

Social & Environmental Report

2022



CMP CHUGOKU MARINE PAINTS, LTD.

Social & Environmental Report 2022

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Scope of activities reported

This report focuses on our domestic business activities (a part of the descriptions in this report includes data of our overseas affiliates).

The following abbreviated names are used in the summary of collected environmental data.

- Kyushu Factory — Kyushu Factory
- Shiga Factory — Shiga Factory
- Technical Center(Otake) — Technical Headquarters, Otake
- Technical Center(Shiga) — Technical Headquarters, Shiga
- Ohtake-Meishin Chemical — Ohtake-Meishin Chemical Co., Ltd.
- Kobe Paints — Kobe Paints, Ltd.

Period covered

April 1, 2021 to March 31, 2022 (a part of the descriptions may include the period in and after April 2022)

Date of Issue

November, 2022



Greetings

We are pleased to provide you with our Social and Environmental Report 2022. We hope it will help you understand our efforts and commitments to society and the environment.

CMP will continuously do our best to achieve a sustainable society. Your continued support and advice would be greatly appreciated.

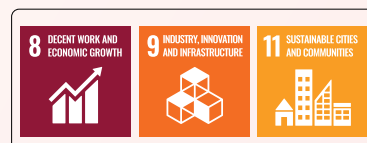
Kenshi Date
President

CMP's approach to society and environment

Chugoku Marine Paints, Ltd. (CMP) actively works on creation of values and solution of social issues indicated by the SDGs (*) through its business activities.

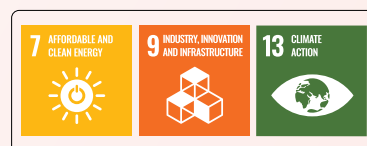
CMP fulfills its responsibility as a paint manufacturer.

Taking a socially significant role and responsibility to contribute to industrial development through improving paint performance, CMP, a company supplying paints to users in the key industries such as marine, shipbuilding, utility, steel, construction and woodwork, strives to ensure stable supply of products developing its genuine technologies and production system.



CMP promotes the development of eco-friendly products.

CMP has been developing products that lead to reduced greenhouse gas emissions, such as fuel-saving antifoulings and heat-reflecting coatings, as well as paints for offshore wind farms. To contribute to the realization of low-carbon society by means of paint technologies, CMP will continue to focus on the development and performance improvement of eco-friendly products.



CMP strives to reduce the environmental burden and improves product safety.

In order to reduce the environmental impact generated in the manufacturing process, transport and use of its products and to enhance product safety, CMP promotes various initiatives including establishing a management system for environmental protection and safety as well as producing solvent-free paints to reduce irritating materials and volatile organic compounds (VOCs).



CMP contributes to sustainable development of the society.

CMP will place compliance as its management cornerstone, emphasizing the establishment of sound and highly-transparent corporate governance and internal control, and strive to improve the relationship with local communities through combined efforts of all group companies. CMP will continue to make efforts toward establishing social trust and contributing to sustainable social development.

* SDGs (Sustainable Development Goals)

SDGs are global development goals adopted by the United Nations General Assembly in September 2015 for the year 2030. SDGs consist of 17 goals and 169 targets for realizing sustainable society, under the basic principle of "Leaving no one behind".

SUSTAINABLE DEVELOPMENT GOALS



Company profile

CMP, a leading company aiming to harmonize human activity with nature.

Since its foundation, Chugoku Marine Paints, Ltd. has been taking a unique approach in the industry to develop core products for marine paints and also paints for industrial applications. Our consistent and sincere attitude in areas of both software and hardware towards developing better products has been highly appreciated and praised by customers not only locally but also internationally. With the help of strong customer confidence in our products and services and our never-ending quest to meet customers' expectations, we keep developing. As we are a supplier to key industries such as shipping, ship building, electric power, steel, construction and woodworking industries, our role and contribution can be vital to the growth of the industrial world in many aspects. Also, our efforts should be based in the ideal of maintaining harmony between man and nature. Chugoku Marine Paints, Ltd. is an industrial leader that seeks to promote industrial growth while protecting the global environment, and continues its efforts into the future with a creative and innovative approach towards meeting customers' needs.

Corporate data

Company name

CHUGOKU MARINE PAINTS, LTD.

Head offices

Tokyo Office

Tokyo Club Building, 2-6, Kasumigaseki 3-chome,
Chiyoda-ku, Tokyo, 100-0013 Japan
Phone: +81-3-3506-3951 Fax: +81-3-5511-8541

Hiroshima Office

1-7, Meiji-Shinkai, Otake-shi, Hiroshima-ken
739-0652, Japan
Phone: +81-827-57-8555 Fax: +81-827-59-0017

Company president

Kenshi Date

Date of establishment

May 1917

Capital

11,600 million yen

Stock exchange

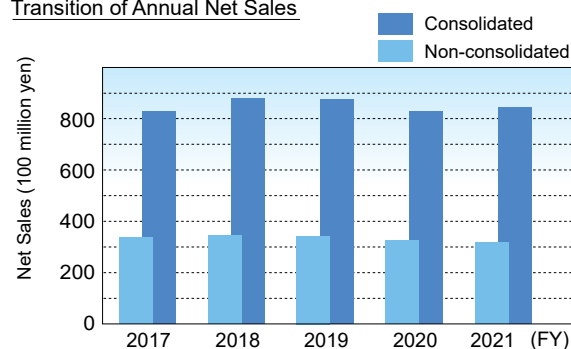
Prime Market of the Tokyo Stock Exchange (Code #4617)

Net sales

84,295 million yen in FY2021 (Consolidated)

31,681 million yen in FY2021 (Non-consolidated)

Transition of Annual Net Sales



Number of employees

End of March 2022

2,207 (Consolidated)

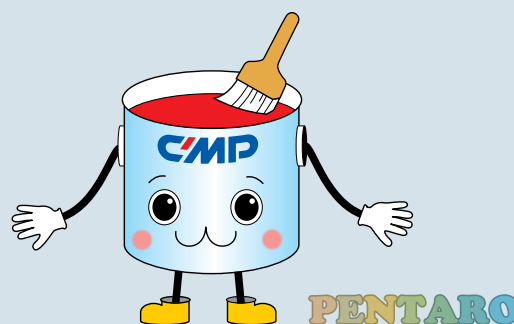
468 (Non-consolidated / Male: 386 Female: 82)

(*) As of March 31, 2022, the number of nonpermanent employees on a consolidated basis was 179, or approximately 7.5% of the total workforce.



Company logo (established in 1992)

Our company logo is based on a design selected from about 250 designs submitted in response to a group-wide invitation that was issued as part of the 75th anniversary memorial project. This logo carries our hopes for major future growth of the CMP group, with the red highlight indicating a passionate "human" power that continues to seek new challenges.



Company mascot "PENTARO"™ born in 2017 in commemoration of the 100th anniversary.
(Trademark Registration No. 5813014)

Japan networks

Head Office



Tokyo Head Office



Hiroshima Head Office

Technical Headquarter



Technical Headquarter
(Hiroshima Pref.)

ISO 9001



Technical Headquarter
(Shiga Pref.)

ISO 9001 ISO 14001

Factories in Japan



Kyushu Factory

ISO 9001 ISO 14001



Shiga Factory

ISO 9001 ISO 14001

Factories at Japanese subsidiaries



Kobe Paints, Ltd.

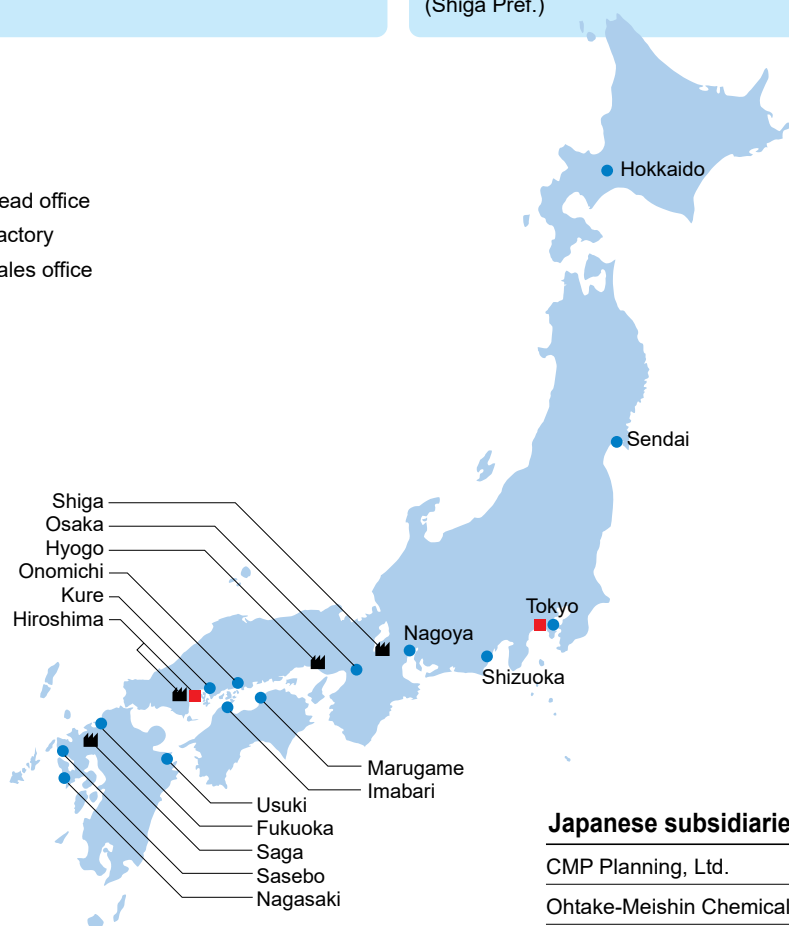
ISO 9001



Ohtake-Meishin Chemical
Co., Ltd.

ISO 9001

- Head office
- Factory
- Sales office



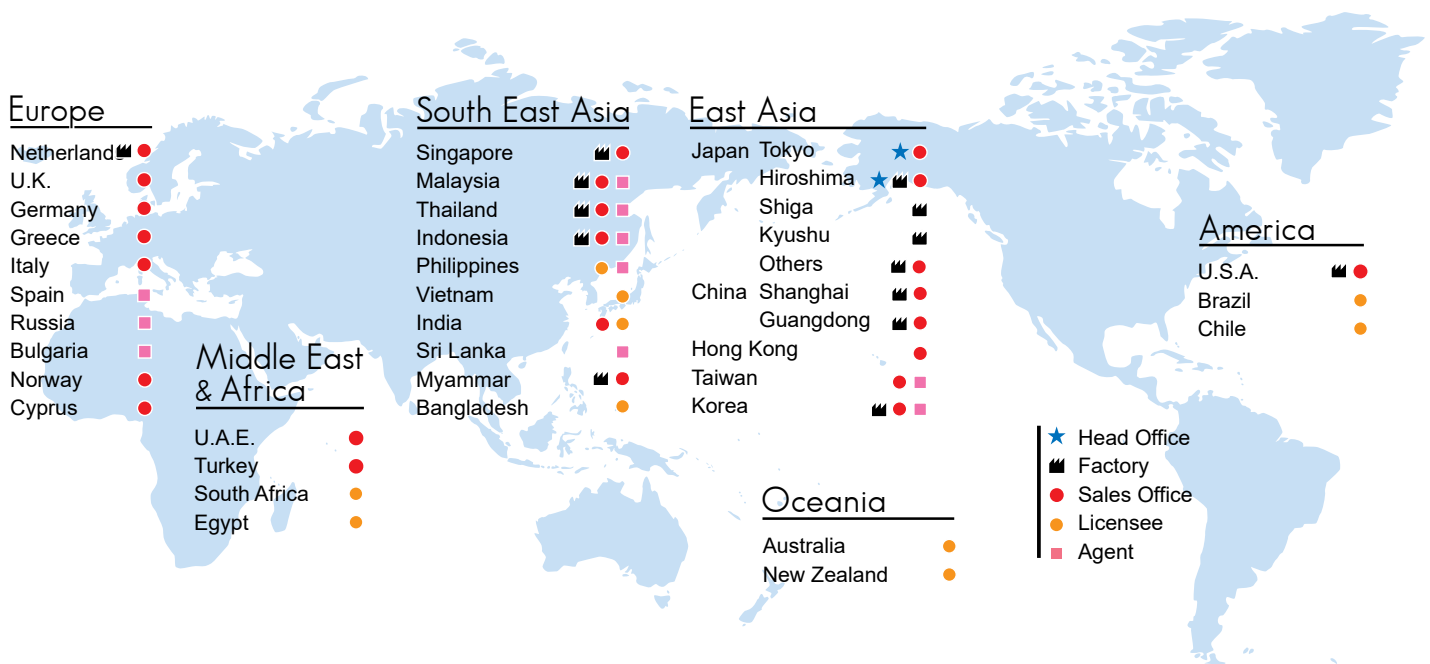
Japanese subsidiaries

CMP Planning, Ltd.	Kobe Paints, Ltd.
Ohtake-Meishin Chemical Co., Ltd.	Sanyo Kosan Co. Ltd.
Bunsei Trading Co. Ltd.	Global Engineering Service, Co., Ltd.

Company profile

Global network

CMP, having begun in the business of marine coatings, placed great emphasis on developing systems that provide and maintain products and service all over the world. Now, with the growing support, confidence, and trust of its customers for all its achievements, CMP has established a worldwide network which delivers top class services generally - manufacturing, supplying, sales and technical partnerships in marine paints, container paints, and paints for plants and woodworking, etc. We are present in about 105 locations in 35 countries. CMP aims to continuously improve and develop itself as a global company, expanding its factories and upgrading its service network worldwide by gathering and analyzing a broad range of information through organic cooperation with its global affiliates and business partners.



CMP's group companies overseas

CHUGOKU MARINE PAINTS (SHANGHAI), LTD.	China
CHUGOKU MARINE PAINTS (GUANGDONG), LTD.	
CHUGOKU MARINE PAINTS (HONG KONG), LTD.	Hong Kong
CHUGOKU MARINE PAINTS (TAIWAN), LTD.	Taiwan
CHUGOKU SAMHWA PAINTS, LTD.	Korea
CHUGOKU MARINE PAINTS (SINGAPORE) PTE. LTD.	Singapore
Dubai Branch	U.A.E.
CHUGOKU PAINTS (MALAYSIA) SDN. BHD.	Malaysia
TOA-CHUGOKU PAINTS CO., LTD.	Thailand
CHUGOKU-TOA PAINTS (MYANMAR), LTD.	Myanmar
P.T. CHUGOKU PAINTS INDONESIA	Indonesia

CHUGOKU PAINTS (INDIA) PRIVATE LIMITED	India
CHUGOKU PAINTS B.V.	Netherlands
Norway Office	Norway
Turkey Office	Turkey
Cyprus Office	Cyprus
CHUGOKU PAINTS (UK) LIMITED	U.K.
CHUGOKU PAINTS (GERMANY) G.m.b.H.	Germany
CHUGOKU MARINE PAINTS (HELLAS), S.A.	Greece
CHUGOKU-BOAT ITALY S.P.A.	Italy
CMP COATINGS, INC.	U.S.A.

Overseas factories

Shanghai

CHUGOKU MARINE PAINTS (SHANGHAI), LTD.



Relocated from the former Shanghai Factory site for its expansion in November, 2006

ISO 9001

Shanghai No.2

CHUGOKU MARINE PAINTS (SHANGHAI), LTD.



