

# Environmental

## Global Environment and Safety

### Promoting Responsible Care\*

Guided by a Responsible Care management system that is based on our Responsible Care policies, we perform a plan-do-check-act cycle (PDCA), which leads to continuous improvements.

\* Responsible Care Policy  
 Companies that handle chemicals conduct Responsible Care activities at all stages, from product development to disposal. Throughout a product's lifecycle, these companies implement self-management activities to enact and improve environment-, safety- and health-related measures (environmental protection, anti-disaster safety measures, occupational health and safety, and chemical safety).  
 Nippon Paint Group has continuously practiced Responsible Care activities since becoming a member of the Japan Responsible Care Council in 1995, and has also participated in Coatings Care activities, which are coatings-oriented Responsible Care activities.



#### Basic Policy for Responsible Care

Nippon Paint Group is committed to the Responsible Care initiative\* and contributes to a sound, safe environment through our business activities of creating attractive colors and spaces while conserving materials and resources. The employees of all group organizations recognize this as our responsibility and cooperate to build relationships of trust with our customers and everyone in the global community.

\* Responsible Care is a global initiative to improve the chemical industry's performance in environmental preservation, disaster preparedness, occupational health and safety, logistics safety, chemical safety, product safety, and communication with stakeholders

The commitment requires the Group to implement the following measures throughout all of its businesses activities:

- 1) 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) Promote the development of products that lessen the impact on the environment and technologies that help these products reduce this impact. Also pay adequate attention to the environment, safety, and health impacts of our products at all stages of the product lifecycle, from development to disposal.
- 3) Work to ensure safety and prevent disasters and reduce the impact of our operations on the environment, and to ensure the safety and health of local residents and employees.

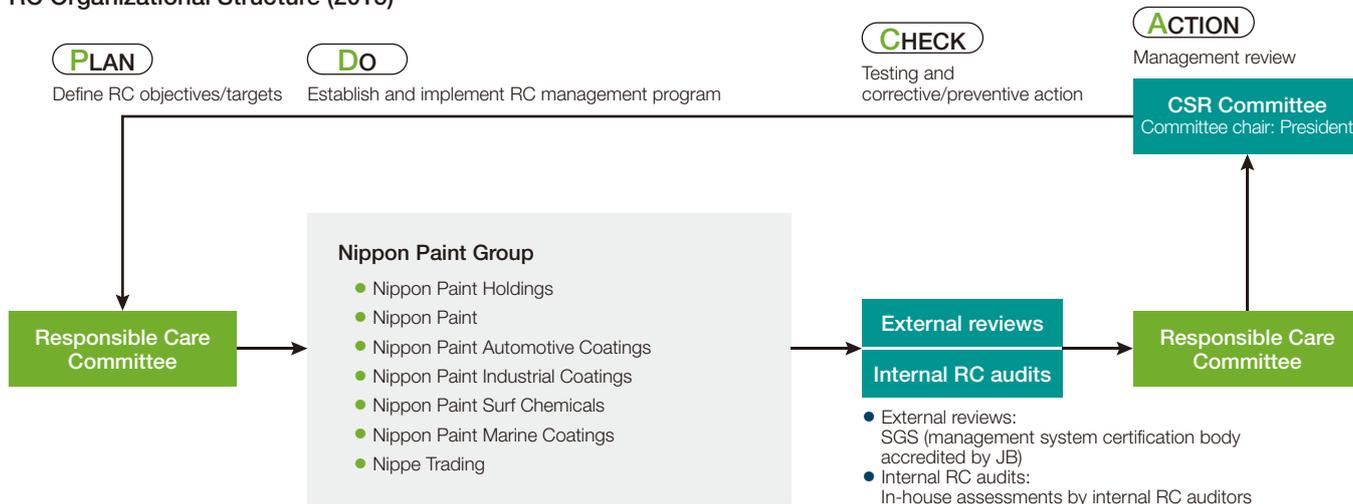
### Responsible Care Organization

Based on understanding the influence chemical substances have on the environment and safety, controlling those substances is one of our main responsibilities as a paint manufacturer. As such, we developed a management system that expanded the scope of the areas where we can have an impact in 2010 from only the environment to include occupational health and safety,

chemical and product safety, and have undertaken Responsible Care (RC) initiatives.

