

Yacht Environmental Policy

Examples of activities supporting the Yacht Environmental Policy:

The Environment and Product Development

Central to our Yacht business is our Product Stewardship programme which is about respect for people and society beyond compliance.

Product Stewardship demands that human and environmental safety be considered at every stage of a product's evolution. Minimising the impact on the environment is therefore considered at the very early design stages during the development of new products, from the choice of raw materials to the types of products developed.

Under our Product Stewardship initiative a computer driven Global Raw Material Evaluation Process (GRMEP) has been introduced so that our laboratory chemists can study the environmental and safety properties of all substances they are considering for use in a new product. The process takes the chemist through a series of checks for each raw material to ensure that the final product contains substances which can be used safely with minimum impact on the environment. An environmental risk assessment module is a key component of the GRMEP.

Significant work has been carried out to determine the optimum levels of active ingredients required in our antifouling paints to achieve the industry-leading performance that our customers expect. This work ensures that formulations are properly engineered rather than over engineered and that the environmental impact is minimised. At the same time, Yacht is actively funding work developing

efficient biocide delivery systems to ensure that the "right" amount of biocide is released into the environment when it is needed. Together, these two activities will ensure that we continue to offer our customers the most effective antifouling with the least environmental impact.

We are investing heavily in research into more environmentally benign solutions for keeping the bottoms of boats clean – both within our own research and development departments and with third parties such as universities and various companies. For example, we are a key partner involved in the AMBIO project ('Advanced Nanostructured Surfaces for the Control of Biofouling) under the European Commission Sixth Framework Programme. This project is devoted to the development of antifouling coatings that function through their nanoscale physico-chemical properties, without the release of biocides.

We are also involved in screening programmes to identify more effective, more biodegradable alternatives to current biocides.

We have introduced products with low levels of biocides or biocide-free for areas with lower fouling challenges. We have introduced a number of lower VOC (volatile organic compound) products into our product ranges. Water based as well as high solids antifouling, primers and topcoats make up this lower VOC offer. A large proportion of the R&D product development projects we have underway are aimed at significantly increasing the number of such low VOC products we offer to our customers.





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Meeting and exceeding applicable environmental legislation and regulations

In addition to taking a 'beyond compliance' approach in our new product development and product range management activities, under Product Stewardship we have also reviewed the information we provide to our customers and users of our products to ensure it is to a high standard throughout the world. We have done this by establishing a world-wide standard for labels and product Material Safety Data Sheets (MSDSs). For some product types, such as antifouling paints, we have issued guidance documents for safe application. We will continue to work in this area to ensure that the best quality of information possible is provided to our customers and everybody who handles our products.

As a world-leading supplier of yacht coatings, safe application and use of our coatings is critical for us.

Product labelling is a key interaction between our company and our customers and has great significance for meeting Health Safety and Environmental responsibilities. Our approach is always to be proactive, and our investment in label design is based around two principles:

- Meeting local regulations in regulated territories and providing a high minimum standard where no regulations exist
- Providing appropriate health and safety guidance on labels in local languages

Consequently we provide labels carrying more than 25 languages.

Minimising the use of raw materials in our products where concerns exist regarding the possibility that those raw materials may cause harm to the health of people who come into contact with them.

Our Product Stewardship programme is systematically reviewing raw materials in our current products and making recommendations to ensure they are used safely. This can involve reformulation of products, changing the way they are marketed, giving detailed information to customers on

safe use, and in some cases, removing products from our product range and substituting with a safer product. We have made significant progress in identifying and removing a number of chemicals from our paints. In accordance with the IMO Convention on the control of Harmful Antifouling Systems on Ships, International Paint was the first major supplier to formally announce that we would be ceasing the production of TBT containing antifoulings.

Efficient use of Energy

Various energy saving investments for the UK manufacturing site have significantly reduced energy consumption, despite growth in production volume. Large gains have been achieved from:

- a. Implementation of a compressor management system for the site
- b. Use of energy efficient lighting
- c. Converting the secondary steam heating system and electric heating systems across the site to more efficient direct gas heating. Additionally, the heating system is linked to timers so it is only available when the site is operational
- d. Use of inverters on large dispersers to conserve energy

Many of our offices around the world have introduced policies aimed at reducing energy wastage e.g. computers to be turned off rather than left on stand by, motion detectors fitted to light fittings, facilities converting to low consumption office lighting etc.

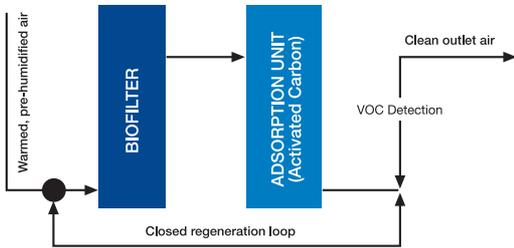
Minimising emissions

In addition to developing and introducing higher solids, water-based, reduced biocide and biocide-free products we are encouraging industry/customer knowledge about issues such as VOCs and biocides, and seeking to help the industry meet legal compliance requirements.