Completed in March, 2010

ISO 9001

Guangdong

CHUGOKU MARINE PAINTS (GUANGDONG), LTD.



Incorporated in October, 1997

ISO 9001

Korea

CHUGOKU SAMHWA PAINTS, LTD.



Factory built in September, 2002

ISO 14001

ISO 9001

Singapore

CHUGOKU MARINE PAINTS (SINGAPORE) PTE. LTD.



Incorporated in April, 1980

ISO 9001

Malaysia

CHUGOKU PAINTS (MALAYSIA) SDN. BHD.



Incorporated in July, 1990

ISO 9001

Thailand

TOA-CHUGOKU PAINTS CO., LTD.



Incorporated in October, 1989

ISO 14001

ISO 9001

Myanmar

CHUGOKU-TOA PAINTS (MYANMAR), LTD.



Incorporated in January, 2019

Indonesia

P.T. CHUGOKU PAINTS INDONESIA



Incorporated in October, 1988

ISO 14001

ISO 9001

Netherlands

CHUGOKU PAINTS B.V.



Consolidated subsidiary since January, 1988

ISO 9001

U.S.A.

CMP COATINGS, INC.



Incorporated in October, 1990

Description of main business

Looking to the future with cutting-edge technology from three perspectives

CMP contributes to social developments through high quality products, focusing on "INNOVATION", "QUALITY" and "ECOLOGY".

Innovation

Innovative technology to lead the world

We pursue technological innovation from a global perspective, not only in coatings and related products, but also in the pursuit of coating technologies that lead to process rationalization and labor savings, as well as system construction.

Quality

High functional and high quality product

Anticipating various future needs, we develop new and high quality functional coating to provide solution.

Ecology

Harmonization with the environment

We are committed to protect the nature environment.



Marine coatings

Vessels



CMP provides full range of coatings for marine use such as antifouling coatings, tank coatings, etc.

- World wide service ships
- Coastal ships

Fishing boats and fish nets



Based on the technology accumulated from the marine field, we provide full product line up for this segment.

- Fishing boats
- Fishnets

Pleasure boats and yachts



"Seajet" brand, specialized for pleasure boat and yacht, is now well known in the market.

- Pleasure boats
- Yachts

Container Coatings

Container coatings

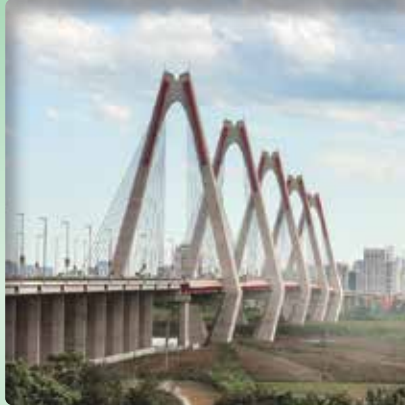


Global logistics and economy is supported by containers. Our container coatings are supplied all over the world.

- Marine containers
- Railway containers

Industrial coatings

Protective coatings



Protecting assets from corrosion and deterioration. With our unique ideas, we have been continuously developing the protective coating technology for many years.

- Bridges
- Power equipment
- Plants
- Various constructions

Offshore coatings



We are contributing to the renewable energy industry with our unique technology.

- Oil platform
- Offshore power facility
- Various floating constructions

Building material coatings



CMP has been making great strides in the building materials and interior industry with high-level environmentally friendly coatings required in the field of housing materials that come into direct contact with people.

- Flooring
- Interior and exterior furnishing materials
- Furniture
- Bathroom (refurbishing)

Plastic coatings



Coatings can provide various added values to the plastic materials which make our daily life more comfortable.

- Films
- Molded articles

Lining materials



Lining materials with excellent durability support our safety in our daily life.

- Railway tracks
- Fixing equipment
- Cable-stayed bridge cables

Product development

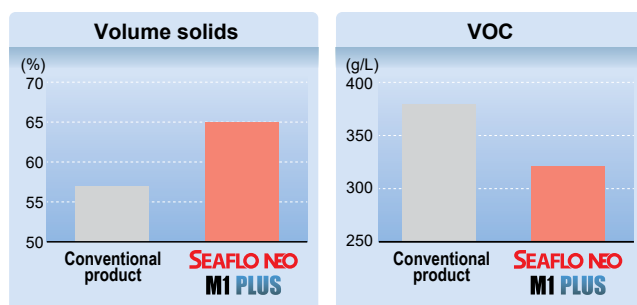
New products

Ultra low friction, hydrolysis antifouling

SEAFLO NEO M1 PLUS

Providing antifouling performance both during outfitting and in service

Recent climate change has increased the activity of marine organisms, increasing the fouling risk of vessel's bottom. SEAFLO NEO M1 PLUS has high antifouling performance not only while in service but also during outfitting to prevent barnacle fouling on the flat bottom, which has a significant impact on fuel consumption. In addition, SEAFLO NEO M1 PLUS contributes to lower fuel consumption by reducing frictional resistance, and its high solidification technology complies with VOC (Volatile Organic Compound) emission regulations, which are being progressively regulated in many countries.



Compared with conventional paints for flat bottoms, this product realizes high-solidification while maintaining the same smoothness, contributing to reduced VOC emissions and man-hours.



Adopted for the world's first electric propulsion tanker

Ultra low friction, high performance antifouling

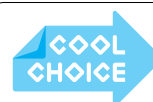
SEA PREMIER 3000 PLUS

Environmental measures with fuel-efficient antifouling

CMP's antifouling for ship bottoms, SEA PREMIER 3000 PLUS, has been adopted for use on the world's first electric propulsion tanker, Asahi. The 499 GT tanker was built by Asahi Tanker Co., Ltd. at KOA Industry Co., Ltd. and is a 100% electric propulsion vessel powered by lithium-ion batteries. SEA PREMIER 3000 PLUS is a fuel-efficient antifouling developed with the aim of reducing CO₂ emissions during operation. Their decision to have used our product is the result of matching our environmental measures with the ship's concept of reducing the environmental impact.



Electric propulsion tanker 'Asahi' under construction (after application of SEA PREMIER 3000 PLUS).



Fuel Saving Antifouling for Low-carbon Society

CMP supports the "COOL CHOICE" campaign led by the Ministry of the Environment to fight against global warming. It is CMP's sincerest hope that further improvement of fuel-saving performance of antifouling contributes to the realization of low-carbon society.

Antifoulings improve fuel efficiency and contribute to CO2 reduction.

Antifoulings not only prevent the hull from being damaged by attachment of marine organisms but also prevent aggravating fuel efficiency caused by the resistance from attached marine organisms. Additionally, in recent years, reduction of friction resistance with seawater by leveling the coating film surface for improving the fuel efficiency has become a new challenge in the marine coating industry.

Reducing CO2 emissions during vessel operation

Improving antifouling performance

The new antifoulant selektope® (generic name: medetomidine) was developed using technology from the pharmaceutical field and has a powerful effect on barnacles. It is also BPR*-registered taking into account the protection of the marine environment. The combination of medetomidine with hydrolysable polymers, which is the mainstay of antifoulings, is a patented technology of CMP.



Barnacles attach to the hull

No attachment of barnacles (high-performance antifouling)

(*) BPR: Biocidal Products Regulation

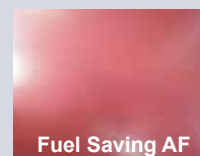


Reducing CO2 emissions during vessel operation

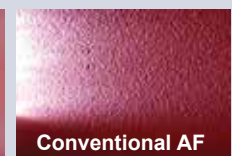
Reducing underwater frictional resistance

Developed using our polymer technology, our fuel-efficient antifoulings have smooth coating surface that reduces frictional resistance to seawater.

Coating film surface (enlarged)



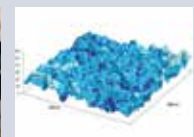
Fuel Saving AF



Conventional AF

CMP has also developed the FIR Theory as a guideline for quantifying the smoothness of the paint film surface and evaluating the fuel consumption reduction effect of antifoulings and it has been patented.

FIR THEORY (Friction Increase Ratio) (Registration No. 5916490)

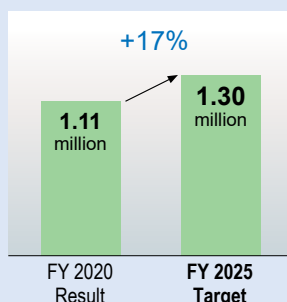


Paint film surface data is acquired from the hull surface using a laser-portable 3D hull roughness meter developed by CMP. The FIR theory calculates the expected fuel consumption reduction rate of a vessel.

Contributions to reduce greenhouse gases through antifoulings

Contribution target for reduction

In our medium-term management plan announced in May 2021, we set a target of contribution amount for the reduction of greenhouse gas (CO2) emissions from ships effected by antifoulings CMP supplies.



GHG (CO2) emission reductions achieved through expanded supply of antifoulings

Units: t-CO2

Includes emissions from ocean-going ships with deadweight tonnage of 3,000 or more

*Medium-Term Management Plan: page 27

Results (SEAFLO NEO CF PREMIUM)

	Container Carrier (8,900TEU)
	Contribution amount for CO2 reduction (for 5 years) 85,500 t-CO2
	MR Tanker
	Contribution amount for CO2 reduction (for 5 years) 9,450 t-CO2

Typical products of fuel-efficient antifoulings

For worldwide service ships	SEAFLO NEO CF PREMIUM
	SEAFLO NEO M1 PLUS NEW
For coastal ships	SEA PREMIER 3000 PLUS

Product development

New products

Pure epoxy coating with Barrier & Resistance for high temperature environment

EPICON BR

Epoxy resin coatings for high-temperature, exposed environments

EPICON HR

Corrosion protection in hot, corrosive environments!

CMP has developed and launched epoxy resin coatings with excellent corrosion protection in high temperature environments.

EPICON BR, for the inner surface of high-temperature water tanks on ships, has hot water resistance up to 85 °C and provides excellent long-term corrosion protection in high-temperature environments. EPICON HR, for the outer surface of steam pipes, provides excellent corrosion protection even in environments of 200 °C at any time.

It is our unprecedented heat-resistant epoxy resin coating that protects high-temperature areas, which conventionally often leads to rusting, from corrosion, and reduces maintenance.



New products

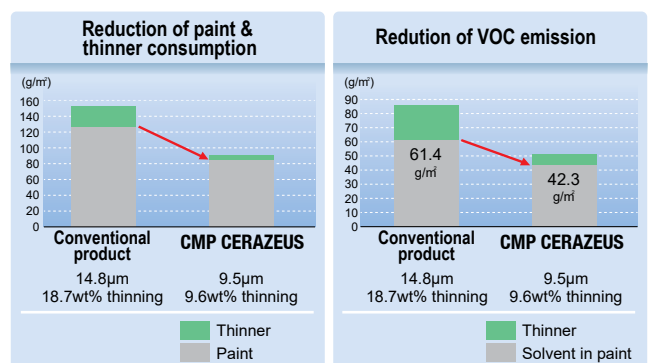
Ultra low DFT type shop primer

CMP CERAZEUS

New generation shop-primer

Shop primer is a coating that prevents steel materials from rusting during cutting, welding and other processes and is applied to almost all steel plates used in shipyards.

CMP CERAZEUS is a shop primer that provides the same corrosion protection as conventional products but significantly with the less amount required for application. The reduced amount of this shop primer also reduces thinner usage and VOC (Volatile Organic Compounds) emissions. The thinner coating film also enhances welding performance, and this is the next-generation shop primer that users have been looking for.



Verification on our production lines has shown that, compared to conventional products, the amount of shop primer used has been reduced by approximately 34%, and by approximately 40% when paints and thinners are considered together. In addition, VOC emissions can be reduced by approximately 30%. (The amount of thinner dilution and reduction depends on production line conditions.)

New products

Antimicrobial and antiviral coatings

HIVIZOL W AVD

Highly effective and long-lasting antibacterial and antiviral performance!

CMP has developed and launched HIVIZOL W AVD, an antibacterial and antiviral coating that can be widely used as an aftercoat on painted indoor wooden floorings.

This water-based coating forms a film after application, so that its antibacterial and antiviral effects last for a long time. The product has acquired the SIAA antibacterial and antiviral marks, which certify the effectiveness and safety of the product by the Society of International sustaining growth for Antimicrobial Articles, and the F☆☆☆☆ in the voluntary formaldehyde control standard of the Japan Paint Manufacturers Association.



SIAA
抗菌加工

有機無機系・分散
本体
JP0112857X0001G

SIAA
抗ウイルス加工

製品上の特定ウイルスの数を減少させます
有機無機系・分散
本体
JP0612857X00040

Formaldehyde emission

F★★★★★

Registration number: C01066

Waterborne paints

Acrylic resin



New products

Solvent-free / UV curable paint

AULEX BIO series

Biomass paint for the environment

CMP has launched the AULEX BIO series, UV-curing coatings made from plant-derived biomass resources for painting of wood floorings in factories.

This is an environmentally friendly solvent-free type. This product has passed the JORA (Japan Organic Resources Association) certification audit for biomass mark products, which is granted to environmental products that comply with quality and relevant laws, regulations, standards, specifications and so on. (25% biomass degree)

【Certified products】

AULEX No.5125F BIO series (Undercoat)

AULEX No.5325B BIO series (Intermediate Coat)

AULEX No.5525 BIO series (Finish Coat)



CMP and UV-curing paints

In 1981, UV (ultraviolet) curing coatings developed by CMP for woodworking brought a dramatic streamlining of the coating process for flooring materials with instant curing characteristics by UV irradiation. The technology has been applied not only to woodworking but also to plastic materials and is applied to a wide range of industrial products.



Environmental products

Environmental conservation

Resource saving

Paints have a role to “protect” materials from corrosion and deterioration. By painting, materials made of steel, concrete or wood can be maintained in a good condition. Paints can reduce repair and maintenance work, and thereby contribute to retain our assets for a long period.



Fluorexin finish paint
FLUOREX



Universal Primer
BANNOH 1500



Cargo Hold Coating
UMEGUARD SUPER-H

High-hardness coating protects the cargo hold. It contributes to resource saving by reducing the frequency of maintenance painting for vessels during operation.



Titanium foil anti-corrosive system

By applying paints to aged steel structures that were built during the period of rapid growth, the structures will be revitalized with extended longevity.



Epoxy underwater coating
CONTECT WE (For concrete)
PERMASTAR WE (For steel)

Coating materials applicable underwater or on wet surfaces, to protect underwater and waterside structures from corrosion.



Concrete peeling prevention construction method applicable to wet surfaces
CONTECT WE100 construction method

Environmental conservation

Global warming prevention

Fuel-saving antifoulings improve the fuel efficiency of ships. Heat reflective paints improve the efficiency of air conditioning in buildings and ships. CMP diligently keeps conducting research to further improve the performance of such products that contribute to save energy and reduce CO₂ emissions.



Fuel saving antifoulings
SEAFLO NEO Z series

The underwater frictional resistance is reduced by improving the smoothness of coating surface. CMP received the Minister of the Environment's Award, etc. for the excellent fuel saving performance backed by its FIR theory.

* Please see page 10 for the development of fuel-saving antifoulings.



Heat reflecting coating
THERMO SHADAN W

Environment-conscious water-based THERMO SHADAN W improves the air conditioning efficiency and contributes to saving energy through its excellent heat reflection performance.