We promote the autonomy and independence of our employees through activities centered on their primary duties, and by conducting effective and efficient operations and an ongoing PDCA cycle, continue to constantly improve the system.

#### RC Organizational Structure (2015)



## Comprehensive Management of Chemical Substances

We have decrease risk by reducing the amount of harmful chemical substances contained in our products and thoroughly controlling the level of other chemical substances.

Following Nippon Paint Holdings' transition to a holding company structure on October 1, 2014, each group company voluntarily established a management structure to control the use of chemical substances in products.

### Basic Policy

Various chemical substances originating from the raw materials are found in our paints and in some instances those substances can be harmful to the environment. Regulations concerning chemical substances have become increasingly stringent globally in recent years, and amid such regulatory changes our Group will actively take appropriate measures to control chemical substances and reduce harmful agents.

### Measures to comply with regulations

Following 2009 amendments to the Chemical Substances Control Law, Nippon Paint Group started to submit notifications as appropriate regarding manufacturing and import volumes to facilitate the assessment of risk posed by general chemical substances.

Due to revisions to the Ordinance for Enforcement of Industrial Safety and Health Act and related substances, the package of paints that contain 1% or more of naphthalene or refractory ceramic fibers shall be labelled, and companies are required to provide a safety data sheet (SDS) for paints that contain 0.1% or more of refractory ceramic fibers. Furthermore, paints that contain more than 1% of naphthalene or refractory ceramic fibers will be classified as Group II Specified Chemical Substances or a Substance Under Specified Supervision pursuant to the Ordinance on Prevention of Hazards Due to Specified Chemical Substances.

Nippon Paint Group launched broad measures to update its current labels and SDS notifications, and has taken the appropriate steps to comply with the revisions mentioned above.

### Initiatives in fiscal 2015

Nippon Paint Group has created several information channels to enable it to obtain information to respond appropriately to revisions to regulations around the world, has started to improve its business processes, and continues to develop its electronic systems.

We recognize that while chemical substances offer many functional benefits, some substances present environmental risks. To assess these risks, Nippon Paint Group conducted and reported the results of a survey on 462 substances designated by the amended PRTR Law\*1 and 417 substances specified by the Japan Chemical Industry Association (JCIA). It started releasing data on newly specified substances from fiscal 2010.

In fiscal 2015, the number of PRTR\*2 designated substances handled by Nippon Paint Group increased to 59 from 55 in the previous fiscal year, while the overall number\*3 of JCIA-specified substances was 79.

Since fiscal 2008, we have been using a new, proprietary automatic PRTR system that performs more realistic calculations. As for color PRTR surveys for color-mixing service stations, a PRTR survey support system was introduced from fiscal 2002 to assist in efficiently tallying substance usage data.

\*1 PRTR Law: Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

\*2 PRTR (Pollutant Release and Transfer Register) system requires entities that handle chemicals to confirm and calculate the volume of those chemicals released to the environment and report the data to the government.

\*3 Overall Number: Substances targeted by both the PRTR Law and the JCIA.

### PRTR Survey (Nippon Paint Group total)

(Unit: t)

	Manufacture/usage	Amount released into the atmosphere	Amount released in water bodies	Amount released into the ground	Amount transferred to sewage	Amount transferred off-site
Nippon Paint Group total (86 substances)	56,899.3	51.3	0.0	0.0	0.0	1,749.0

### Preventing Climate Change

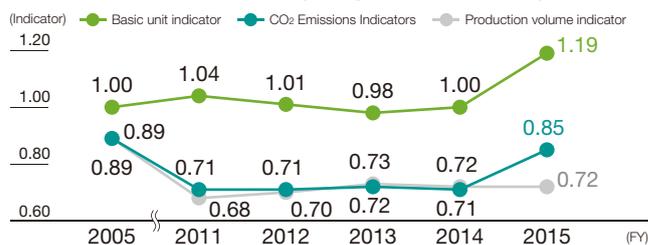
Both our Group companies and their respective sites strive every day to reduce CO<sub>2</sub> emissions to help prevent climate change.

#### Initiatives in Fiscal 2015

Nippon Paint Group initiatives to prevent climate change involve activities primarily aimed at reducing energy usage.