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Biological Treatment of VOCs:



The Yacht manufacturing site in the USA replaced a thermal oxidiser used to remove VOCs from the facility's air emissions with an alternative energy efficient biological treatment unit in mid 2005. This novel technology has proved highly effective at removing VOCs and has significantly reduced the site's consumption of natural gas (reduction of 30,000 decatherm/year in natural gas).

As a business we are working to reduce the amount of air and road travel via increasing the proportion of meetings held by telephone, video or web. In some regions, sales territories have been restructured to reduce travel and fuel usage.

Waste reduction and recycling

The UK manufacturing site manufactures the majority of the yacht volume and has significantly reduced the weight (and volume) of waste to landfill by actively segregating waste streams and driving recycling programmes; plastic, cardboard, metal, paper (including raw material bags), cups etc. We are also actively engaged in programmes to reuse wash solvents.

In 2007 we reduced our cleaning solvent usage in a yacht manufacturing area by 80% via installation of an automatic pan cleaning system. The system uses recycled solvent and eliminates operator exposure to solvent vapours as well as improving health and safety by eliminating manual cleaning processes.

We are working with our suppliers to reduce the amount of excess packaging associated with our raw materials.

We are eliminating excess packaging on our products where possible, with recent changes to the packaging of our epoxy fillers being an example. A change to UN-approved filler pails has eliminated the need for outer cartons.

The multi-language label programme we are currently implementing in Europe not only allows us to provide our customers with more comprehensive health and safety information but will also significantly reduce the amount of obsolescent stocks in the future and hence reduce the level of waste.

During one of the worst droughts for 100 years, our Australian site reduced water consumption by over 60% in 2006 by upgrading the plumbing system and removing a cooling tower.

Training and education – health, safety and the environment (HSE)

The yacht business provides high quality HSE information to customers in a number of ways:

- Information on our websites
- Information in our application guides
- Poster and leaflets on the safe use of epoxies circulated to professional users
- Guidance notes on the safe use and disposal of various types of coatings made available to customers
- Customer seminars e.g. advice on proper ways to remove antifouling paint residue at the end of its effective life, guidance on use of properly licensed solid waste disposal companies
- In the US our Interlux business has an educational program for the State Marine Trade Associations underway
- Yacht is actively engaged in customer training to ensure that our products are used in a safe and responsible manner. We have recently invested in custom-fitted application facilities in Italy and UK for training European customers and our own staff. Additionally we have invested in technical support resource to deliver this training.





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Training of employees in matters of HSE is a key priority for the business:

- All employees in the yacht business have been trained in Product Stewardship and understand the role they play in this process. Product Stewardship awareness training is given to all new yacht employees via our induction training modules.
- All employees regularly attend HSE meetings and training sessions, where training is given on various HSE-related issues and employees have the opportunity to raise concerns and make suggestions for improvement.
- Environmental Awareness Training is currently being given to employees at our UK site as part of the environmental management system (ISO14001) and is intended to make people aware of general environmental issues and our company's impacts upon the environment.

Working with regulatory authorities and trade bodies

We are working closely with various regulatory bodies to ensure that protecting the environment is a priority for all yacht paint manufacturers:

- We have been proactive with California in formulating the Southern California Copper guidelines for San Diego and Los Angeles.
- We have been working closely with the National Marine Manufacturers Association (N.M.M.A.) on guidelines for use of Copper-containing antifouling paints.
- Through the National Paint Manufacturers Association we are working with the Environmental Protection Agency (EPA) in USA on the development of risk assessment methodology for USA marinas.

- We have worked closely with copper suppliers and with industry bodies in Europe and USA to study the environmental impact of copper from antifouling paint usage and have shown that copper is an effective and safe antifouling active ingredient. The use of effective copper antifouling coatings is crucial in the prevention of the transport of invasive species, which is a growing environmental and commercial threat to our waters.
- We are working closely with international and regional organisations such as the International Council of Marine Industry Associations (ICOMIA) and The European Council of the Paint, Printing Ink and Artists' Colours Industry (CEPE), to learn from the difficult experiences that boatyards have had in trying to implement the Solvent Emissions Directive (SED) in Europe and will continue to lobby the European Commission (EC) to make sure that the 'Solvent Reduction Scheme' continues as a preferred method for compliance to ensure that our customers are able to have the widest choice of products possible.
- We are telling people both inside and outside our company about our Product Stewardship programme and the progress we are making with it. When we decide to adopt a standard or policy under our Product Stewardship programme, we take it forward as a proposal to Paint Manufacturers' associations and suggest that it be adopted as a coatings industry standard. We hope that this will make our employees, our customers, our stakeholders and everyone who knows about or wants to know about us realise that we are a responsible organisation which is committed to doing business in harmony both with people and the environment.