Solvent-free / UV curable paint
AULEX BIO series
(Biomass 25%)

This coating is made from renewable plant-derived biomass resource. It reduces greenhouse gas emissions and contributes to the formation of a recycling-oriented society.

Low-VOC Products to Realize Clear Sky

To support the Air Quality Improvement Promotion Project propelled by the Bureau of Environment, Tokyo Metropolitan Government, CMP has had itself registered as a Clear Sky Supporter that undertakes NO_x or VOC emissions reduction initiatives.



Environmental consideration

Reducing marine pollution

Antifouling are used in various places such as ship bottoms and water channels of power plants to prevent adhesion of marine organisms. CMP uses antifouling agents with less impact on the marine environment and offers a range of silicone antifouling that are free from antifouling agents, in pursuit of further enhancing the performance of its products.



Silicone foul release coating
CMP BIOCLEAR

Antifouling function taking advantage of the high water-repelling property of silicone prevents adhesion of marine organisms, and the smooth coating surface contributes to improve fuel saving.



Silicone foul release coating
BIOCLEAR ECO

CMP's BIOCLEAR ECO is applied to underwater facilities of power plants to protect them from fouling. For its excellent antifouling performance and consideration to the environment, BIOCLEAR ECO is also adopted for the MOSE Project (photograph), a grand project to protect Venice from damages arising from tidal waves.

Environmental consideration

Reducing air pollution

Volatile organic compounds (VOCs) released into the air become the main cause of photochemical smog. CMP has been promoting the development of low-VOC high-solids or water-based and solvent free paints to reduce the amount of toluene, xylene and ethyl benzene in its products.



Universal Primer **BANNOH 1500**

Complete changeover to waterborne products (container paints)

A majority of container boxes are produced in China. China recently enhanced its environmental protection policies and accordingly, in April 2017, CMP completed changing all of its container paints to waterborne type. CMP continues to proactively respond to changes in the market environment and establish new production technologies and painting techniques.



Environmental Consideration

Human-friendly technology

VOC in indoors is said to be the cause of allergic symptoms, such as "Sick Building Syndrome".

As part of its VOC reduction initiatives, CMP achieved toluene- and xylene-free paints for construction materials, in addition to waterborne paints for vessel living areas.

For plastic coatings, we develop human-friendly products, including a lineup of products with antiviral properties.



UV curing paints
AULEX



High functional coating for plastics
PHOLUCID Series

Environmental Consideration

Supporting the safety

Resin caulking materials

Highly durable resin caulking materials with desirable flexibility to absorb vibrations and shocks. CMP's resin caulking materials are widely used in railway tracks and heavy machineries such as ship engines, supporting the safety of transport by train and ship.



Filling material for railways
CUS



Epoxy resin for chocking
CMP LINER

Antifouling for fishnets

When a substantial amount of shells or algae attaches to a culture net or a fixed net, the inside of the net becomes a closed environment cut off from ocean currents, which results in damaging the health of fish inside. Fishnets coated with antifouling prevent shells and algae attachment and help in maintaining a healthy growing environment for fish.



Antifouling for Fishnets
BIOCRISTY Series, BIOGUARD Series

Together with stakeholders

We are aware that it is our management priority to carry out our social responsibility for stakeholders, and globally operate our activities in the medium and long term, within the scope of the management policy as defined below.

Management Philosophy

- 1 Ensure customer trust and satisfaction with the highest possible quality
- 2 Strive from a global perspective to continuously achieve technological innovation and develop new products
- 3 Secure ongoing existence and profits through scientific management
- 4 Pledge just and upright conduct based on guiding principles of honesty and a respect for general harmony
- 5 Contribute to the achievement of a sustainable society through our business activities and enhance the prosperity of all stakeholders

CMP group's code of conduct

- 1 We shall be aware of changes in the values of our society and in the state of the world from a global and long-term point of view. We shall carry out our businesses based on a medium-to-long-term perspective, not being distracted by temporary, speculative, and short-sighted focus on profitability.
- 2 We shall give serious consideration to rigorous compliance with the law, to our international reputation, and to commercial ethics, and maintain the reputation of the CMP Group as a whole. We shall continue to consider conventional trade practices and aim for fair trade in line with corporate ethics and social common sense.
- 3 We need to engage in free and fair competition in our relevant markets and in sound rivalry with our competitors, so that we develop ourselves with the stimulation of fair competition such that development contributes to benefits for consumers. We shall impose serious penalties on any action against Anti-Trust Laws in the course of dealings with our competitors, especially as regards bid rigging.
- 4 We shall not fail to give consideration to environmental issues such as manufacturing. We shall take care with respect to the maintenance of the environment and the environmental impact of our businesses on humans, and shall not hesitate with respect to expenses incurred in adopting sound environmental measures. If, in any case, those expenses render a business unprofitable, such business shall be discontinued or its activities restricted.
- 5 We shall make efforts to maintain mutual recognition and integration with local communities, disclosing our company activities by way of conducting field trips and holding explanatory sessions, and so forth, on our premises as required.
- 6 We shall not engage in any relationship with Special Shareholders or organized crime syndicates. Such relationships have no relevance to our businesses.
- 7 We shall not allow discrimination on the basis of race, gender and belief, or tolerate sexual harassment, whether on our business premises or not.
- 8 We shall treat personal and confidential information appropriately.
- 9 We shall remain strictly neutral and non-partisan regarding elections as stated in the Public Office Election Law.
- 10 We shall refrain from any sales or purchases of shares of our company or of our business counter-parties that may raise any suspicions of insider trading.



Suppliers

CMP has a purchasing policy of open door, fair & law-abiding, of mutual trust and environment conservation. CMP endeavors to promote a relationship of trust with suppliers who are our business partners.



Customers

CMP continuously aims to fulfill its responsibility in society as a paint company, making best efforts to develop our products functionally and environmentally and improve the quality management system in order to be reliable and to provide customers with satisfaction.



Employees

CMP takes great concern over employee safety, and carries out fair human resource management processes which include recruitment, training and performance evaluations respecting the individuality of employees and promotion of a workplace environment which has a positive influence on morale and abilities of the employees.



Local communities

We are striving to build good relationships with the local communities in which we are a member, in order to ensure their sustainable development.



Shareholders & Investors

CMP strives to increase the value of the corporation through efficient and highly transparent internal controls and corporate governance.



Global environment

Through developing environmentally conscious products, promoting environmental management and participating in activities of environmental conservation, CMP intends to develop a relationship with all stakeholders with a strong focus on environmental protection.

Together with customers

Business environment of our company

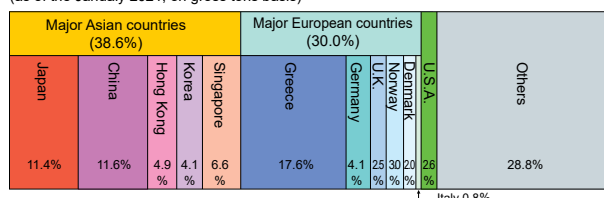
CMP has expanded and intends to expand further into various markets using the knowledge and technology of its marine, industrial and container paints.

Marine coatings



A majority of shipowners transfer the registration of their ships to countries, so called flag of convenience countries, with a lower tax rate and lax regulations on the nationality of sailors, such as Panama and Liberia. The actual nationalities of shipowners are concentrated in Asia and Europe, regardless of the nominal ship registration countries.

Share by actual nationalities of shipowners
(as of the January 2021, on gross tons basis)

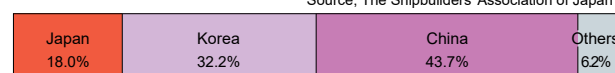


Source: UNCTAD "REVIEW OF MARINE TRANSPORT"

A majority of ships are built in China, South Korea or Japan, and repair docks concentrate along the main routes from Europe through to East Asia.

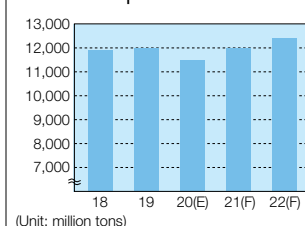
Share by ship building countries (as of 2021, on gross tons basis)

Source: The Shipbuilders' Association of Japan



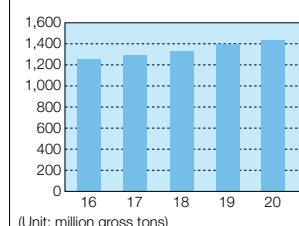
Demands for shipbuilding tend to drastically change along with the economic trend, and also demands for ship repair temporarily fluctuate due to various factors. However, the marine market in general is in an expanding trend in a long term, by an increase in the volume of marine logistics associated with the growth of global economy.

Changes of the volume of marine transportation



(Unit: million tons)
Source: The Shipbuilders' Association of Japan

Changes of shipping tonnage



(Unit: million gross tons)
Source: The Shipbuilders' Association of Japan

Our products are applied not only to trading vessels but also to small vessels (such as pleasure boats and fishing boats) and fishing net, and are well received by various users who are involved with marine business and activities.

Involvement with the marine industry

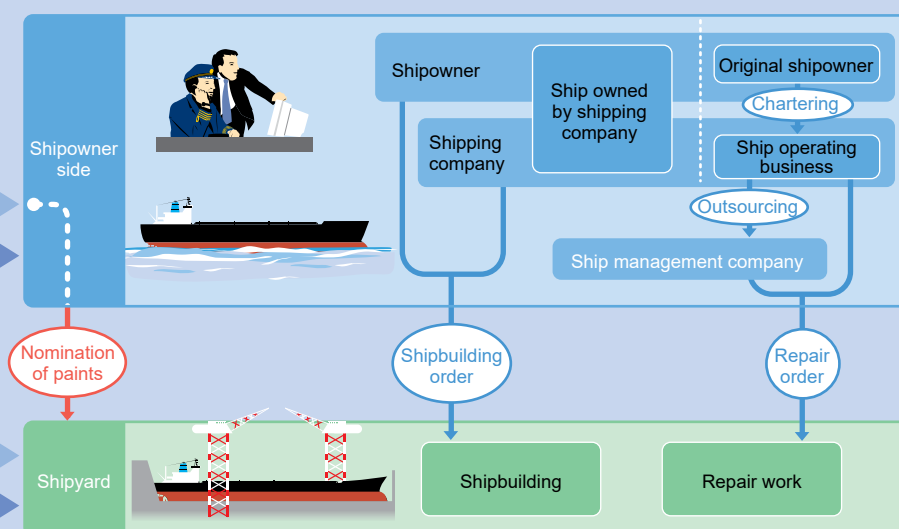


Sales

Loading of repair paints onto ships

Sales

Delivery



Industrial coatings



Heavy duty coatings



Paints for building materials



High performance paints for plastics

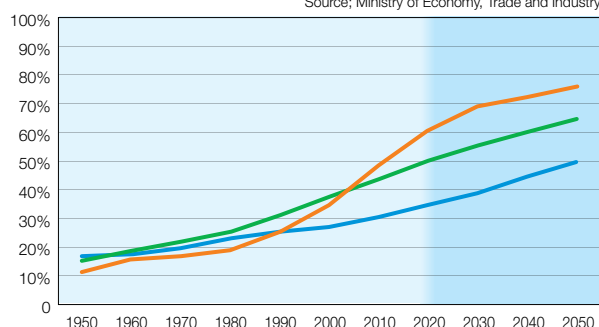


Filling materials

CMP provides various products including heavy duty coatings for industrial plants and steel/concrete structures, paints for building materials, high-performance paints for industrial plastic products, and caulking materials. The main markets of CMP are Japan and emerging Asian countries. While demands fluctuate overseas due to economic deceleration of emerging countries and in Japan due to factors such as low birthrate, the market is transitioning in a relatively robust trend overall. Amid such a situation, some market expansion is anticipated arising from new construction of offshore facilities and repair of an enormous amount of existing social infrastructure. Additionally, a new market can be established by adding new functions to paints for building materials. As such, potential demands for CMP's know-how that has been developed in both the marine transportation and industrial segments are large.

Urbanization rates in major emerging countries and regions

Source: Ministry of Economy, Trade and Industry



— China
— South East Asia
— India

Remarks:
The figures for 2020 and later are estimates.

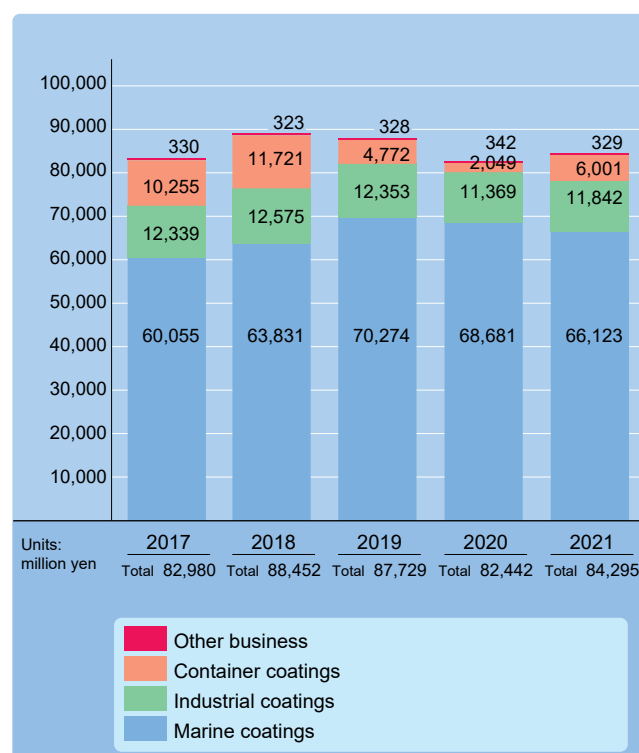
Container coatings



We supply products mainly in China, the main production area for container boxes. From early on, we have been developing technologies and supplying high quality products for the use of water-based paints in response to the tightening of environmental regulations started in 2017.

Due to global economic growth and the globalization of logistics, shipments by ocean containers are on an uptrend, but the volume of container box production fluctuates significantly in the short term in response to the shipping market and other conditions.

Sales by segments



Together with customers

Relevant SDGs



Social Issues to be addressed

Nowadays, customer needs have become advanced and diversified, global competition has intensified, and procurement, production, and information related to them have become globalized. As a result, it has become more important than ever to stabilize product quality and swiftly find the cause of a problem when occur. Associated with such globalization of business, quality management has expanded to quality assurance of products for customers and quality assurance of business processes at global business bases.

Major actions

Sites covered: CMP (Japan only)

2021- Target -

Thorough apprehension, communication and evaluation of product safety information

2021 - Results -

Achievement evaluation ★★★★★

Stated adequately in product labels, product manuals, etc.

Revised JIS program release completed.

Quality assurance policy

Maintain the highest product quality and secure the confidence and satisfaction of our customers.

Promote consistent technical innovation and new product development from a global point of view.

Under these policies regarding manufacturing stipulated in CMP's "Basic Management Guideline", each section concerned establishes the quality guideline through ISO 9001 activities and promotes quality assurance activities to comply with the specifications.

Quality assurance

Activities for quality assurance

By complying with ISO 9001, and additionally to the company rule, CMP promotes the continuous improvement of the quality management system and its activity.

Quality assurance management system

Aiming at the improvement of customers' satisfaction, CMP runs systems in a way to satisfy the needs of customers all the time. CMP asks customers to give response to "Questionnaires" periodically, then analyzes their answers and utilizes them to improve the customers' satisfaction.

