical Substance Control Law was promulgated and we have notified it in the Group to get prepared for the enforcement in fiscal 2019.

**Initiatives in FY2017**

In fiscal 2017, as we did in the previous fiscal year, we obtained information via various channels to ensure that we can respond to legal changes on chemical substances on a global scale and also worked to improve the mechanism. We addressed notification and planning for the TSCA Inventory Rule, for which the deadline is the next fiscal year, and responded to the request made by the European Automobile Manufacturers’ Association (ACEA) in companies in the world for disclosure on the substances of very high concern of European Chemical Agency because the CAS number is not mentioned or is lacking for some of them.

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In Japan, we expanded support for hazardous material management, SDSs, and GHS label management in the operation of a new management system in response to the expansion of the backbone system in Group companies.

**Use of lead compounds by year**

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Air and Water Conservation

Prevention of Air Pollution

Nippon Paint Holdings Group (in Japan) complies with regulations pertaining to air pollution through the setting of voluntary reference values and other measures. In FY2017 as well, none of our plants exceeded statutory limits. We reduced the generation of NOx and SOx emissions from the previous fiscal year.

↑ NOx and SOx emissions by year

<table>
<thead>
<tr>
<th>Year</th>
<th>NO emissions</th>
<th>SO emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8.87</td>
<td>2.19</td>
</tr>
<tr>
<td>2013</td>
<td>7.90</td>
<td>1.62</td>
</tr>
<tr>
<td>2014</td>
<td>9.68</td>
<td>1.30</td>
</tr>
<tr>
<td>2015</td>
<td>1.29</td>
<td>1.29</td>
</tr>
<tr>
<td>2016</td>
<td>3.84</td>
<td>0.73</td>
</tr>
<tr>
<td>2017</td>
<td>5.55</td>
<td>0.52</td>
</tr>
</tbody>
</table>

↑ Water use by year

<table>
<thead>
<tr>
<th>Year</th>
<th>Water use (t)</th>
<th>Water for industrial use (t)</th>
<th>Water for domestic use (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>568.00</td>
<td>1.00</td>
<td>36.90</td>
</tr>
<tr>
<td>2013</td>
<td>492.24</td>
<td>0.70</td>
<td>31.30</td>
</tr>
<tr>
<td>2014</td>
<td>410.42</td>
<td>0.70</td>
<td>30.80</td>
</tr>
<tr>
<td>2015</td>
<td>420.24</td>
<td>0.50</td>
<td>30.80</td>
</tr>
<tr>
<td>2016</td>
<td>361.10</td>
<td>0.10</td>
<td>30.90</td>
</tr>
<tr>
<td>2017</td>
<td>392.51</td>
<td>0.27</td>
<td>30.80</td>
</tr>
</tbody>
</table>

↑ Wastewater discharge and COD, total phosphorus, and total nitrogen emissions by year

<table>
<thead>
<tr>
<th>Year</th>
<th>Total nitrogen emissions (t)</th>
<th>Total phosphorus emissions (t)</th>
<th>COD emissions (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>5.02</td>
<td>3.85</td>
<td>2.04</td>
</tr>
<tr>
<td>2013</td>
<td>6.95</td>
<td>2.93</td>
<td>2.93</td>
</tr>
<tr>
<td>2014</td>
<td>2.95</td>
<td>1.31</td>
<td>1.31</td>
</tr>
<tr>
<td>2015</td>
<td>2.95</td>
<td>1.31</td>
<td>1.31</td>
</tr>
<tr>
<td>2016</td>
<td>2.95</td>
<td>1.31</td>
<td>1.31</td>
</tr>
<tr>
<td>2017</td>
<td>2.95</td>
<td>1.31</td>
<td>1.31</td>
</tr>
</tbody>
</table>

Effective Use of Water Resources

Nippon Paint Holdings Group (in Japan) strives to use water resources more efficiently through the effective use of water in the cleaning process and the recycling of cleaning water on the production sites. However, the use of industrial water increased in fiscal 2017.

