

Promoting Responsible Care Activities*

Guided by a Responsible Care management system that is based on our Basic Policy for Responsible Care, 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.

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.

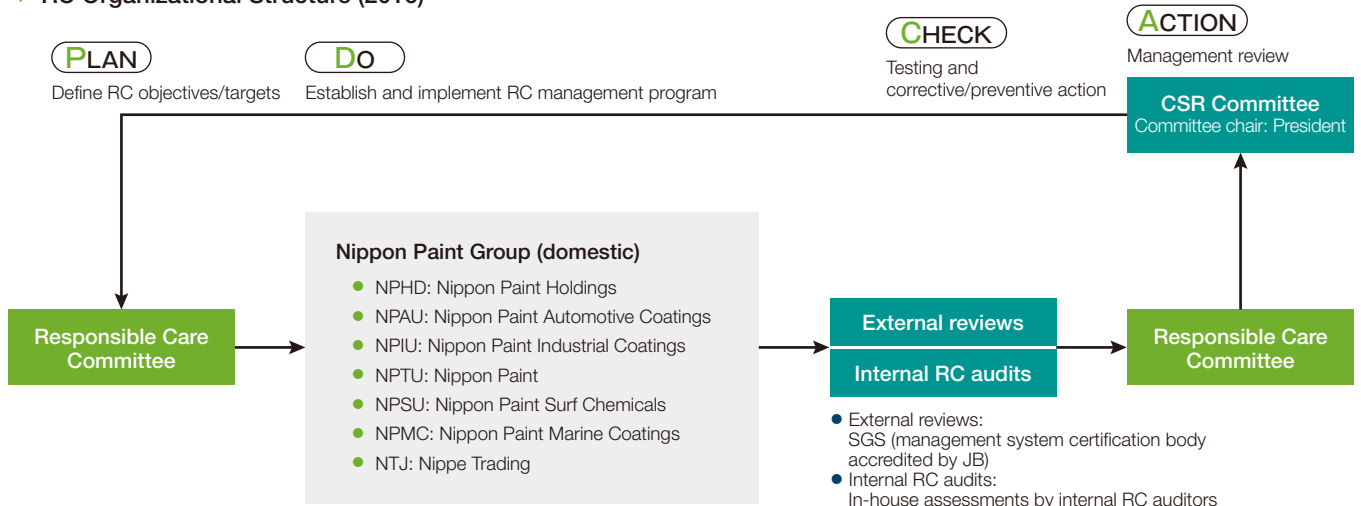
Responsible Care Organization

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 (2016)



Responsible Care Plan

The seven companies under the RC organizational structure set RC-focused targets at the beginning of each fiscal year. These targets are based on each company's internal and external issues and risks and opportunities selected from the needs and

desires of stakeholders. The targets are then included in the management system. The following table shows the results on RC-focused targets in FY2016.

▼ Results on RC-focused targets (FY2016)

Important themes	Overall group results
Self-regulation of RC activities	The various companies organized documentation, provided education, and developed internal information, achieving targets.
Environmental conservation (CO ₂ reduction, resource protection)	Except for the following, the companies achieved targets related to energy-saving activities and reduction in industrial waste. In some instances, targets were not achieved because of increased inventory due to early errors when introducing products to market and failure to obtain orders.
Reduction of RC risks (elimination of repeated occupational accidents, property-related accidents, fire or smoke incidents, and distribution-related accidents)	Within the group, there was one occupational accident resulting in time off and ten not resulting in time off (total of 12 accidents in FY2015). Serious incidents and close calls were categorized by severity and information was shared throughout the group to prevent recurrences.
Product development and promotion of use to reduce the RC load	The development of eco-conscious products went according to plan, so development-related targets were achieved. Sales volume of such products did not achieve targets due to deterioration in market conditions. Targets have been set for discontinuation of paints with the highest lead content. The target for reduction in nickel was not achieved (development completed, but slow uptake by customers).
Statutory compliance	The companies conducted risk assessments for chemical substances and achieved the targets.