Status report of ISO 9001 registration

CHUGOKU MARINE PAINTS, LTD.	Japan
OHTAKE-MEISHIN CHEMICAL CO., LTD	
KOBE PAINTS, LTD.	
CHUGOKU SAMHWA PAINTS, LTD.	Korea
TOA-CHUGOKU PAINTS CO., LTD.	Thailand
CHUGOKU PAINTS B.V.	Netherlands
CHUGOKU MARINE PAINTS (SHANGHAI), LTD.	China
CHUGOKU MARINE PAINTS (GUANGDONG), LTD.	
CHUGOKU PAINTS (MALAYSIA) SDN. BHD.	Malaysia
CHUGOKU MARINE PAINTS (SINGAPORE) PTE. LTD.	Singapore
P.T. CHUGOKU PAINTS INDONESIA	Indonesia

Acquisition rate: 99%

*ISO 14001 Registration: page 34

Product safety

CMP's policy of consumer protection

From the standpoint of consumer protection, CMP always gives consideration to the environment, safety and health not only during the development stage of new products but also for existing products, and develops and improves products and technology which are safe and friendly to mankind with less impact on the global environment.

Providing safety information on the products

To help customers use the paint products safely, CMP provides warnings and other information in SDS (Safety Data Sheet), product catalogues and on container labels.

Communications

Presentations at Exhibitions

To help customers better understand our products, we introduce our products in domestic and international exhibitions.



Japan International Boat Show 2021
April 1 - 30, 2021 (Online)



EUROPORT 2021
November 2 - 5, 2021
(Netherlands)



Japan International Boat Show 2022
March 31 - April 3, 2022
(Yokohama / Japan)

CMP Newsletter distribution service

A registration-based newsletter distribution service has been launched to provide customers in and outside Japan with the latest information on our products before others.

CMP Newsletter



Japanese



English

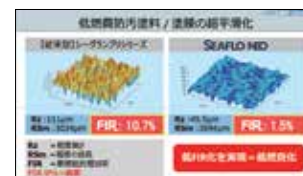


Presentations and Lectures

CMP actively engages in giving presentations and lectures at events in order to assist its customers to gain better understanding of CMP and its products.

Bariship 2021 online presentation

Initiative with the latest antifouling to comply with environmental regulations and to improve the performance of ocean-going vessels



April 12, 2021

Japan International Boat Show 2022 live streaming

New product! Seajet 033 PREMIUM



April 16, 2021

Bariship 2021 online presentation

Proposal for environmentally friendly coating specifications for vessels - Helping to achieve the SDGs -



August 30, 2021

Price revisions

Product prices were revised in April 2021 and April 2022 in response to significant increases in the prices of raw materials such as epoxy resins, crude oil, naphtha and non-ferrous metals.

Although having been taking steps to reduce costs, it has become difficult to absorb costs through corporate efforts alone and has therefore decided to revise our products' prices.

Together with local communities

Relevant
SDGs



Social Issues to be addressed

To achieve sustainable developing society, we are expected to develop symbiotic relationship with the local community through our business activities and donations to approach together against issues such as natural environment protection and social welfare.

Major Actions

Promotion of communication with local residents and community

2021 - Target -

- Promotion of employees' participation in local civic activities
- Donations
- Holding factory tours

2021 - Results -

Achievement evaluation ★★☆☆

Civic activities in various areas were cancelled to prevent COVID-19 infections.

Total donations in fiscal 2021 (CMP Group): 2.21 million yen

Contributions to the society

CMP strives to build good relationships with local communities for the sustainable development of local communities in and outside Japan. As part of this, we actively make donations to local organisations, etc. CMP Group's total amount in FY2021 was JPY 2.21 million. We will continue to work towards the realisation of a sustainable society in harmony with local communities through activities and donations.

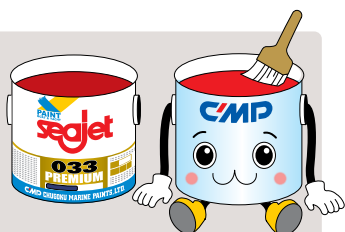
Sponsor for marine sport events

As a marine paint manufacturer, in order to promote marine sports, CMP supports various yachting events and offers paints for pleasure boats and small gifts.

The 24th Yokohama Bayside Marina Open Yacht Race



CMP uses social media to communicate with its stakeholders.



Facebook account

The official account for boat & yacht coatings, Seajet. Various kinds of information about the products are posted through this account.



#Pentaro Instagram

CMP's account focusing on cartoons featuring Pentaro. CMP thanks many stakeholders for following the account!

Donation to the neighborhood around the factory (Korea)

CHUGOKU SAMHWA PAINTS, LTD. in Korea contributed support funds, food, heating oil and other goods to neighboring towns and villages. Additionally, it has offered donations to local regional organizations and granted scholarships to pupils of a nearby primary school at the graduation ceremony.



Donation to local communities (Thailand)

TOA-CHUGOKU PAINTS CO., LTD. donated teaching materials to a nearby primary school on Children's Day in February 2021. It also donated paints to a nearby school in December 2021 for repainting, and performed volunteer painting as well.



Participation in Regional Events (Shanghai)

CHUGOKU MARINE PAINTS (Shanghai), LTD. promotes interaction with the local community through sport by sponsoring badminton tournaments and participating in sporting events in the area where the factory is located.



Donation to the Neighborhood around the Factory (Indonesia)

PT. CHUGOKU PAINTS INDONESIA donated foodstuffs and other items to support people who live around the factory and were affected by COVID-19.



Donation to "Love Under the Blue Sky" (Shanghai)

CHUGOKU MARINE PAINTS (Shanghai), LTD. has made a donation to the Shanghai Charity Fund in support of the environmental charity project 'Love Under the Blue Sky' advocated by the city of Shanghai.

Donations to neighbouring fire and police stations (Shanghai)

CHUGOKU MARINE PAINTS (Shanghai), LTD. donated drinks to neighbouring fire and police stations as our support for the mid-summer heat wave.



Lecture sessions for elementary and junior high school students

As part of a programme organised by the Cooperative Association of Japan Shipbuilders for the purpose of fostering the next generation, seminars were given to primary and junior high school students on marine coatings.

2021	August	Kure-shi, Hiroshima (Junior high school)
	October	Uwajima-shi, Ehime (Junior high school)
	November	Suzaki-shi, Kochi (Elementary school)
	November	Suzaki-shi, Kochi (Elementary school)
	November	Suzaki-shi, Kochi (Junior high school)
2022	March	Kure-shi, Hiroshima (Junior high school)



Together with local communities

Environmental Protection

In the areas where CMP Group's main factories are located, our employees engage in beautification and tree-planting activities on the premises as well as cleaning, weeding and beautification activities around the company. CMP employees including workers of Headquarters and Sales offices also actively participate in local environmental conservation events.

Participation in "UMIGOMI Zero Week 2021"

Our Hiroshima Head Office staffs participated in 'UMIGOMI Zero WEEK 2021' and cleaned up the nearby sea on 18 and 25 October 2021. 'UMIGOMI Zero Week' is organised by the Nippon Foundation and the Ministry of the Environment, and CMP participated in the event together with the Japan Ship Machinery and Equipment Association as 'the JSMEA Chugoku Paints - Sea Clean-up Team'.



Cleaning Activity at Gioui Riverbed (Shiga)

On October 11, 2021 and January 25 and March 29, 2022, we participated in river cleanup activities sponsored by "Fieldwork Yasu," a citizens' organization that aims to conserve and create nature and culture in Yasu City, where the factory is located, and cleaned the riverbeds of Gioui River.



Clean-up activities outside factories



Kyushu Factory



Shiga Factory



Kobe Paints, Ltd.



Ohtake-Meishin Chemical Co., Ltd.



Shiga Factory

Together with suppliers

Purchasing policy

1 Open policy

Our Purchasing Division always looks for new business partners and maintains an open policy.

2 Fairness

Our Purchasing Div. assesses quality, price, delivery schedule, reliable supply and technical service together and selects our business partners fairly.

3 Law-abiding principle

Our Purchasing Div. abides by every applicable law and regulation to the purchasing business.

4 Mutual trust

Our Purchasing Div. promotes mutual trust with business partners following our fair purchasing policy.

5 Conserving the environment

Our Purchasing Div. contributes to the benefit of society through purchasing and bearing environmental conservation in mind.

Green purchasing

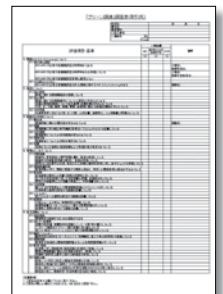
CMP promotes “Green Purchasing and Procurement” where environmentally conscious products are preferably purchased. We are steadily increasing the ratio of Green Purchasing and Procurement in stationary and office items and switching of copying paper and printed matters to FSC (Forest Stewardship Council) certified paper.



FSC certified paper is used in many documents issued by CMP, including this report and periodic reports to the shareholders.

Conducting the Survey of the Suppliers' Green Procurement

CMP surveys the status of the ISO 14001 certification granted to raw material manufacturers from whom CMP has already purchased a fixed amount to learn their approach to environmental issues. 51% of the manufacturers surveyed were already certified. CMP continues to work on uncertified manufacturers to apply for the ISO certification.



Survey Sheet for Suppliers' Green Procurement

* Information on green purchasing is also provided in the “Conservation of biodiversity” section on page 45.



Automated raw materials warehouse (Shiga)



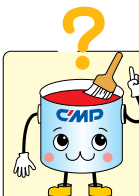
Raw materials warehouse (Shiga)



Varnish, solvent tank (Kyushu)



Delivering raw materials by flexible container bags (Kyushu)



What is the Law on Promoting Green Purchasing?

Green Purchasing means purchasing goods with a minimum environmental load by taking the impact on the environment and the extent of the necessity into consideration. The Law on Promoting Green Purchasing was introduced in April 2001 and national and public institutions took the initiative to promote Green Purchasing. By providing useful information about environmental friendly products, etc., it aims to change the structure of the demand and to build a sustainable society with a continuous progress. It also stipulates the obligations not only of national level institutions but also of local public organizations, business owners and citizens.

Together with shareholders and investors

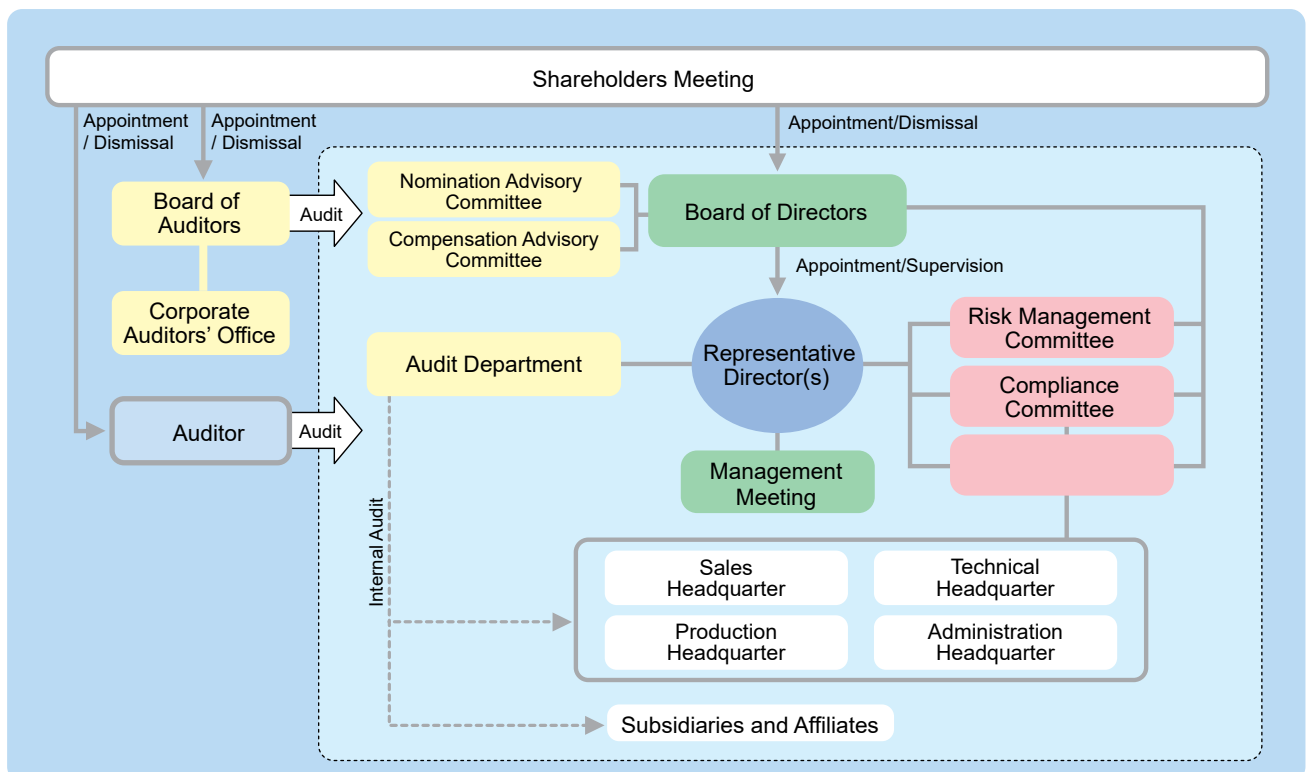
Corporate governance

CMP is aware that increasing the corporate value is important for management policy, with the establishment of effective, healthy and transparent corporate governance. Forming the board of directors, the board of auditors, management meetings, and other committees, CMP reinforces its corporate system.

History of improving corporate governance

	2015	2016	2017	2018	2019	2020
Outside directors	1 outside director appointed.	2 outside directors appointed (1/3 of all board members).				
Enhancement of board of directors' functions, etc.		Effectiveness of the Board of Directors was evaluated.				
			Function between the board meeting and the management meeting was clarified.			
			Directors' term of office was shortened to one year.			
Arbitrary Advisory Committees				Nomination Advisory Committee and Compensation Advisory Committee were established.		
Compensation for directors				Restricted Stock (RS) plan was introduced.		
					Compensation system was changed.	
Others	Basic policy on corporate governance was established.					
						Female corporate auditor was appointed.

Organization chart for corporate governance

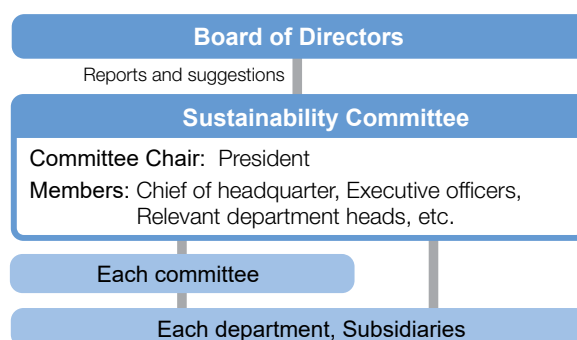


Risk management system

The business environment surrounding CMP Group is always changing and requires CMP to respond quickly to various risks. Under the basic policy; “Establish the effective and efficient Risk Management System to achieve Human Safety, Continuous Development of Corporate Value and Mutual Trust with Stakeholders”, CMP Group forms various committees and keeps improving the system. These committees include Compliance Committee, System Planning & Operating Committee and others in support of the Risk Management Committee. We consolidate the control system for prevention, detention, correction, recurrence prevention of such anticipated risks, and for response to crisis.

