

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, security and disaster prevention, occupational health and safety, and chemical safety, are taken for improvement at all stages of the lifecycle from development to disposal. Nippon Paint Holdings Group has implemented the activities as a member of the Japan Responsible Care Council (JRCC) since the foundation of the council in 1995 and also participates in Coatings Care activities, which are Responsible Care activities for coatings.



(Basic Policy for Responsible Care)

Based on the principle of actively contributing to Responsible Care activities* including environmental beautification and preservation through the creation of colors 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:

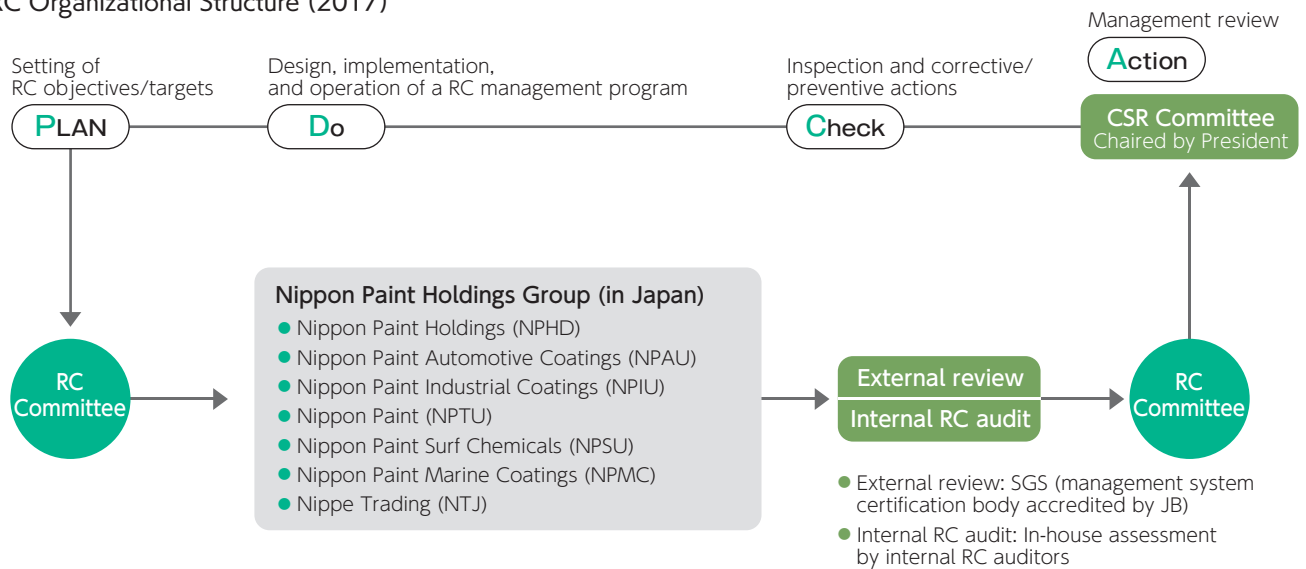
- 1) We will endeavor to preserve the global environment and protect the ecosystem while striving to conserve energy and other resources in the course of all business activities.
- 2) We will promote the development of products with less environmental impact and technologies that help the products reduce 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)





Responsible Care Plan

Under the Responsible Care organizational structure of the Nippon Paint Holdings Group, the Group companies set their own RC priority targets at the beginning of each fiscal year. In the lifecycle of the products handled by each company, which covers the stages from development to production, distribution, use, final consumption, and disposal, the targets are set based on the risks and

opportunities for the company selected from among its unique internal and external issues in the stages after its involvement, as well as the demand and expectation of stakeholders. The targets are then included in the management system for spiral-up. The targets set by the Group for fiscal 2017 and the results on them are shown below.

▼ Results on RC priority targets (FY2017)

Priority subjects	Targets	Company-wide results and their analysis
Internal management of RC activities	Implementation of activities by each company according to the RC manual as specified by the overall plan throughout a year	The target was achieved as the companies basically operated the activities as planned without major problems.
Environmental conservation	Reduction of CO ₂ emissions and energy consumption. The basic KPI is per unit reduction by 1%.	While some companies achieved improvement through the installation of new equipment and other measures, per unit results slightly increased overall.
Reduction of RC risks	Setting of targets for reducing disaster risks based on the risk assessment of each company. The basic KPI is the achievement of zero disasters.	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.
Development of RC-related products and promotion of their use	Promotion of the development of process-shortening products, environmentally friendly products, and low VOC paints	The development of process-shortening products was advanced mostly as planned. The replacement of lead-containing paints and chromate treatment products that are targeted for reduction with non-containing products was advanced steadily.