Energy conservation activities involve meticulous everyday supervision to instill certain daily habits at our businesses and factories, including changing the operating conditions for compressors and boilers, strict supervision, upgrading to energy-saving equipment and fixtures, strict control of air conditioning temperature, monitoring demand, and turning off computers and lights.

CO<sub>2</sub> Emissions Indicators (compared to FY1990)



### Waste Reduction and Zero Emissions

Nippon Paint Group is dedicated to reducing waste generated from its production activities as it works to reduce the negative impact on the environment.

#### Initiatives in fiscal 2015

Nippon Paint Group has worked to reducing and appropriately handling waste materials and creating activities that can effectively utilize such materials.

In fiscal 2015, we have adopted an electronic manifest system to manage industrial waste (excluding certain waste materials), and developed an environment to appropriately treat these materials.

In order to further strengthen our legal compliance mechanisms, we started introducing and operating a Group-wide waste management system.

#### Maintain and Improve Zero Emissions Status

Nippon Paint Group is taking further qualitative steps to improve our zero emissions status, such as shifting from thermal recycling\*<sup>1</sup> to material recycling\*<sup>2</sup> and selling valuable materials extracted from waste materials.

In fiscal 2015, we continued to convert a new set of waste materials (waste thinner, poly drums, oil tins, etc., from which valuable materials could not be extracted previously) to valuable materials. With our ongoing efforts to recycle waste materials, we are taking qualitative steps to enhance our zero emissions activities.

\*1 Thermal recycling refers to the recovery and use of thermal energy emitted during waste incineration, rather than simply incinerating the waste.

\*2 Material recycling refers to processing waste so that it can be easily reused and even used as materials for new products.

### Topics 2015

#### Eco-friendly products are spreading as China tightens environmental regulations

China, which faces increasingly serious environmental issues, has been gradually implementing more stringent environmental regulations each year. Furthermore, demand for construction paints has been rising in line with the country's economic development.

In light of these conditions, we develop and sell construction paints that do not contain organic compounds prohibited by China's environmental regulations. As demand for eco-friendly products are expected to spread, we have invested ¥30.0 billion over three years to strengthen our production capacity to produce such products. We hope to play a role in reducing the negative impact on the environment in China through the distribution of eco-friendly products.



# Occupational Health and Safety

Creating a safe working environment is a primary aspect of corporate activities.

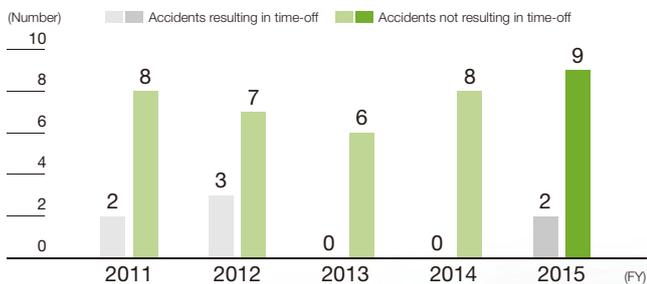
Nippon Paint Group therefore aggressively promotes safety initiatives based on its own safety principles across the entire Group.

## Initiatives in Fiscal 2015

In fiscal 2015, even after the Company split off into separate companies in 2014, each Nippon Paint Group company conducted health and safety activities through their participation in the Responsible Care (RC) Committee and Safety and Disaster Prevention Meetings. One example includes risk assessments of chemical substances, which was made mandatory by an amendment to the Industrial Safety and Health Act.

The entire Group conducts health and safety activities through the RC committee and Health and Safety Committees at each business site. However, there was a fire at a Group company in fiscal 2015. To prevent similar fires from occurring, we strengthened preventive measures across the entire Group.

## Safety Record (Occupational Accidents)



## Safety Measures for Overseas Companies

In fiscal 2015, we started performing “overseas safety patrols” at our overseas sites to assess the likelihood of fires and other major risks.

Overseas safety patrols have been carried out since 1978, and in fiscal 2015 these patrols were carried out at NIPSEA’s main business sites (China, Thailand, Malaysia, Singapore, Vietnam, India, Sri Lanka, Taiwan and the Philippines). The patrols aim to assess risks through briefings and on-site visits.

Underscoring our efforts to appropriately manage and eliminate major risks identified through our assessments, in fiscal 2016 we will work to ensure our sites operate safely by creating a safety structure to support safety management at NIPSEA and share safety information across the entire Group.

