

Comprehensive Management of Chemical Substances

As a manufacturer of paints and coatings that contain chemical substances, Nippon Paint is committed to strengthening its comprehensive management of substances so as to control their impact on safety and the environment.

Background of Chemical Substance Management

At the World Summit on Sustainable Development (WSSD) held in Johannesburg, South Africa in 2002, a target date of 2020 was set for sound chemicals management. To achieve this goal, a specific action plan, the “Strategic Approach to International Chemicals Management (SAICM)” was compiled and adopted at the International Conference on Chemicals Management (ICCM) in Dubai in 2006. This was the beginning of a worldwide megatrend in which all people cooperate to reduce the risks of chemical substances. Doing so will help protect the global environment, without compromising the lifestyle conveniences of current and future generations. In response to this trend, new chemical substances were added to the list of banned substances, and GHS recommendations were issued with the aim of establishing a globally unified system of labeling of chemicals. GHS stands for Globally Harmonized System of Classification and Labeling of Chemicals, and its implementation was recommended by the United Nations in July 2003. This system aims to provide people handling chemical substances with accurate and consistent hazard information in an

easy-to-understand manner. It does this by classifying chemical substances based on globally harmonized hazard criteria, and by indicating the results of classification in product labels and Material Safety Data Sheets (MSDS).

In recent years, various laws and regulations have been established or revised in Japan as well. In 2006, concurrent with the amended Industrial Safety and Health Law, a decision was reached to implement GHS ahead of other countries. In November 2008, the revised Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (the revised PRTR Law) was promulgated with significant revisions to the list of chemicals subject to PRTR surveys. Also in February 2009, a resolution was adopted at a Cabinet meeting to enact an amendment to the Law concerning the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. It is anticipated that the importance of chemical substance management will increase even further in the future.

Response to Overseas GHS Implementation

GHS is a UN recommended, voluntary system and does not impose binding treaty obligations on countries. Thus, even with an agreed global implementation goal of 2008, GHS implementation is up to each country's judgment, so there is a big difference in the implementation status among countries. Moreover, since GHS allows partial adoption to national laws, legislation also varies by country. In Japan, in response to the revision to the Industrial Safety and Health Law in November 2005, GHS implementation was launched on December 1, 2006. Presently, three overseas countries—Korea, Taiwan and China—are taking specific action toward GHS implementation.

In Korea, although GHS implementation was initially planned to begin on July 1, 2008, the deadline for classification under the revised legislation was postponed until June 30, 2013 for mixtures, and until June 30, 2010 for substances.

Taiwan started phased implementation of GHS on December 31, 2008. At present, the country is in the transitional period during which both former and new labeling systems can coexist up to December 31, 2009.

In China, although GHS implementation was planned for February 1, 2009, related legislation was not yet established, resulting in temporary suspension of

enforcement.

Nippon Paint always keeps track of international trends and is preparing for the development of an automatic MSDS system that will enable us to take appropriate action as soon as each country's data on hazard levels (classification) of mixtures becomes available. Preparation for GHS-compatible labeling containing GHS pictograms is also underway.



Example of GHS-compatible MSDS for overseas markets

Compliance with REACH Regulation

In the EU, REACH (Registration, Evaluation, Authorization and Restriction of Chemical substances) came into force on June 1, 2007. The aim of REACH is to improve the protection of human health and the environment from the effects of chemical substances, while also enhancing the competitiveness of the EU chemicals industry.

REACH's requirements cover: (1) preliminary registration and registration; (2) reporting of substances of very high concern (SVHC) included in articles; (3) compliance with authorizations and restrictions for substances; and (4) provision of information down the supply chain. To respond to this, the Nippon Paint Group has established REACH project teams at the global level to work on compliance with the regulations by uniting its corporate efforts as follows:

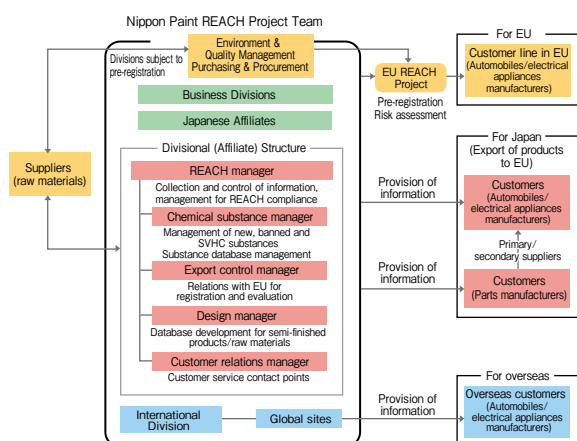
● REACH project teams were set up in Europe, the U.S. and Japan, while business divisions and affiliated companies in these areas appointed REACH managers to take the initiative in promoting REACH compliance. A Group-wide REACH managers meeting enables sharing and discussion on information and issues to facilitate problem-solving. We are working with pre-registration and registration through close communication particularly with the European team via email and telephone and by receiving advice from

European regulation experts.

- All substances contained in finished and semi-finished products to be exported to the EU and their raw materials have been listed. We have also completed pre-registration by December 1, 2008 by assigning our affiliated company in Europe as the registrant.
- We are also aiming for registration of pre-registered substances through pre-SIEF, SIEF and Consortium activities. As for substances with a registration deadline of November 30, 2010, we put them high on the list of priorities for preparatory steps.
- We also request suppliers of raw materials to carry out pre-registration by the Only Representative* as necessary and check their pre-registration status. We are also prepared to respond to inquiries from the Only Representative.
- We also respond to customer requests such as SVHC surveys.
- A system is being developed to assess the volume of finished and semi-finished products and their raw materials to be exported to and imported from Europe as well as to maintain REACH compliance.
- We are also considering the pre-registration of additional substances as needed.

* The Only Representative offers representation to companies located outside Europe in the EU for REACH pre-registration and registration.

REACH Compliance System Structure in Japan



REACH Compliance Timeline