Environment and Work Safety Management

Acquisition of ISO 14001 certification

Nippon Paint Holdings Group (in 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.

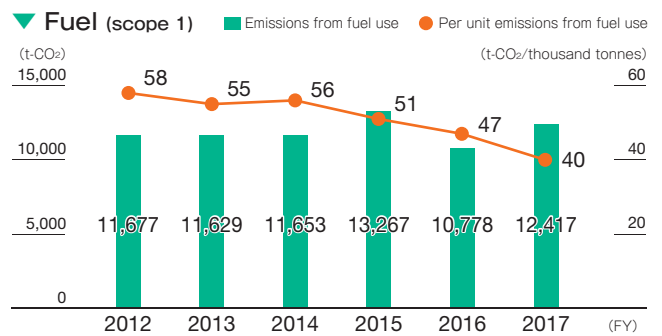
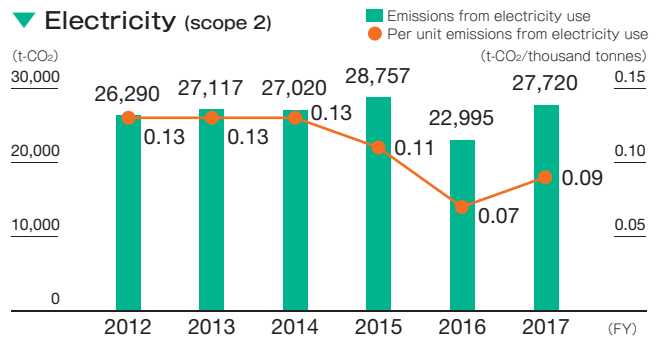
In Europe and the Americas as well, we conduct environment-related audits and provide support for corrective actions on an as-needed basis in cooperation with domestic operating companies.

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 in FY2014 and earlier
NPAU, NPIU, NPTU, and NPSU for the data in FY2015
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* Data collection period:
April to December (nine months) only for FY2016

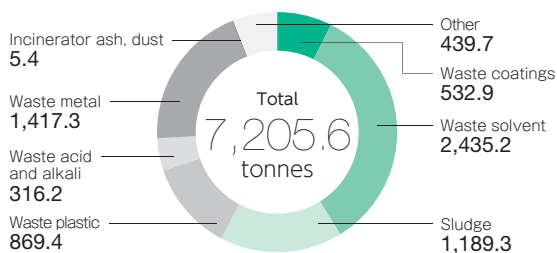


Waste Reduction and Zero Emissions

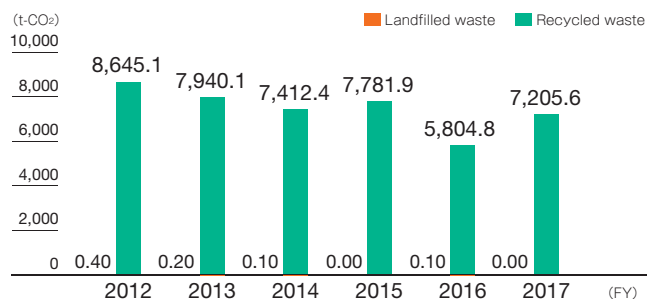
Initiatives in FY2017

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)



▼ Waste generation, recycled waste, and landfilled waste by year



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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 Poisonous 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 ministry or authority as to this issue. The easing of regulations on low volume or low 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.

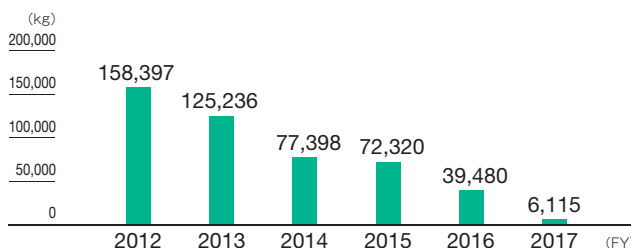
Initiatives in FY2017

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 Reset, 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 CAS number is not mentioned or is lacking for some of them.