Environment and Work Safety Management

ISO 14001 certification

Nippon Paint Group (domestic) received ISO 14001 multi-certification for the seven companies in the RC organizational structure and their subsidiaries. Since ISO 14001 was revised in 2015, in November 2016 we underwent a renewal inspection by an outside inspection body. No non-compliance was identified, and we have received the renewed certification.

Overseas management

We provide active, ongoing support to overseas group companies for their environmental and safety activities. In Asia, the regional supervision company and companies in key Asian countries (China, Thailand, Malaysia, the Philippines, India, Singapore, Vietnam, Taiwan) work together on environmental and safety issues, with the various companies providing mutual

assessments or support for improvements in the case of self-assessments. We also provide training to improve environmental and safety-related awareness, but plan to provide additional support for improvement at the various overseas group companies, since not only regulations but also corporate culture differs country to country. In China, the department in charge of occupational health and safety and environmental matters, which is part of head office functions at subsidiaries, conducts environmental and safety-related management, internal assessments for all sites, and follow-up assessments to confirm that improvements have been made. Sites in Europe and the Americas cooperate with the managing operating company in Japan on environment-related audits and the operating company provides timely support to correct issues.

Preventing Climate Change

Reducing CO₂ Emissions

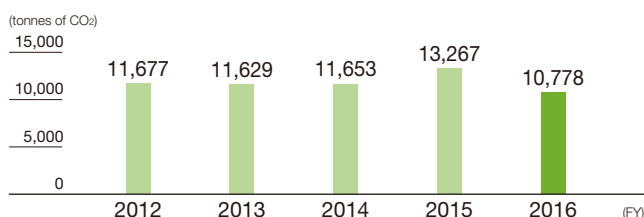
Nippon Paint Group (domestic) initiatives to prevent climate change involve activities primarily aimed at reducing energy usage.

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.

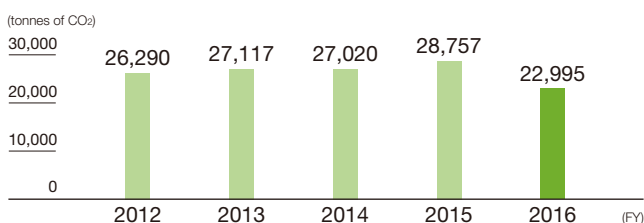
In FY2016 as well, the various group companies independently set CO₂ reduction targets and promoted ongoing energy conservation activities. For example, reduction targets were set for major plants that cause a comparatively large environmental burden. Day-to-day operational management and patrols to check implementation status were conducted.

As a result, fuel and electricity usage volume for FY2016 (revised data collection period) was as shown at right.

Fuel total



Electricity total



* Scope of data: In FY2014 and earlier, data is for the pre-division Nippon Paint Co., Ltd. From FY2015 onward, data is for NPHD, NPAU, NPIU, NPTU, NPSU, and NPMC.
 * Data collection period: April to December (nine months) only for FY2016 (Applies to both Fuel total and Electricity total)

Waste Reduction and Zero Emissions

Initiatives in FY2016

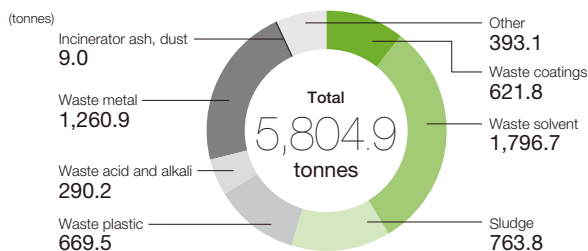
Using an electronic manifest system since FY2015, Nippon Paint Group (domestic) has worked to reduce and properly dispose of waste or to create activities that can effectively utilize waste materials.

