

# Occupational Health and Safety

Building a safe workplace environment is one of the most crucial objectives of corporate activities. Consequently, Nippon Paint aggressively promotes various safety initiatives in conformance with its own safety principles.

## Nippon Paint's Safety Principles

1. No corporate prosperity can be achieved without safety, no employee happiness can be achieved without corporate prosperity.
2. Safety is an essential foundation for corporate activities, and a prerequisite for excellent business performance.
3. Safety management starts from humanity and a sense of responsibility.
4. Avoidance of potential accidents and preventive management form the

5. There are no man-made accidents that cannot be prevented. All man-made accidents can be totally eliminated.

The term "safety" in these principles has a broad definition that also covers health, accident prevention and the elimination of pollution.

## Labor Accidents with Loss of Workdays

In fiscal 2008, Nippon Paint achieved zero labor accidents with loss of workdays for the first time in six years (compared to 13 in fiscal 2007). This is the result of various measures we had implemented, including: (1) reinforcement of in-factory patrols; (2) continuation of "near-miss" reporting and hazard prediction training; (3) strengthening safety protective gear; (4) improvement of static electricity safety measures; and (5) continuation of various committee activities.

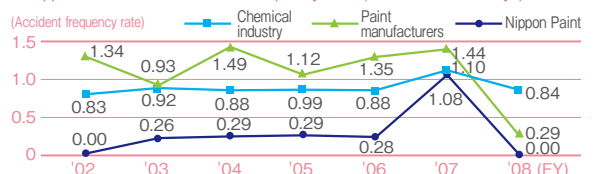
We will continue advancing hazard prediction training, while also promoting standardization of increasingly diversified static electricity safety measures and strict implementation.

However, a labor accident with loss of workdays occurred at a Group company in Japan, in which an employee suffered a compression fracture in his chest while handling a heavy object, although there was no case of accident in fiscal 2007.

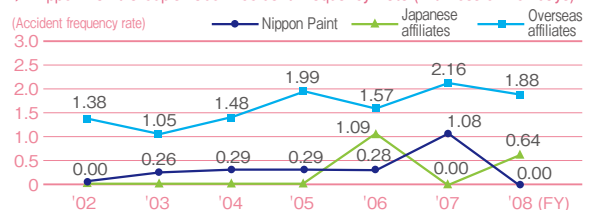
As for overseas affiliates, labor accidents had shown a tendency to increase in the past, but it leveled off during fiscal 2008. This reduction was attributable to: (1) provision of safety guidance through overseas safety patrols; and (2) establishment of a reporting route and consultation points. To further promote safety in the future, we will concentrate on strengthening coaching for local safety measures and

sharing know-how accumulated in Japan with overseas sites.

### Nippon Paint's Labor Accident Frequency Rate (with loss of workdays)



### Nippon Paint Group's Labor Accident Frequency Rate (with loss of workdays)



Accident frequency rate = (Death and injuries resulting from occupational accidents / Total number of hours worked) x 1,000,000  
Frequency rate of 1.0 corresponds to 1 occupational accident per year for an organization with 500 employees.

## Labor Accidents Not Resulting in Loss of Workdays

In fiscal 2008, Nippon Paint experienced 11 labor accidents that did not result in a loss of workdays (compared to 19 in fiscal 2007). A breakdown of the accidents showed that contact with hazardous substances accounted for 55%, while cuts and bruises accounted for 18%. Together, these represented about 70% of the total.

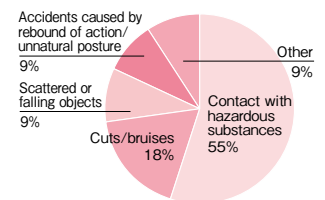
Though many accidents involving workers being caught in machinery occurred in the manufacturing sector during fiscal 2007, such accidents decreased significantly in fiscal 2008. This shows the productive results of safety measures promoted at the manufacturing sector.

In the non-manufacturing sector, accidents tend to increase among unskilled or inexperienced workers. To cope with this, we

are concentrating on enhancing employees' basic knowledge regarding handling of chemical substances, and improving education methods in general.

We will continually strive to reduce labor accidents by adding or continuing education and training programs.