Sustainability Committee

The Sustainability Committee has been established to strengthen the CMP Group's sustainability initiatives and develop a structure to systematically promote them from the perspective of increasing the Group's corporate value over the medium to long term. The Committee, chaired by the company's President, is composed mainly of Chiefs of Headquarters and executive officers, and will be responsible for deciding on company policies and other matters relating to sustainability of the Company, as well as promoting and executing the initiatives.



Compliance

To sustain the corporate activity in the society & conforming to the social norms and corporate ethics is imperative. CMP is aware that responding to compliance is one of the most important issues among a number of risks, and always remain committed to compliance, across the board checks by the Risk Management Committee and with the guidance of the Compliance Committee.

Providing compliance education

For basic education, CMP has prepared the “Compliance Manual” and audio materials in Japanese, English and Chinese. Those materials have been distributed to headquarters, subsidiaries and affiliates in Japan and overseas. In addition, CMP has conducted educational training on particularly important laws, regulations, social norms and rules for different work types or subjects, especially for officers and employees in Japan.

Code of conduct for CMP group directors and staff members

CMP presents the CMP Group's Code of Conduct along with the CMP's Company Policy to all subsidiaries and affiliates to encourage rigorous compliance with law, business management on a medium- to long-term perspective, and mutual understanding with stakeholders. (Code of Conduct is shown in full on page 15.)

Initiatives for protecting human rights

Infringement of human rights represented by child labor and slave labor still exists now, and is an issue the whole world has to work together to eliminate. CMP endeavors to always exercise fair and reasonable corporate ethics through its management policies and code of conduct, and pays close attention not to cause infringement of human rights in conducting its business. In line with that, CMP's consolidated subsidiary CHUGOKU PAINTS (UK) LIMITED has announced a declaration not to cause infringement of human rights such as enforced slave labor not only within the company but throughout its supply chain, conforming to the UK Modern Slavery Act 2015.

Setting up of anonymous consultation in and outside the company

CMP has established an anonymous consultation service (Post 999) to receive various internal and external opinions, requests, suggestions and fraud reporting in eight countries and regions. In addition, in accordance with the amendment to the Whistleblower Protection Act, “the contact point for whistleblowers to report legal violations” (in Japan only), a dedicated contact point for reporting legal violations, has been set up.

“POST 999” Chief Compliance Officer
E-mail: chugoku.paints-999@cmp.co.jp

Together with shareholders and investors

Medium-Term Management Plan (April, 2020- March, 2025)

Outline of long-term vision and medium-term management plan

In order to promote sustainable management and maximise both social and economic value, the CMP Group revised its long-term vision and formulated the CMP New Century Plan 2, a medium-term management plan for the period from FY2021 to FY2025 (for five years), which was announced in May 2021.

Long-term vision (conditions we aim to establish by 2030)

A leading global niche company distinguished by sustainability and high profitability

Obtain a top share in the global marine coatings market

Become the **world's leading coating manufacturer** through efforts aimed at achieving a sustainable society by providing antifouling that **help reduce greenhouse gases emitted by ships**

Improve our presence through a focus on **environmental and social contributions** through our industrial and container coatings and coatings for offshore structures

Establish a sustainable and strong **management base**

Achieve a stable and **high-profit structure** (ROE of at least 10%)

SUSTAINABLE DEVELOPMENT GOALS



FY 2021

2025

2030

CMP New Century Plan 2

Promote managerial innovation and lay foundations for value creation

Subsequent medium-term management plans

Accelerate growth to achieve the top share in the global marine coatings market

Basic strategy (key themes)

1 Expand value provided through environmental and social contributions

Promote social value creation by extending business leading to environmental and social contributions. As a result, sales will be expanded, which are the source of economic value.

2 Improve and stabilize profit structure

Strive to improve sustainable profitability through a variety of approaches, while curbing fluctuations in profit levels due to changes in the business environment, and stably creating economic value.

3 Reinforce organizational foundations

Establish a foundation for value creation that contributes to perpetual growth of the company by improving the performance of the human resources that support ① and ② and strengthening management functions.

4 Actively raise shareholder returns and capital efficiency

Ameliorate ROE by improving profitability and controlling shareholders' equity through aggressive shareholder returns.

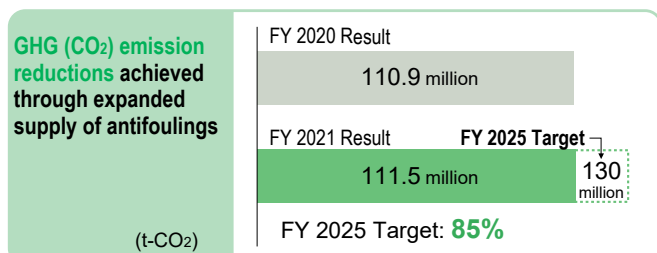
Details of the new medium-term management plan are available on our website
https://www.cmp-chugoku.com/global/Investor-Relations/midplan_en.html

Progress by priority theme

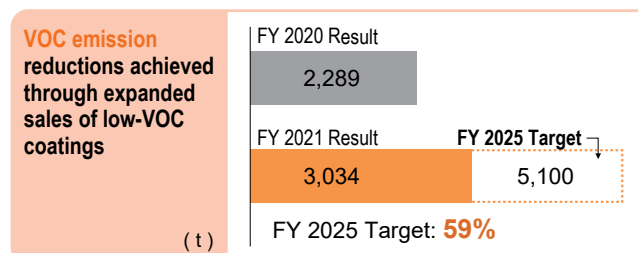
1 Expand value provided through environmental and social contributions

Further expand reductions in greenhouse gases (GHGs) and volatile organic compounds (VOCs)

(*) Both of the above show approximate reduction achieved by the Group compared to 2008 levels.



Includes emissions from ocean-going ships with deadweight tonnage of 3,000 or more



Includes emissions achieved through sales of general anticorrosive coatings

2 Improve and stabilize profit structure

- Promoting sales price revisions of products including those for newbuildings in line with rising raw material procurement costs
- Promoting preparation for the use of financial hedging techniques to reduce price volatility risk in raw material procurement

3 Reinforce organizational foundations

- Reviewing the operation of key council bodies to strengthen their functions and increase efficiency
- Straightening a monitoring system of monthly performance in more timely manner
- Strengthening the management system of overseas subsidiaries

4 Actively raise shareholder returns and capital efficiency

	Medium-term shareholder return policy	FY 2021 Result	FY 2025 Target
Shareholder return criteria	Total return on consolidated shareholders' equity (D&BOE) of at least 5% on average over the period of the medium-term plan	9.7%	—
Dividends	Consolidated payout ratio: at least 40%	711%	592%
	Minimum annual dividend: 35 yen per share	35 yen	35 yen
Share buybacks	We will flexibly conduct share buybacks in accordance with our D&BOE standards while duly considering proper balance between growth investment and dividends.	36.8 Million yen *7,068,000 treasury shares (equivalent to approximately JPY 6.2 billion) were cancelled .	The acquisition quota set for 2021 was completed, acquiring 260 million by 11 May. TBD for future transaction

Together with shareholders and investors

Performance in Fiscal 2021 (April 1, 2021 to March 31, 2022)

Overview

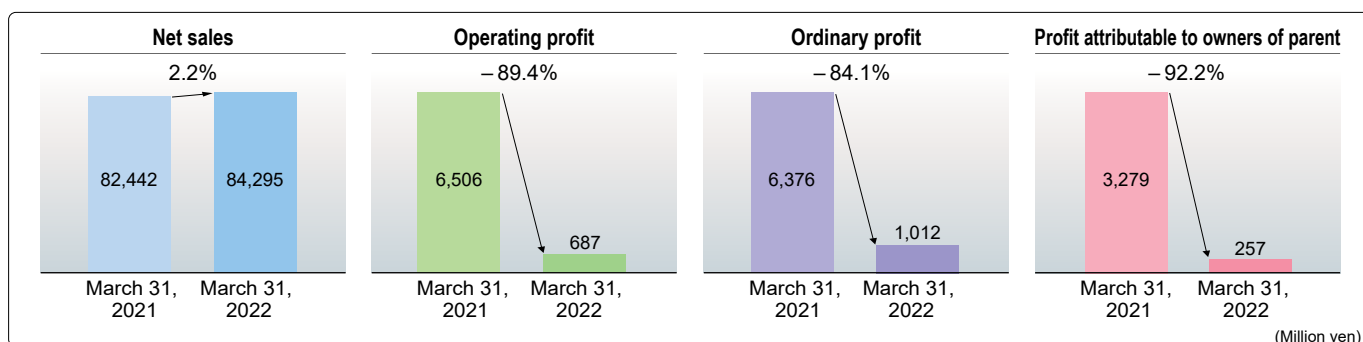
Amid increasing uncertainty in the global economy due to soaring resource prices and other factors, the negative impact of the spread of the new coronavirus infection was generally limited to the marine coatings segment which is the CMP Group's mainstay products, and sales for repair ships remained firm, particularly in Europe. On the other hand, sales of marine paints for new shipbuilding were sluggish due to shrinking demand for paints in Japan and China as a result of the decline in shipbuilding volume, thus overall sales of marine paints decreased compared to the previous year.

In the industrial coatings sector, sales of heavy duty coatings in the South-East Asia were weak due to the postponement of infrastructure-related projects under the impact of the spread of the new coronavirus, but a recovery in demand of coatings for building materials and heavy duty coatings in regions outside the South-East Asia helped to secure an overall increase in sales.

In the container coatings sector, sales increased significantly as the demand for coatings picked up thanks to an expansion in container box production against a backdrop of tight demand-supply situation in global container transport and other factors.

In terms of profit and loss, procurement costs increased significantly due to the across-the-board rise in prices of major raw materials caused by globally increased prices of natural resources. In response to this situation, we reviewed our selling prices and made efforts to reduce various costs, but these efforts were not sufficient to cover the increase in costs, resulting in a significant decline in profitability.

As a result of the above, net sales were 84,295 million yen (2.2% increase year-on-year), operating income was 687 million yen (89.4% decrease year-on-year), ordinary income was 1,012 million yen (84.1% decrease year-on-year) and net income attributable to shareholders of the parent company was 257 million yen (92.2% decrease year-on-year).



Notes on correction of errors: Errors have been corrected due to the discovery of accounting errors in the accounts of previous years. In this report, financial figures for the previous year and before that reflect the corrections made in the accounts of previous years.

Summary of consolidated financial statements

Summary of consolidated income statement

Units: million yen

Items	March 31, 2021	March 31, 2022
Net sales	82,442	84,295
Cost of sales	57,111	64,631
Gross profit	25,331	19,664
Selling, general and administrative expenses	18,824	18,976
Operating income	6,506	687
Non-operating income	824	823
Non-operating expenses	954	498
Ordinary income	6,376	1,012
Special gains	32	603
Special losses	172	0
Income before income tax and minority interests	6,235	1,615
Current income tax	1,525	788
Deferred income tax	855	407
Income before minority interests	3,854	419
Net income attributable to non-controlling shareholders	575	162
Net income or net loss (-) attributable to parent company shareholders	3,279	257

Net Sales

Increased by 1,853 million yen year-on-year, despite weak sales of marine paints due to the sluggish new shipbuilding market, sales of container paints in China significantly increased with recovery in demand following the expansion of container box production in response to tight container transport demand, and the positive effect of foreign exchange.

Operating income

Decreased by 5,818 million yen compared to the previous year due to the profitability declined mainly in new shipbuilding segment as a result of higher raw material prices, and despite efforts to reduce various costs.

Net income or net loss attributable to parent company shareholders

Decreased by 3,021 million yen year-on-year due to the decrease in operating profit.

Summary of consolidated balance sheet

Units: million yen

Items	March 31, 2021	March 31, 2022
Assets		
Current assets	72,138	71,495
Non-current assets	33,032	33,123
Total assets	105,170	104,618
Liabilities		
Current liabilities	36,219	34,694
Non-current liabilities	6,634	9,884
Total liabilities	42,854	44,578
Net assets		
Shareholders' equity		
Common stock	11,626	11,626
Capital surplus	7,788	1,504
Retained earnings	45,801	44,244
Treasury stock	- 12,642	- 10,006
Total shareholders' equity	52,573	47,367
Accumulated other comprehensive income	4,804	7,923
Minority interests	4,938	4,748
Total net assets	62,315	60,039
Total liabilities and net assets	105,170	104,618

Assets

Decreased by 551 million yen compared to the end of the previous year due to decrease in current assets by 643 million yen caused by a decrease in cash and deposits resulting from the acquisition of own shares, a decrease in notes and accounts receivable, while non-current assets increased by 91 million yen due to an increase in investment securities.

Liabilities

Increased by 1,723 million yen compared to the end of the previous year as current liabilities decreased by 1,525 million yen mainly due to a decrease in the current portion of long-term loans payable, while non-current liabilities increased by 3,249 million yen mainly due to an increase in long-term loans payable.

Net assets

Increased by 2,275 million yen compared to the end of the previous year due to the decrease of shareholders' equity by 5,205 million yen after the acquisition of treasury shares and other factors, while accumulated other comprehensive income and non-controlling interests increased by 2,929 million yen in total.

Summary of consolidated cash flow statement

Units: million yen

Items	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from operating activities	7,129	- 238
Cash flows from investing activities	867	155
Cash flows from financing activities	- 7,009	- 6,318
Effect of exchange rate changes on cash and cash equivalents	- 545	1,630
Net increase in cash and cash equivalents	440	- 4,771
Cash and cash equivalents at beginning of year	21,479	21,920
Cash and cash equivalents at end of year	21,920	17,148

Cash flows from operating activities

Decreased by 7,367 million yen year-on-year mainly due to a decrease in income before income taxes and an increase in inventories.

Cash flows from investing activities

Decreased by 711 million yen compared to the previous year mainly due to an increase in the amount of time deposits and income from the sale of investment securities, while there was a decrease in the amount of withdrawals from time deposits.

Cash flows from financing activities

Increased by 691 million yen compared to the previous year mainly due to a net increase in short-term borrowings.

Cash and cash equivalents at end of year

As a result of the above, the amount decreased by 4,771 million yen compared to the end of the previous year.

Consolidated statements of changes in net assets Year ended March 31, 2022

Units: million yen

	Shareholders' equity					Accumulated other comprehensive income					Minor interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on other securities	Revaluation gain on land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	11,626	7,788	46,552	- 12,642	53,324	2,555	3,798	- 1,720	147	4,781	5,001	63,106
Cumulative effects resulting from correction of errors			- 750		- 750			94	- 71	23	- 63	- 790
Balance at the beginning of the period reflecting correction of errors	11,626	7,788	45,801	- 12,642	52,573	2,555	3,798	- 1,625	76	4,804	4,938	62,315
Amount of changes during the year												
Cash dividends			- 1,814		- 1,814							- 1,814
Net income attributable to parent company shareholders			257		257							257
Acquisition of treasury stock				- 3,683	- 3,683							- 3,683
Disposition of treasury stocks		- 1		36	35							35
Cancellation of treasury shares		- 6,282		6,282	-							-
Net changes in items other than shareholders' equity						567	-	2,558	- 7	3,118	- 189	2,929
Total amount of changes during the year	-	- 6,282	- 1,557	2,635	- 5,205	567	-	2,558	- 7	3,118	- 89	- 2,275
Balance at end of the year	11,626	1,504	44,244	- 10,006	47,367	3,123	3,798	932	68	7,923	4,748	60,039

Together with employees

Relevant SDGs



Social Issues to be addressed

The average age of the population is becoming high throughout the world, and the number of people who suffer from chronic disease or health issues are increasing which has become a social issue. In Japan, aging of the working population is progressing due to decline in birthrate, the risk of lifestyle-related disease are rising, and the number of persons taking leave for mental disorders are increasing. In such a circumstances, improving the working environment became essential to achieve the sustainability for the company.