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

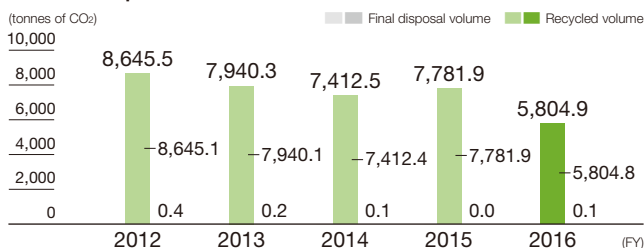
In FY2016, in order to reduce industrial waste, we reinforced recycling and reuse practices and worked to control dead stock. In regard to non-industrial waste as well, we continued efforts to reduce the volume of copy paper and paper trash.

As a result, waste volume for FY2016 (revised data collection period and scope), was as shown below.

Breakdown of waste (FY2016)



Volume of waste generated, recycled volume, final disposal volume



* Scope of data: In FY2014 and earlier, data is for the Nippon Paint before split-up. In FY2015 data is for NPHD, NPAU, NPIU, NPTU, and NPSU. In FY2016 data is for NPHD, NPAU, NPIU, NPTU, NPSU, and NPMC.
 * Data collection period: April to December (nine months) only for FY2016

Comprehensive Management of Chemical Substances

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.

On June 1, 2016, the revised Industrial Safety and Health Act and its enforcement ordinance and regulations took effect, expanding the scope of substances requiring labeling, but also dropping obligations regarding the labeling of ingredients. In addition, the threshold concentrations were changed for substances requiring labeling and substances requiring reporting by safety data sheets (SDS). Nippon Paint Group (domestic) conducted a bulk update for existing labels and SDSs to conform to the revised laws. In regard to chemical substance risk assessments also required by the Industrial Safety and Health Act, preparation was started several months ahead of time, and business offices and plants are conducting response.

Initiatives in FY2016

Nippon Paint Group has created several information channels to enable it to obtain information to respond

appropriately to revisions to regulations around the world and has started to improve its business processes.

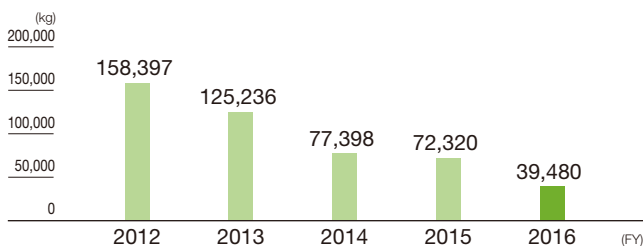
We recognize that while chemical substances offer many functional benefits, some substances present environmental risks. To assess these risks, Nippon Paint Group conducted and reported the results of a survey on 462 substances designated by the amended PRTR Law*1 and 417 substances specified by the 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 (domestic) 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.

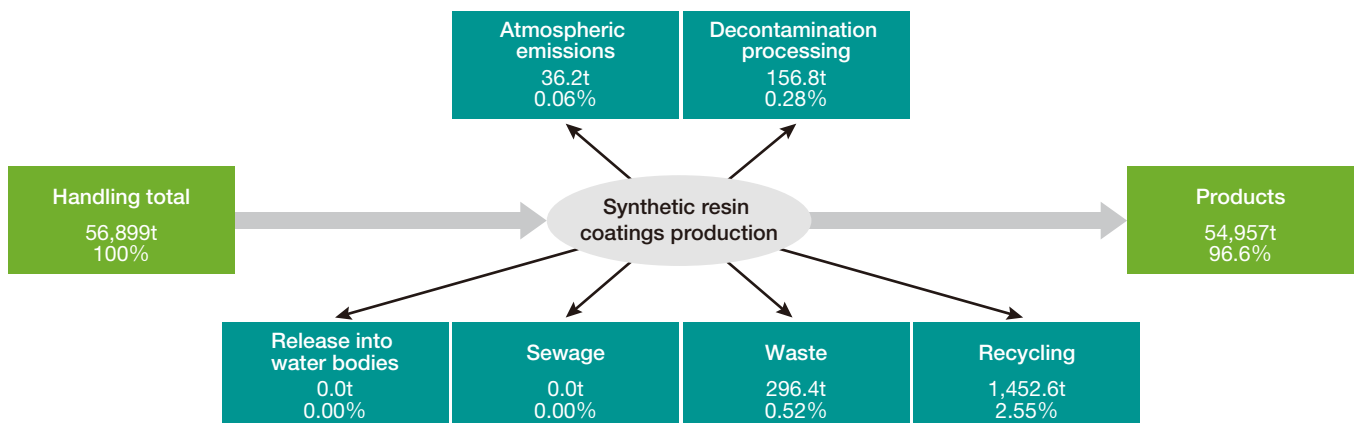
*1 PRTR Law: Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof
 *2 PRTR (Pollutant Release and Transfer Register) system requires entities that handle chemicals to confirm and calculate the volume of 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.