### Breakdown of Labor Accidents Not Resulting in Loss of Workdays (Nippon Paint)



## Safety Management

### 1 Implementation of safety measures

At the Nippon Paint Group's manufacturing sites in Japan, the functions of the nationwide safety and disaster prevention manager council was strengthened to promote safety measures that are firmly rooted on

factory floors. The council is now working to analyze accidents that occurred in the past and review and



Example of improved safety protective gear: Employment of helmets for light duty, combining safety and wearing comfort



Example of improved static electricity safety measure: Standardization of ground wire to screw clamp

standardize safety measures.

In fiscal 2008, a helmet for light duty was employed to replace the fabric work cap, and the alligator clamp ground wire was changed and standardized into a screw clamp. Moreover, discussions were held on various

issues such as handling of nickel compounds, so as to standardize measures.

We will continue to promote organizational efforts to raise the safety level of the entire Group.

## 2 Top executive diagnosis for safety and environmental management

The “top executive diagnosis” calls for the executive director in charge of environmental and quality management to visit all sites including production affiliates to diagnose each district’s activities for each year with respect to management and results. The diagnoses cover overall responsible care activities including the establishment of a safe work environment, environmental preservation, and security and disaster prevention. The goal is to encourage both top executives and frontline workers to address safety issues and promote workplace safety together while maintaining common awareness.

In line with “top executive diagnosis,” the executive director in charge of environmental and quality management visited 14 sites in Japan in fiscal 2008 and checked more than 70 items. The key

objectives were (1) putting safety and environmental management firmly in place and promoting improvement in a spiral manner; (2) sharing knowledge and measures with other departments and (3) dealing with district-specific weak points.

The fiscal 2008 diagnosis revealed an improved level of safety and environmental management for some sites. However, insufficient management was detected in some sites, requiring further improvement.

In the future, we will concentrate on establishing a nationwide collaborative system to eliminate the disparity in safety and environmental management levels between sites, so as to achieve overall improvement.

## 3 Overseas safety patrols

Nippon Paint conducts safety patrols for overseas affiliates equipped with production facilities to investigate the status of their safety and environmental management. Advice is given if necessary in order to prevent labor and property accidents.

In fiscal 2008, safety patrols inspected nine overseas sites. They focused on three key points: prevention of serious labor accidents, prevention of fire and explosions, and environmental conservation.

The patrols confirmed that all sites were aggressively working to set up a safety-related organization and improve hardware for prevention of labor accidents based on past lessons and former

safety patrols. However, compared to Japan, it appears that local safety instructors and factory-floor staff of overseas sites still lack sufficient knowledge in the discovery and avoidance of risk factors. Overseas sites were also found to be lacking in know-how for the effective operation of a safety-related system. These findings led to the conclusion that a lack of awareness-enhancing measures is one of the key issues regarding overseas sites.

Based on these findings, we plan to implement measures for training local staff, and transfer know-how developed in Japan to overseas sites.

## 4 Labor safety education and awareness enhancement

Nippon Paint has prepared a work safety guidebook that contains the required knowledge and rules for ensuring safety at work, and has distributed it to all employees in Japan for the promotion of safe operation. Since the first edition was issued in 1982, the guidebook has been revised and updated every few years. A revision to the guidebook was also conducted in fiscal 2008.

The guidebook is translated into English, Chinese and Korean and is distributed among overseas staff, as part of our drive to promote

global standardization of safety measures.

Nippon Paint also provides new employees with hands-on safety education, aiming to nurture personnel who are keenly sensitive to potential hazards.



Work safety guidebooks available in various languages

## 5 Health management

Nippon Paint is committed to managing and promoting the health of its employees. Even before the start of the new mandatory checkup for metabolic syndrome-related items and expert advice in fiscal 2008, an anti-metabolic syndrome program with healthcare advice was already underway at sites in Japan in fiscal 2003 under the leadership of each district’s nurses.

Nippon Paint was also quick to prepare for a new influenza

pandemic, having completed a preparedness plan for each phase, including preparation of a reserve of masks, disinfectants and other infection control items and stockpiles, as well as other protective measures.

We will continue to support health management for employees so as to help raise productivity and motivation.