Sites covered: CMP (Japan only)

Benefits

Re-employment system

FY	2019	2020	2021
Number of retirees at the retirement age of 60	11	10	9
Number of employees re-employed (after age 60, up to 65)	9	10	9

Child Care Leave, Family Care Leave

FY	2019	2020	2021
Number of employees who have taken the child-care leave	1	2	3
Number of employees who have taken the family care leave	0	1	0

CMP formulates action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Female Participation and Career Advancement in the Workplace.

Employment of disabled persons

Since November 2017, CMP has contracted with a farm operating company in Kashiwa City, Chiba Prefecture, where people with disabilities are employed to cultivate vegetables, etc. As of the end of March 2022, we had an employment rate of approximately 1.4% for people with disabilities, including those working in agricultural operations. We will continue to strive to fulfill our social responsibilities.



Prevention of harassment

The work regulations have been amended to reflect CMP's determination on prevention of harassment in workplaces.

Education / training

Training for newly promoted managers
 Safety training
 Training in countermeasure against static electricity
 Technical training
 Harassment prevention training
 Compliance workshop

Benefits program

Annual paid holidays
 Accumulated paid holiday system (for medical leave, volunteering, nursing, etc.)
 Refresh vacation system(longtime employees,Before reemployment)
 Recreation facilities(Hakone, Atami, Izu, and Toba)

Labor-management relations

CMP has the labor union and participates in its upper tier union, the Japan Federation of Energy and Chemistry Workers Unions. In this way labor and management maintain a harmonious favorable relationship which has been cultivated for a long time.

Turnover rate

Through the Labor-Management Council, we are striving to improve the work environment, thoroughly implement safety measures and strengthen the welfare system, in order to create more pleasant and satisfying workplace environment. As a result of these efforts, our voluntary turnover rate has remained at a low level, and the voluntary turnover rate in fiscal 2021 was approximately 1.9%.

Health care

2021 - Target -

Prevention and measures against lifestyle-related diseases
 Promotion of mental health maintenance measures

Prevention and measures against lifestyle-related diseases

Interviews by a public health nurse were held for persons at risk of metabolic syndrome.

Promotion of mental healthcare

Following activities were conducted to promote mental health care.

Training for management level employees (raising the awareness and creating a climate of managers)
 Establishment and introduction of an external window for 'mental health counseling'.
 Mental tests conducted
 "Promotion of Exercise for Mind and Physical Health" and Radio Calisthenics Encouraging Week (Kyushu Factory)

Healthcare for Employees

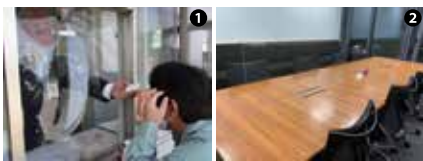
At each workplace, we have a health supervisor, which periodically opens a Health and Safety Committee and, based on discussions with employees (Labour Union), have been working to improve the work environment.

Main measures against heat stroke

- Early morning shifts in working hours
- Increasing the number of electric fans
- Distribution of items for preventing heat-related illnesses such as salt candy and drinking water
- Placement of thermometers with WBGT index for heat stroke
- Installation of equipment that lowers the sensible temperature by putting air into clothing
- Sprinkling of water on the asphalt
- Installation of refrigerators near workplaces

Major countermeasures against COVID-19

- Promotion of staggered working hours and remote working
- Online in-house meetings
- Voluntary restraint on employees' going out or traveling on business
- Installation of the partitions and thermal cameras
- Regular ventilation



① Temperature measurement at the factory gate
② Acrylic board in the conference room

Installation of AED units

- Placement of AED (automated external defibrillators) units in the workplace and training of its operation

Occupational Safety and Health

2021 - Target -

- Strict observance of safe operation standards
- Achievement of zero industrial accident

Major Activities

In accordance with the Industrial Safety and Health Act, we take steps and monitor safety and hygiene.

- Promotion of 5S activities (Sort, Set in order, Shine, Standardize and Sustain)
- Environmental measurements (measurement of organic solvent concentration, ventilation in the workplace, illumination, noise measurement and room temperature measurement)

Improvement of workplace environment

- Measurements based on the Working Environment Measurement Act are conducted annually (at unit workplaces to which the Organic Solvent Poisoning Prevention Regulations, Dust Disruption Prevention Regulations, etc. apply)
- Wear earplugs or other protective equipment at unit workplaces that fall under the Control Category II

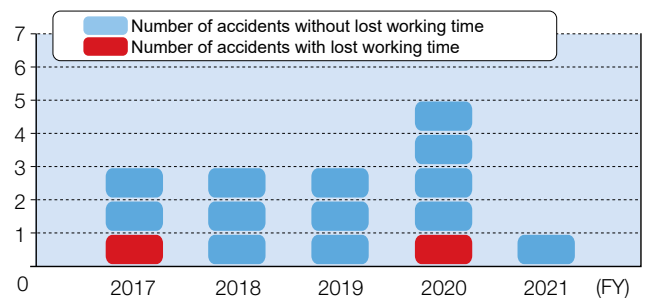
Occupational accidents at work-place (frequency of accidents) and frequency rate of accident

With the aim of eliminating occupational injuries, we make efforts to review work procedures, provide education and trainings, establish a system for checking these and extend measures and information horizontally to each workplace.

Additionally, work injuries, accidents and near miss cases that occurred at each business site are investigated at the Central Safety & Health Committee for the causes, and measures are distributed throughout the company.

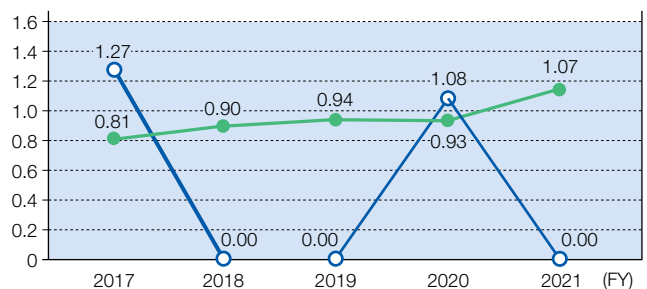
Occupational accidents at work-place (Number of accidents)

Sites covered: CMP (Japan only)



	(FY)	2017	2018	2019	2020	2021
Accidents without lost working time	Full-time employees	1	3	3	3	1
	Contract employees	1	0	0	1	0
	Total	2	3	3	4	1
Accidents with lost working time	Full-time employees	1	0	0	1	0
	Contract employees	0	0	0	0	0
	Total	1	0	0	1	0
Fatal accident	Full-time employees	0	0	0	0	0
	Contract employees	0	0	0	0	0
	Total	0	0	0	0	0

Disabling Injury Frequency Rate



○ Frequency rate of accident / CMP (financial year)
● Frequency rate of accident / chemical industry average (calendar year)

Formula for calculation: Number of lost-time deaths and injuries from work-related accidents / Total number of working hours x 1,000,000

(*) Calendar year values from the "Chemical Industry" section of Survey on Industrial Accidents by Ministry of Health, Labour and Welfare.

Environmental management

Self-imposed control to protect environment, safety and health

Basic policies to secure environmental protection and ensure human safety & health

Basic principle

To conduct business activities reducing the loading on the environment and maintaining harmony with it, as well as considering safety and health.

Basic policies

- ① To comply with the law and regulations regarding the environment, safety and health.
- ② To promote our business activities through all the steps from the development of our products to their disposal, not only keeping in mind the environment, safety and health, but also resource conservation.
- ③ To develop and improve the products and technologies that are eco-friendly and safe to the global environment.
- ④ To consider the environment, safety and health of our employees and local residents through our business process of production, operation and distribution, as well as to promote the reduction of the environmental loading and waste products, resource conservation and recycling.
- ⑤ To shift to eco-friendly products and provide information and give advice to customers regarding the safe use and handling of our products in respect of the environment, safety and health in product markets.
- ⑥ To widely disclose information to the government and the local community regarding our products and operations.

Action guideline

Environmental preservation activities

Based on the basic policy of promoting Coatings Care, CMP will propel biodiversity preservation-conscious activities in accordance with the principle of “sustainable development” in the designing, manufacturing and sales of its products.

Safety and health maintenance activities

Based on the fundamental policies of the Coatings Care Action Guideline, safe and hygienic equipment, operation methods and management methods are established in order to eliminate industrial injuries and occupational diseases due to toxic substances. Operation methods are properly improved through mechanization etc. in order to eliminate severe duties such as heavy labor. Health conditions of workers are monitored and appropriate instruction for maintaining health is given as necessary.



What is the Coatings Care?

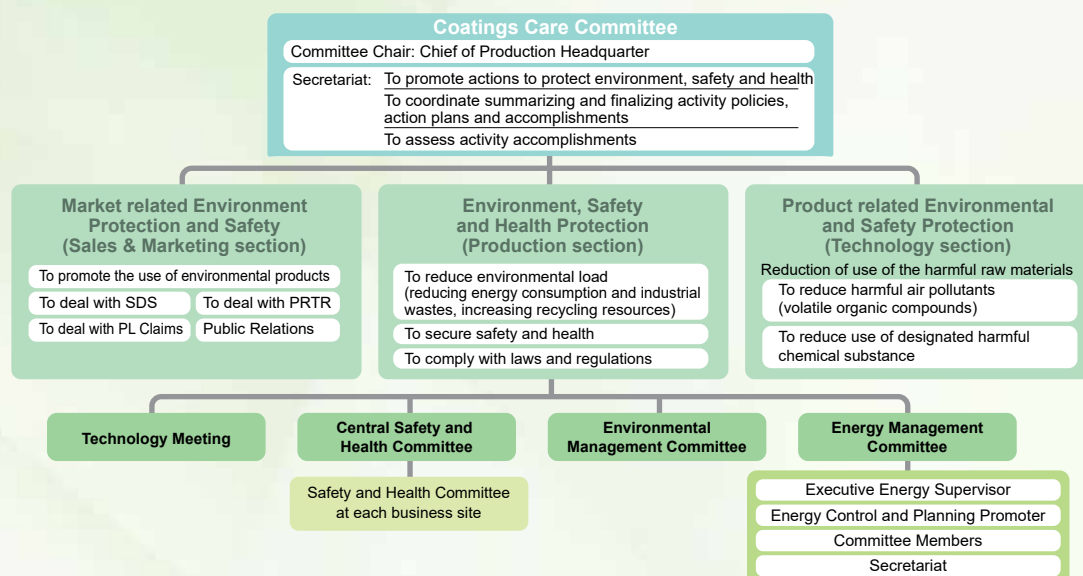
Coatings Care is the self-imposed voluntary initiative proposed and advocated by the International Paint & Printing Ink Industry Council (IPPIC) and The Japan Paint Manufacturers Association to protect the environment, safety, and health at all stages of chemical processing, from their development right through to manufacturing, transportation usage and their disposal.

CMP declared participating in Coatings Care (a program to protect the environment, safety and health) in 2001, and has since promoted various activities along with the policy.

Organizational chart to promote Coatings Care

(1 April, 2022)

*From October 2022, the Sustainability Committee will be responsible for promoting the Coatings Care activities.



Registration

CMP manage the risks concerning environmental measures and occupational safety and health to improve the performance at the actual work site. CMP's work sites listed below have acquired relevant certification.

ISO 14001

CHUGOKU MARINE PAINTS, LTD.	Japan
Shiga Factory & Technical Center(Shiga)	
CHUGOKU MARINE PAINTS, LTD.	
Kyushu Factory	
CHUGOKU SAMHWA PAINTS, LTD.	Korea
TOA-CHUGOKU PAINTS CO., LTD.	Thailand
PT. CHUGOKU PAINTS INDONESIA	Indonesia
Acquisition rate: 52%	

OHSAS18001 / ISO45001

CHUGOKU SAMHWA PAINTS, LTD. (OHSAS18001)	Korea
P.T. CHUGOKU PAINTS INDONESIA (ISO45001)	Indonesia
Acquisition rate: 13%	

*ISO 9001 Registration: page 19

Environmental education and training

CMP conducts environmental seminars and trainings under its program.

Status of implementation

- ☒ Energy-saving activities
- ☒ Safe transport of goods
- ☒ Safety measures for manufacturing sites, learning from disaster case studies
- ☒ Training on preventing the spread of damage from accidental water pollution
- ☒ Training to prevent water contamination

Training of Internal environmental auditors

CMP conducts seminars and training of Internal auditors according to the plan in order for improving the environmental management system.

Official qualification regarding the environment

CMP encourages its staff to obtain the qualification for environmental preservation such as pollution control manager and dangerous object handler, and our staff obtain such qualification in a planned manner.



Plans to deal with environment, Safety and health issues

In order to further strengthen its activities toward the environment, safety and health, CMP sets annual targets at Coatings Care Committee meetings.

Industrial safety and health

Prevention of industrial accidents	Page 31
Creation of comfortable workplaces	
Health promotion of employees	

Disaster and accident prevention

Prevention of accidents regarding safety maintenance	Page 46
Disaster preparedness	
Risk management	

Environmental preservation

Climate change	Page 36
Resource utilization and pollution prevention	Page 39
Conservation of biodiversity	Page 45

Product safety

Thorough apprehension, communication and evaluation of product safety information	Page 19
Compliance with related laws and regulations	Page 43

Chemicals control

Promotion of compliance with related laws and regulations in Japan and overseas	Page 43
Minimization of risk for chemicals	