▼ Lead compound volume



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

▼ PRTR Survey (Nippon Paint Group domestic totals)

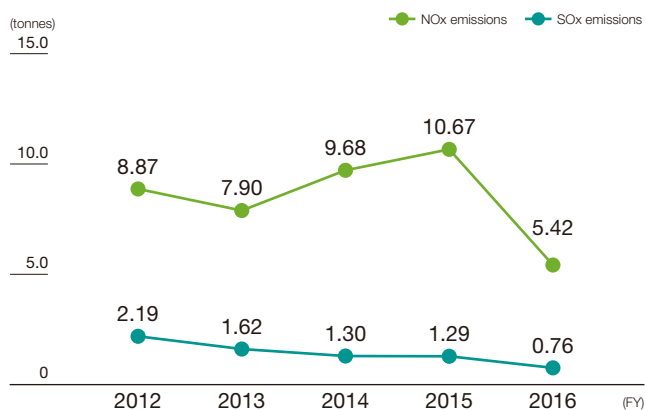


Air and Water Conservation

Air Pollution Prevention

Nippon Paint Group (domestic) sets voluntary reference values and complies with regulations pertaining to air pollution. In FY2016 as well, none of our plants exceeded statutory limits.

NOx and SOx emissions

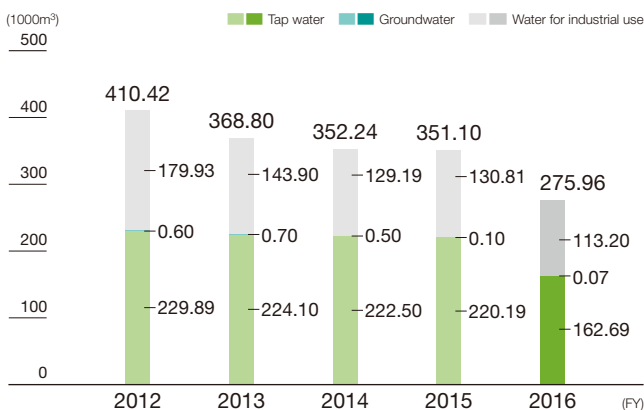


* Scope of data: In FY2014 and earlier, data is for the pre-division Nippon Paint Co., Ltd.
 In FY2015 data is for NPAU, NPIU, NPTU, and NPSU.
 In FY2016 data is for NPAU, NPIU, NPTU, NPSU, and NPMC.
 * Data collection period: April to December (nine months) only for FY2016

Effective Use of Water Resources

Nippon Paint Group (domestic) strives to use water resources effectively.