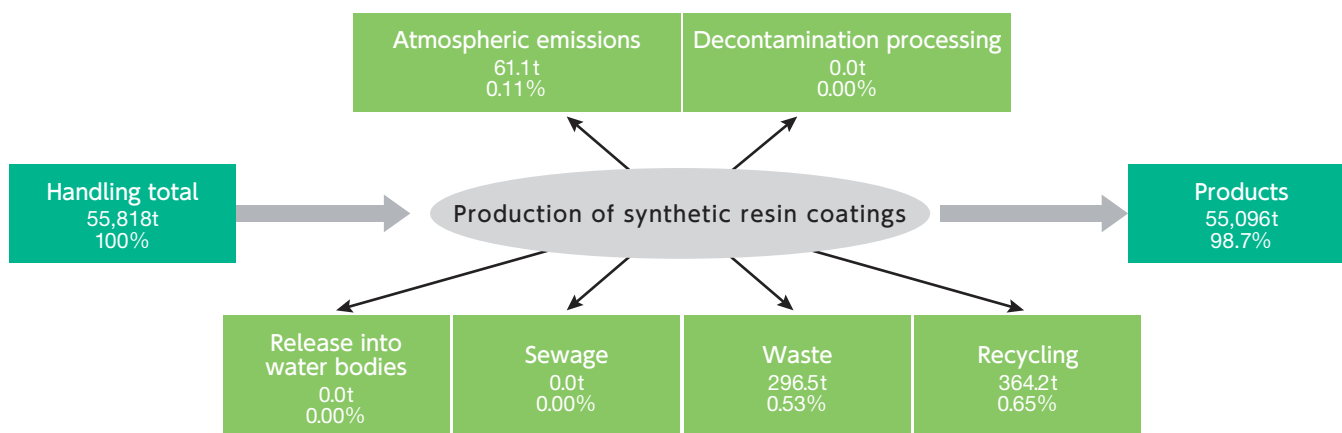
We also made lists on regulatory movements on dangerous chemical products in China, draft revisions of government ordinances on chemical product management in Vietnam, and the outline of registry management of new chemical substances of other Asian countries including the Philippines, South Korea, and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

▼ Use of lead compounds by year



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

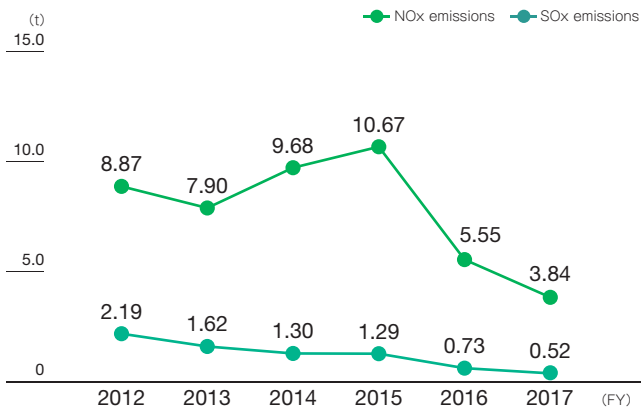


Air and Water Conservation

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

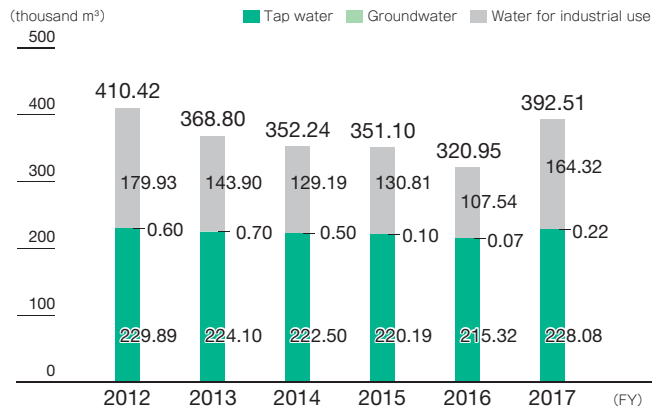


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Effective Use of Water Resources