Logistics safety

Prevention of accidents and disasters related to logistics	Page 46
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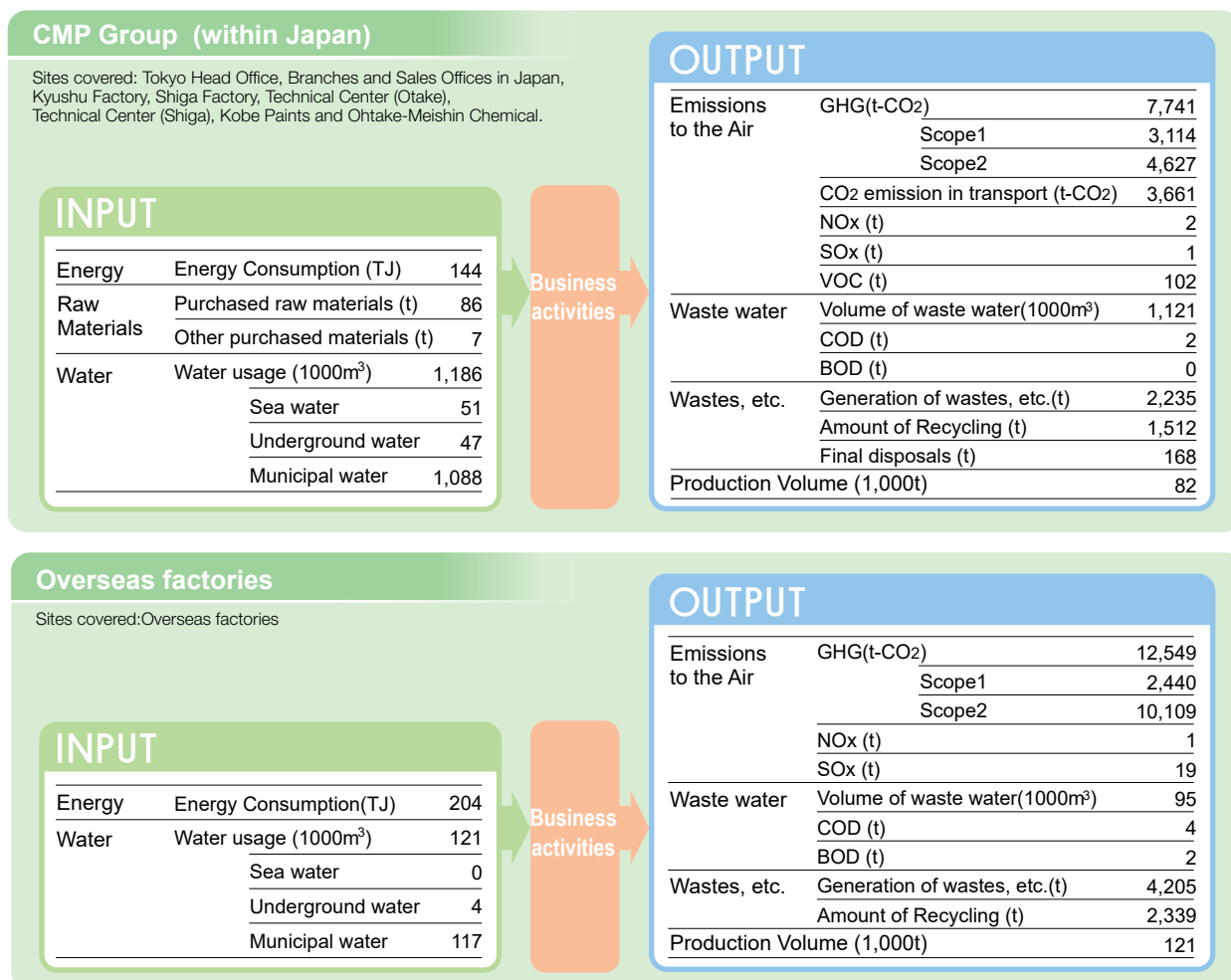
Communication with local residents and community

Promotion of communication with local residents and community	Page 21
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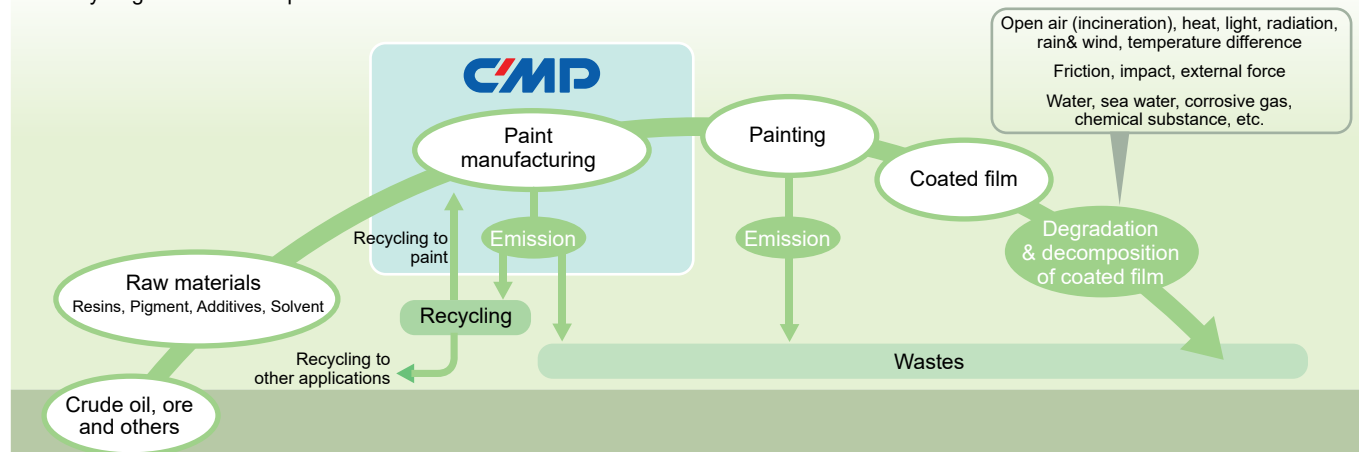
Material balance

Material balance

Material balance expresses the input of energy and resources in business activities and the output of products and environmentally hazardous substances generated due to such activities. CMP endeavors to understand the environmental burden of its business activities and to reduce environmentally hazardous substances.



The schematic illustration below depicts the life cycle of paint products from collection of raw materials, manufacturing, painting and recycling to eventual disposal.



Climate change

Relevant SDGs



Social Issues to be addressed

The progress of global warming has broadened the impact of climate changes such as meteorological disasters and water scarcity, which is raising various risks such as illness due to heat waves, lack of food caused by atmospheric temperature increase, and disruption of infrastructure functions due to extreme weather events. Business operators are expected to take both "mitigation measures" to reduce greenhouse gas emissions and "adaptation measures" to prevent and alleviate existing and potential influences of climate changes.

Major actions

Sites covered: Tokyo Head Office, Branches and Sales Offices in Japan, Kyushu Factory, Shiga Factory, Technical Center (Otake) and Technical Center (Shiga)

2021 - Target -

Reduce energy consumption per unit	98% compared with fiscal 2019
Reduce electricity demand rating per unit	98% compared with fiscal 2019

2021 - Results -

Reduce energy consumption per unit	107% compared with fiscal 2019
Reduce electricity demand rating per unit	107% compared with fiscal 2019

2022 Target : 97% compared with fiscal 2019

Sites covered: Kobe Paints, Ohtake-Meishin Chemical.

2021 - Target -

Reduce energy consumption per unit	97% compared with fiscal 2019
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2021 - Results -

Reduce energy consumption per unit	117% compared with fiscal 2019
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2022 Target : 97% compared with fiscal 2019



Changeover of lighting to LEDs
(Kyushu Factory)



Solar Power Generation System
(Headquarters in Hiroshima)

Values CMP can offer



CMP's fuel-saving antifouling contribute to reduction of environmental burden by curbing CO₂ emissions from ships.



CMP's high-reflective (heat reflective) coatings contribute to reduction of environmental burden through its high energy-saving effect.



Our biomass paints use raw materials derived from plants which are renewable resources, thereby reducing greenhouse gas emissions and contributing to the creation of a recycling-oriented society.

► Please see page 13 - 14 "Environmental products" for details.

Compliance with the Act on Rational Use and Proper Management of Fluorocarbons

In Japan CMP group possesses 404 specified equipment, and we work to appropriately figure out the amount of fluorocarbons leaked in accordance with the management criteria established by the country. In fiscal year 2021, there was no leakage of 1000t-CO₂ or more fluorocarbons.

Initiatives of the Japan Paint Manufacturers Association

The Japan Paint Manufacturers Association is indirectly working to reduce CO₂ through reducing NMVOC (non-methane hydrocarbons). Based on information from member companies each year, JPMA summarize the "Estimation of VOC emissions from paints" and also promote the activities of each member company in the Coatings Care activities.

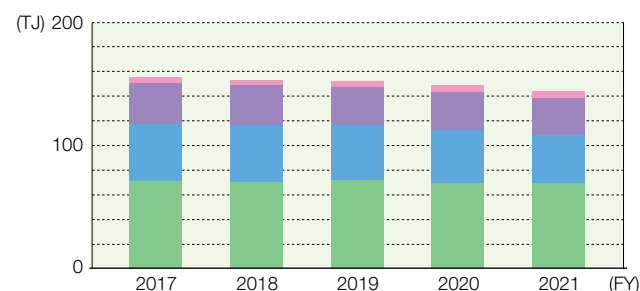
Climate change

Initiatives at Factories, Technical Centers and Sales Office

CMP's factories, laboratories and offices mainly carry out the following energy-saving activities.

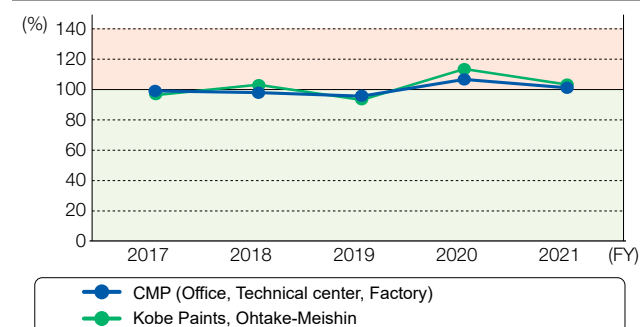
- Cool Biz campaign
- Displaying electricity saving posters
- Turning off lights during lunch breaks
- Appropriately adjusting the set temperature of air conditioners
- Encouraging the use of energy-saving mode of PC monitors
- Management of the number and operation of manufacturing machineries, air-conditioning and lighting in the factory
- Replacement of fluorescent lighting with LEDs or energy-saving equipment
- Staggered working hours to level electricity demand from June to September (Shiga Factory)

Transition of Energy Consumption



- Office (Tokyo head office, Domestic sales offices)
- Technical center (Ohtake, Shiga)
- Factory (Kyushu factory, Shiga factory)
- Kobe Paints, Ohtake-Meishin

Per Unit data comparison with previous years

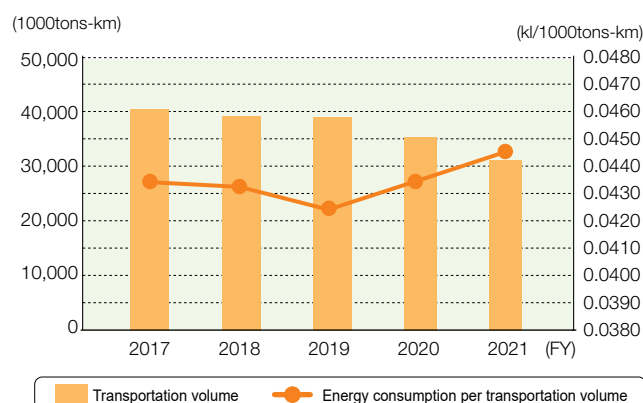


FY	2019	2020	2021
Energy Use (GJ)	149,977	148,472	144,295
Electricity	102,526	101,149	97,439
Fuel	46,751	46,395	46,133
Heat	700	928	724
Specific energy consumption per unit of production (MJ/t)	1,122	1,235	1,325
Specific energy consumption per floor area for other than production (MJ/m ²)	2,221	2,280	2,268

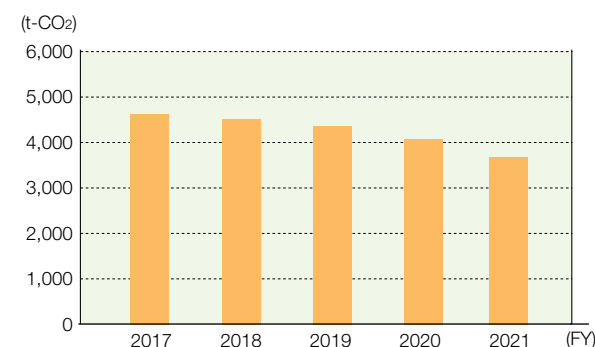
Initiatives for Transportation

We try to improve transport efficiency through modal shifts and improvements in the loading ratio of freight vehicle transport, and also reduce the number of deliveries by placing bulk orders. We have asked transporters to stop idling, promote the use of eco-tires and eco-drive recorders, and switch to hybrid vehicles. Efforts are made to change to fuel-efficient business cars, and in fiscal 2021, 74% of our business vehicles held were low-emission vehicles.

Transition of transportation volume and energy consumption per transportation volume



Trends in CO₂ emissions from transportation



FY	2019	2020	2021
Transportation volume (1000tons-km)	38,850	35,318	30,978
Energy consumption per transportation volume (kl/1000tons-km)	0.0423	0.0433	0.0445
CO ₂ emissions(t-CO ₂)	4,336	4,044	3,661



Partial uninstallation of fluorescent lights
(Headquarters in Tokyo)

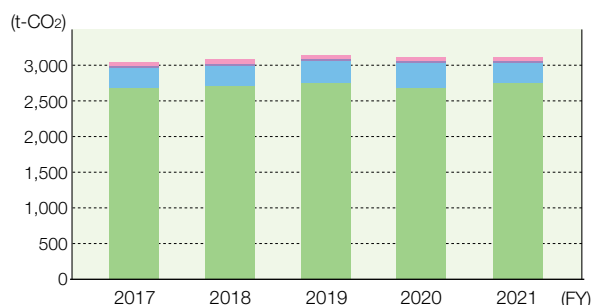


Posters to promote electric power savings
(Headquarters in Tokyo)

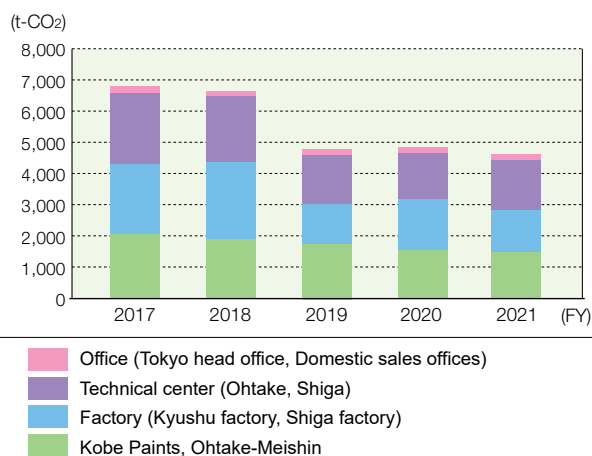
CO₂ emissions

In response to the heightened importance of ascertaining CO₂ emissions throughout the supply chain, CMP calculates CO₂ emissions in Scope 1, Scope 2, as well as Scope 3. CO₂ emissions in Scope 3 were accounted on a trial basis for the Head Office in accordance with the calculation method provided in the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.3 (Ministry of the Environment, Ministry of Economy, Trade and Industry; December 2017).