Volume of water used

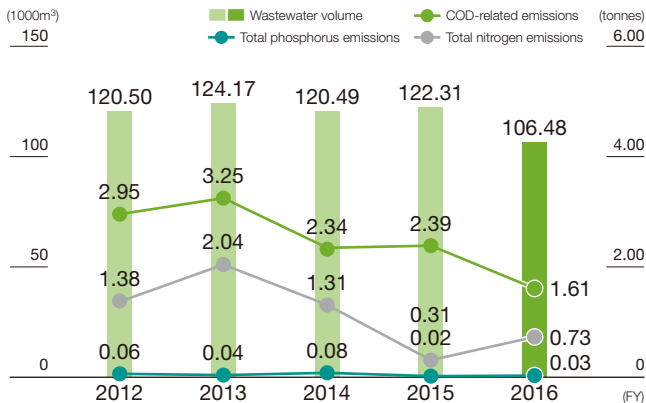


* Scope of data: In FY2014 and earlier, data is for the pre-division Nippon Paint Co., Ltd.
 In FY2015 data is for NPAU, NPIU, NPTU, and NPSU.
 In FY2016 data is for NPAU, NPIU, NPTU, NPSU, and NPMC.
 * Data collection period: April to December (nine months) only for FY2016

Water Pollution Prevention

Nippon Paint Group (domestic) sets voluntary reference values and complies with regulations pertaining to water pollution. In FY2016 as well, none of our plants exceeded statutory limits.

Wastewater volume / COD, total phosphorus, total nitrogen



* Scope of data: In FY2014 and earlier, data is for the pre-division Nippon Paint Co., Ltd.
 In FY2015 data is for NPAU, NPIU, NPTU, and NPSU.
 In FY2016 data is for NPAU, NPIU, NPTU, NPSU, and NPMC.
 * Data collection period: April to December (nine months) only for FY2016

Occupational Health and Safety

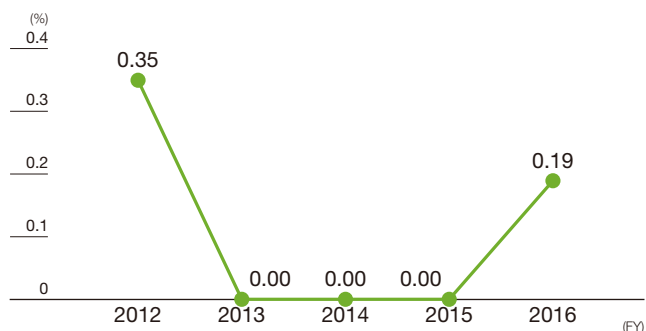
Initiatives in FY2016

In FY2016, the various companies of Nippon Paint Group (domestic) conducted health and safety activities through their participation in the Responsible Care (RC) Committee and Safety and Disaster Prevention Meetings. For instance, they shared information about accidents that occurred within the group and together discussed measures to prevent recurrence.

The entire group conducts health and safety activities through the RC Committee and Health and Safety Committees at each business site. Unfortunately, in FY2016 there was one accident resulting in time off and ten accidents not resulting in time off. Many of the latter were the sort of accidents that had occurred previously, such as employees cutting themselves with box cutters or getting solvent in their eyes.

We will continue to conduct health and safety activities, including risk assessments, in an effort to eliminate accidents.

▼ Frequency of accidents resulting in time off



Safety Measures for Overseas Group Companies

We provide overseas group companies with active and ongoing support for activities to ensure safe working environments.

In FY2016, we provided training for activity leaders in the various regions through the NIPSEA Safety Council (NSC), initiated in FY2015 to focus on safe environment activities within the NIPSEA Group.

In addition, we conducted safety assessments using assessment lists at key sites in Thailand, Malaysia, Singapore, Vietnam, India, the Philippines, and Taiwan together with NSC members, with the aim of identifying and rectifying serious risks such as fire or explosions that might result in plant shutdowns. We also began expanding these safety assessments to other NIPSEA sites. In China as well, we worked closely with the local safe environment management department and continued to participate in "safety first" diagnostic efforts.

In Europe and the Americas, we are conducting audits and support for remedial efforts at key sites in cooperation with the domestic operating companies in charge of those sites.



Health and safety activity conducted in cooperation with NIPSEA