↑ Number of occupational accidents in Japan

<table>
<thead>
<tr>
<th>Year</th>
<th>Total accident</th>
<th>Level accident</th>
<th>Level accident</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>10</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2013</td>
<td>13</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2014</td>
<td>12</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>12</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>12</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2017</td>
<td>12</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

↑ Number of accidents overseas

<table>
<thead>
<tr>
<th>Year</th>
<th>Total accident</th>
<th>Level accident</th>
<th>Level accident</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2018</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Occupational Health and Safety

Initiatives in FY2017

Health and Safety Activities in Japan

In fiscal 2017, we worked to improve health and safety activities and solve relevant problems through the RC Committee, as well as Group safety and environment meetings and product safety meetings, involving Nippon Paint Holdings Group companies in Japan. In those efforts, we shared information on the accidents that occurred in the Group and the cases of accidents in different business sectors and introduced countermeasures against such accidents throughout the Group to prevent recurrence.

We also held health and safety committee meetings on an area or site basis to execute the decisions made in the committee meetings, etc. and identified the safety and environmental issues in each area, involving all employees in the efforts to improve the problems. Risk assessment is actively conducted in each area to prevent accidents.

In addition, events to help employees improve their health are designed and organized in cooperation with the labor union. As a result of these health and safety activities, while the total number of accidents in the Group increased by two year-on-year in fiscal 2017, the frequency of accidents declined from the previous fiscal year. There was no casualty due to occupational accidents, either. We will make continuous efforts to reduce occupational accidents.

Support for Overseas Group Companies in Safety Control

We provide active and continuous support for the safety and environmental activities of our Group companies.

As we did in the previous fiscal year, we worked to enhance field management in each region or area and develop activity leaders through NipSEA Safety Council (NSC).

We also conducted a safety assessment in each area together with NSC members to prevent serious accidents. In the assessment, we used an assessment list prepared to identify and rectify serious risks that might result in a plant shutdown, such as fire and explosions.

In addition to the safety assessment, we have introduced safety activities into overseas production sites, such as a drill that simulates fire and other disasters, initiatives to reduce fire, and experience-based training to enhance the understanding of the danger of static electricity.

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Air and Water Conservation

Prevention of Air Pollution

Nippon Paint Holdings Group (in Japan) complies with regulations pertaining to air pollution through the setting of voluntary reference values and other measures. In FY2017, as well, none of our plants exceeded statutory limits. We reduced the generation of NOx and SOx emissions from the previous fiscal year.

**NOx and SOx emissions by year**

<table>
<thead>
<tr>
<th>Year</th>
<th>NOx emissions</th>
<th>SOx emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8.87</td>
<td>6.55</td>
</tr>
<tr>
<td>2013</td>
<td>7.90</td>
<td>5.55</td>
</tr>
<tr>
<td>2014</td>
<td>9.68</td>
<td>2.84</td>
</tr>
<tr>
<td>2015</td>
<td>5.0</td>
<td>2.19</td>
</tr>
<tr>
<td>2016</td>
<td>5.0</td>
<td>0.04</td>
</tr>
<tr>
<td>2017</td>
<td>5.0</td>
<td>0.08</td>
</tr>
</tbody>
</table>

* Source of data collection: Nippon Paint Paint Co., Ltd, before the spin-off for the data in FY2017 and earlier
NIPU, NIPU, NIPU, and NIFP for the data in FY2015
NIPU, NIPU, NIPU, NIPU, and NIFP for the data in FY2016 and FY2017
* Data collection period: April to December (eight months) only for FY2016

Effective Use of Water Resources

Nippon Paint Holdings Group (in Japan) strives to use water resources more efficiently through the effective use of water in the cleaning process and the recycling of cleaning water on the production sites. However, the use of industrial water increased in fiscal 2017.