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

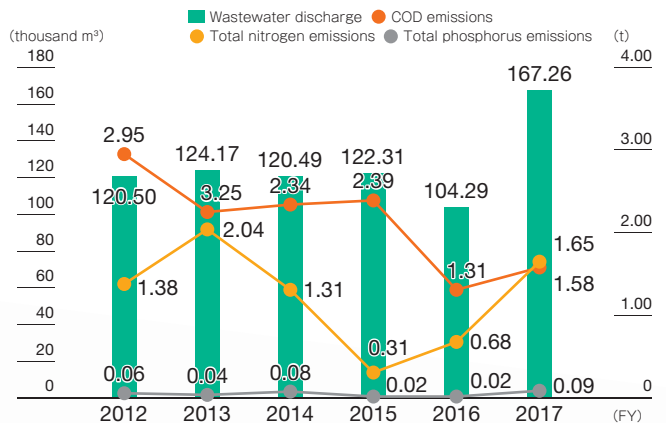


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Prevention of Water Pollution

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



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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

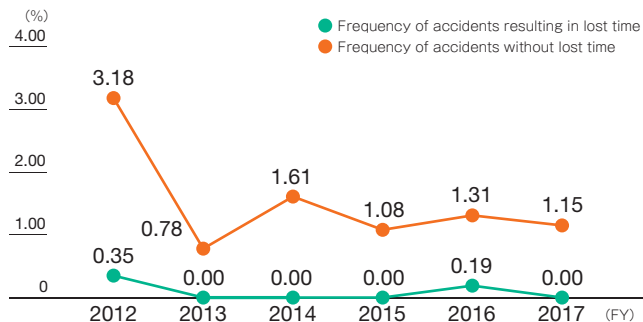
We provide active and continuous support for the safety and environmental activities of our Group companies.

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).

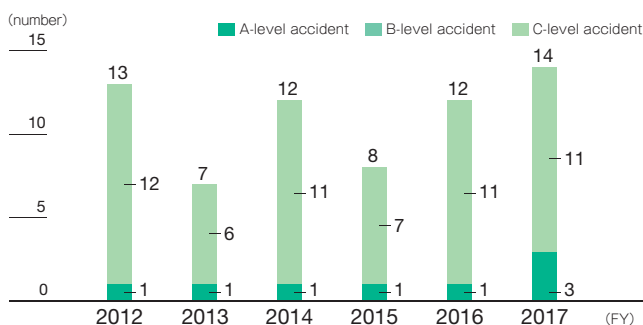
We also conducted a safety assessment in each area together with NSC members to prevent serious accidents. In the assessment, we used an assessment list prepared to identify and rectify serious risks that might result in a plant shutdown, such as fire and explosions.

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.

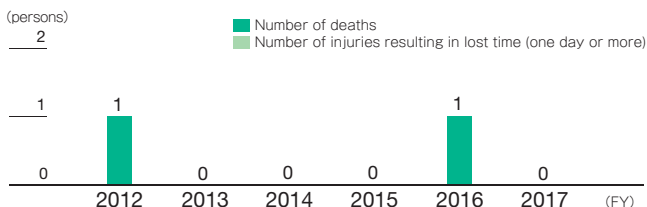
▼ Frequency of accidents



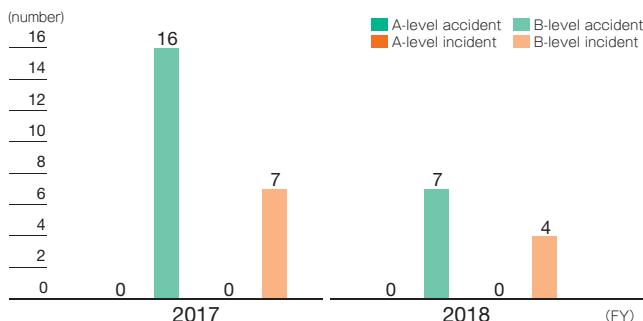
▼ Number of occupational accidents in Japan



▼ Number of casualties due to occupational accidents



▼ Number of accidents overseas



* The number for FY2018 is that for January to May.