**Water use by year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fresh water</th>
<th>Wash water</th>
<th>Industrial water</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>179.93</td>
<td>154.10</td>
<td>51.40</td>
</tr>
<tr>
<td>2013</td>
<td>166.00</td>
<td>140.00</td>
<td>59.00</td>
</tr>
<tr>
<td>2014</td>
<td>182.90</td>
<td>156.10</td>
<td>63.80</td>
</tr>
<tr>
<td>2015</td>
<td>201.90</td>
<td>171.10</td>
<td>70.00</td>
</tr>
<tr>
<td>2016</td>
<td>195.80</td>
<td>165.10</td>
<td>70.00</td>
</tr>
<tr>
<td>2017</td>
<td>200.80</td>
<td>170.10</td>
<td>70.00</td>
</tr>
</tbody>
</table>

* Source of data collection: Nippon Paint Paint Co., Ltd, before the spin-off for the data in FY2017 and earlier
NIPU, NIPU, NIPU, and NIFP for the data in FY2015
NIPU, NIPU, NIPU, NIPU, and NIFP for the data in FY2016 and FY2017
* Data collection period: April to December (eight months) only for FY2016

Prevention of Water Pollution

Nippon Paint Holdings Group (in Japan) complies with regulations pertaining to water pollution through the setting of voluntary reference values and other measures. Wastewater discharge increased year-on-year in fiscal 2017.

**Wastewater discharge and COD, total phosphorus, and total nitrogen emissions by year**

<table>
<thead>
<tr>
<th>Year</th>
<th>COD emissions</th>
<th>Total phosphorus emissions</th>
<th>Total nitrogen emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2.63</td>
<td>3.38</td>
<td>1.65</td>
</tr>
<tr>
<td>2013</td>
<td>2.45</td>
<td>2.84</td>
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</tr>
<tr>
<td>2014</td>
<td>2.45</td>
<td>2.84</td>
<td>1.65</td>
</tr>
<tr>
<td>2015</td>
<td>2.45</td>
<td>2.84</td>
<td>1.65</td>
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<tr>
<td>2016</td>
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<td>2.84</td>
<td>1.65</td>
</tr>
<tr>
<td>2017</td>
<td>2.45</td>
<td>2.84</td>
<td>1.65</td>
</tr>
</tbody>
</table>

* Source of data collection: Nippon Paint Paint Co., Ltd, before the spin-off for the data in FY2017 and earlier
NIPU, NIPU, NIPU, and NIFP for the data in FY2015
NIPU, NIPU, NIPU, NIPU, and NIFP for the data in FY2016 and FY2017
* Data collection period: April to December (eight months) only for FY2016

Occupational Health and Safety

Initiatives in FY2017

Health and Safety Activities in Japan

In fiscal 2017, we worked to improve health and safety activities and solve relevant problems through the RC Committee, as well as Group safety and environment meetings and product safety meetings, involving Nippon Paint Holdings Group companies in Japan. In those efforts, we shared information on the accidents that occurred in the Group and the cases of accidents in different business sectors and introduced countermeasures against such accidents throughout the Group to prevent recurrence.

We also held health and safety committee meetings on an area or site basis to execute the decisions made in the committee meetings, etc. and identified the safety and environmental issues in each area, involving all employees in the efforts to improve the problems. Risk assessment is actively conducted in each area to prevent accidents.

In addition, events to help employees improve their health are designed and organized in cooperation with the labor union. As a result of these health and safety activities, while the total number of accidents in the Group increased by two year-on-year in fiscal 2017, the frequency of accidents declined from the previous fiscal year. There was no casualty due to occupational accidents, either. We will make continuous efforts to reduce occupational accidents.

Support for Overseas Group Companies in Safety Control

We provide active and continuous support for the safety and environmental activities of our Group companies. As we did in the previous fiscal year, we worked to enhance field management in each region or area and develop activity leaders through NIPSA (Nippon Paint Safety Council). We also conducted a safety assessment in each area together with NSC members to prevent serious accidents. In the assessment, we used an assessment list prepared to identify and rectify serious risks that might result in a plant shutdown, such as fire and explosions.

In addition to the safety assessment, we have introduced safety activities into overseas production sites, such as a drill that simulates fire and other disasters, initiatives to reduce fire, and experience-based training to enhance the understanding of the danger of static electricity.