Scope 1



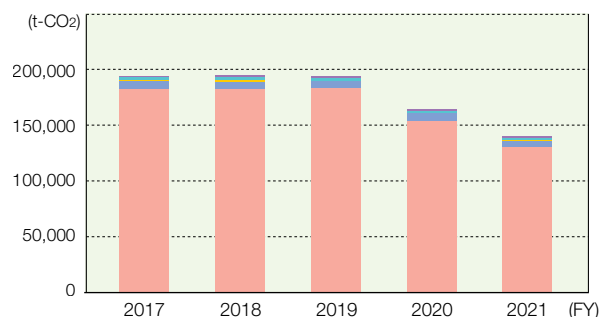
Scope 2



GHG (Greenhouse Gas)

FY	2019	2020	2021
Scope1(t-CO ₂ e)	3,154	3,121	3,114
CO ₂ (energy source)	3,154	3,121	3,114
(non-energy source)	0	0	0
N ₂ O	0	0	0
HFCs	0	0	0
PFCs	0	0	0
CH ₄	0	0	0
SF ₆	0	0	0
NF ₃	0	0	0
Scope2(t-CO ₂)	4,795	4,851	4,627
Total GHG emissions (Scope1+Scope2)(t-CO ₂)	7,950	7,972	7,741
GHG emissions (t-CO ₂) during production	6,141	6,225	5,898
Intensity (kg-CO ₂ /t) of GHG emissions per production volume	60	68	72
GHG emissions from other than production (t-CO ₂)	1,808	1,747	1,842
Intensity of GHG emissions per total floor area from other than production (kg-CO ₂ /m ²)	115	111	117

Scope 3



- Disposal of products sold - Processing of products sold - Wastes generated by business activities - Transportation and distribution (upstream) - Products and services purchased	Sites covered: Tokyo Head Office, Branches and Sales Offices in Japan, Kyushu Factory, Shiga Factory, Technical Center (Otake, Shiga)
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FY	2019	2020	2021
1 Goods and services purchased	183,076	154,063	130,237
2 Capital goods	(*)	(*)	(*)
3 Fuel- and energy-related activities (not included in scope 1 or scope 2)	—	—	—
4 Transportation and distribution (upstream)	7,144	6,598	5,912
5 Waste generated in operations	519	498	481
6 Business travels	266	189	199
7 Employee commuting	68	51	52
8 Leased assets (upstream)	(*)	(*)	(*)
9 Transportation and distribution (downstream)	—	—	—
10 Processing of products sold	2,592	2,266	2,112
11 Use of products sold	—	—	—
12 End-of-life treatment of products sold	258	233	206
13 Leased assets (downstream)	—	—	—
14 Franchises	—	—	—
15 Investments	—	—	—
Total	193,924	163,896	139,197

(*) Under investigation

Supply-chain emissions

Supply-chain emissions are emissions of greenhouse gas generated in the entire flow of organization activities of business operator, including raw material procurement, manufacturing, logistics, sales and disposal, classified into Scope 1 (direct emissions), Scope 2 (energy-derived indirect emissions), and Scope 3 (other indirect emissions). In recent years, a movement to control and disclose greenhouse gas emissions up to Scope 3 for the entire supply chain has become predominant.

Resource utilization and pollution prevention

Wastes

Relevant SDGs



Social issues to be addressed

Due to the growth of the population and economy, restriction of resources now became actualized globally. The evolvement from mass-production, mass-consumption and mass waste-producing society to a recycling society restraining natural resource consumption and with less environmental impact is required.

Initiatives

3R (Reduce, Reuse and Recycle) are thoroughly implemented, and wastes generated during business activities are reused as much as possible to make effective use of resources.

In order to prevent illegal disposal and treatment of wastes, we regularly visit the contractors to check that wastes are properly treated.

Major actions

Formation of recycling society

2021 - Target -

Volume of wastes, etc. Equivalent to FY2020 results or less
Kyushu Factory, Shiga Factory

Recycling ratio of wastes 67%

Kyushu Factory, Shiga Factory, Technical Center (Otake, Shiga), Kobe Paints, Ohtake-Meishin

2021 - Results -

Achievement evaluation ★☆☆

Volume of wastes, etc. 7% increase compared with fiscal 2020

Kyushu Factory, Shiga Factory

2022 Target: Equivalent to FY2021 results or less

Recycling ratio of wastes 68%

Kyushu Factory, Shiga Factory, Technical Center (Otake, Shiga), Kobe Paints, Ohtake-Meishin

2022 Target: 67%



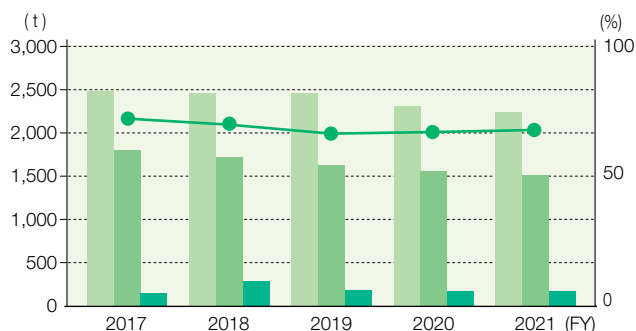
Separate collection containers (Shiga Factory)

Promoting resource recovery and reuse of industrial waste

Waste Reduction

Volume of wastes, amounts of external intermediate and final disposals, recycling ratio of wastes

Sites covered: Kyushu Factory, Shiga Factory, Technical Center (Otake, Shiga), Kobe Paints and Ohtake-Meishin Chemical



FY	2017	2018	2019	2020	2021
Volume of wastes, etc.(t)	2,488	2,466	2,467	2,321	2,235
Harmful waste(t)	0	0	0	0	0
Amount of Recycling(t)	1,797	1,723	1,624	1,562	1,512
Recycling ratio(%)	72	70	66	67	68
Final disposals(t)	150	294	185	168	168

On-site confirmation of waste disposal contractors

In fiscal 2021, six contractors were visited to check the state of disposal, facility, storage and improper disposal. As a result, none of the contractors was rated as noncompliant.

Values CMP can offer

CMP's anti-corrosive coatings contribute to resource saving by reducing corrosion and deterioration of materials.



► Please see page 13 "Environmental products" for details.

Delivery system that have been advanced with users in an effort to create a Sound Material-Cycle Society



IBC(Intermediate Bulk Container)



IBC



Automatic paint blending equipment



Blending & Weighing

IBC system

In 1995, sales of IBC system started to reduce the use of petroleum cans and other containers disposed after paint use, and to reduce paints remaining in containers after paint use. With this system, we provide paints in repeatedly usable IBC container tanks, and after use, the tanks are collected and cleaned to refill and resell paints. This system is realized in cooperation with users who construct a building for installing equipment such as automated paint mixing devices.

IBC system will lead to the practice of circular economy that effectively utilize resources while reducing resource input and using stocks effectively.

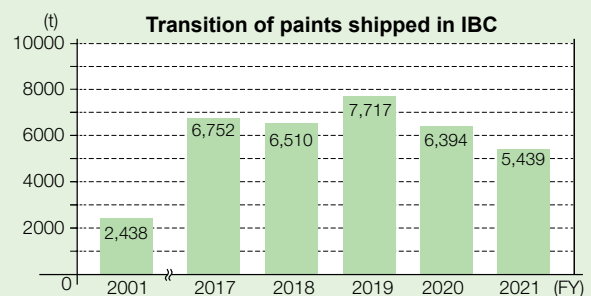
To reduce paint loss

In general, 2 - 5% residues of paints are disposed together with cans. In the case of IBC container tanks, paints are hardly left due to the properties of their shapes, and in addition, paints are forcibly sucked by the pumping of the automated paint mixing device, so that the amount of paints remaining in a container tank is extremely small.

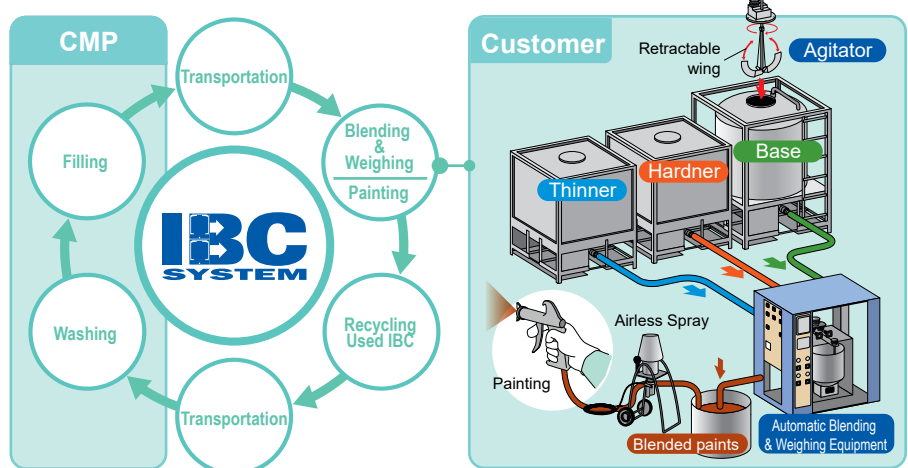
To reduce waste can disposals

We can reduce the amount of waste cans equivalent to 70 to 100 oil cans per IBC container tank. Industrial wastes of paint containers such as 18L petroleum cans and drums are reduced in proportion to the volume of paints delivered using IBC system. In fiscal year 2021, we shipped 5,439 tons of products in IBC container tanks and reduced 520,000 waste cans. In the past 21 years, we have reduced approximately 12.45 million waste cans (*), which contributed to the reduction of industrial wastes.

(*) Approximate quantity calculated by converting the paint volume shipped from IBC into conventional 18 liter oil cans.



Concept of IBC system



By switching to IBC, premise of the shipyards were much better put in order

Resource utilization and pollution prevention

Water resources

Relevant SDGs



Social issues to be addressed

Only 0.01% of the water existing on this planet is directly usable by the people as a water resource. Even such limited water resource is exposed to water pollution and the volume of available water resources has been continuously decreasing, resulting in increased water stress. On top of that, climate change is inducing water-related issues such as drought and deluge throughout the world.

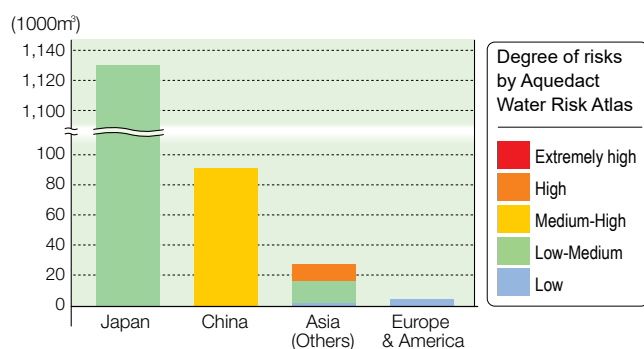
Initiatives

We assessed and confirmed the water risks at factories and technology sites with Aqueduct Water Risk Atlas, a tool of the World Resources Institute (WRI).

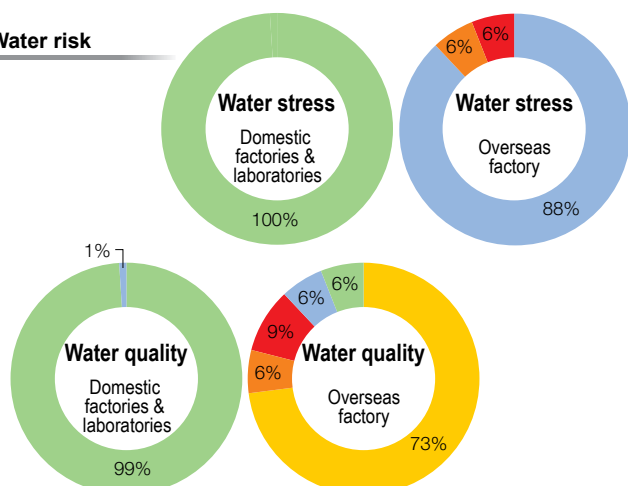
Efficient use of water is promoted by appropriately managing wastewater from each factory and laboratory.

Water risk

Water withdrawal and water risk



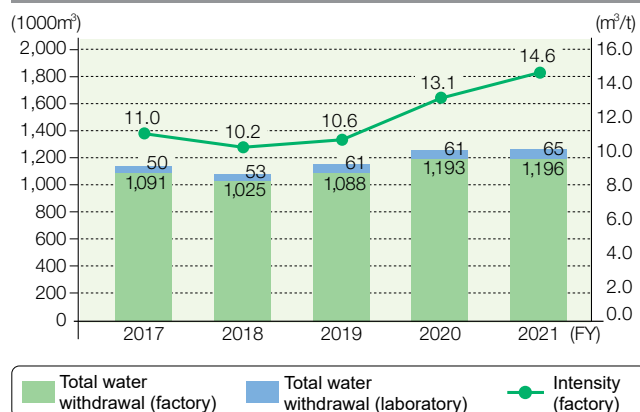
Water risk



Total water withdrawal, Total water discharge, Water pollution prevention

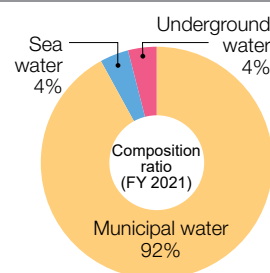
Sites covered: Kyushu Factory, Shiga Factory, Technical Center (Otake, Shiga), Kobe Paints and Ohtake-Meishin Chemical

Trends in water consumption (water withdrawal) and intensity



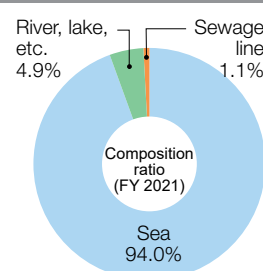
Trends in total water withdrawal

FY	2019	2020	2021
Sea water	45	48	51
Underground water	38	47	47
Municipal water	1,066	1,160	1,164
Surface water	0	0	0
Rain water	0	0	0
Total	1,149	1,255	1,261



Trends in total water discharge by destination to discharge

FY	2019	2020	2021
Sea	977	1,101	1,054
River, lake, etc.	45	55	55
Sewage line	12	9	12
Underground / well	0	0	0
Others	0	0	0
Total	1,034	1,165	1,121



Water pollutants

FY	2019	2020	2021
COD	1.1	1.5	1.8
BOD	0.6	0.3	0.3

COD (Chemical Oxygen Demand)

This is used as one of the major indexes to see the state of water pollution by organics in sea or lake water quality, by converting the amount of oxidant consumed when decomposing organic matter in water into the amount of oxygen.

BOD (Biochemical Oxygen Demand)

This is used as one of the major indexes to see the state of river water pollution, by calculating the amount of oxygen consumed when organic matter in water is decomposed by the action of microorganisms.

Resource utilization and pollution prevention

Air pollution control

Relevant SDGs



Social issues to be addressed

Volatile Organic Compounds (VOC) is known to cause photochemical oxidants (Ox) and suspended particulate matter (SPM) that cause photochemical smog. In addition, it has been pointed out that VOC affects the human body, along with nitrogen oxides (NOx) and sulfur oxides (SOx) generated from the combustion of fossil fuels. Due to the increase in air pollutants associated with the economic development of the world, issues such as acid rain are spreading globally.

Initiatives

By introducing deodorization devices, we reduce VOC emissions and simultaneously reduce odors to neighborhoods.

Major Actions

(Shiga Factory, Kyushu Factory)

Amount of VOC

2021 - Target - 50% reduction compared with fiscal 2000

2021 - Result - 55% reduction compared with fiscal 2000

2022 Target : 51% reduction compared with fiscal 2000

Transition of emissions discharged into air (t)

Sites covered: Kyushu Factory, Shiga Factory, Technical Center (Otake, Shiga), Kobe Paints and Ohtake-Meishin Chemical

FY	2019	2020	2021
VOC (Volatile Organic Compounds)	128	114	102
NOx (Nitrogen Oxides)	1	1	2
SOx (Sulfur Oxides)	1	1	1



Ventilation equipment
(Shiga factory)



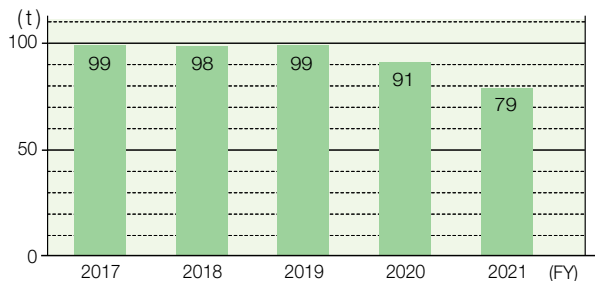
Deodorization equipment
(Kyushu Factory)

The PRTR substances

CMP engages in necessary actions through investigation of 462 substances designated by ordinance. 34 among the 462 PRTR substances designated by the government became subjects of notification (according to the record of 2021) in 2022. Three substances of Xylene, Toluene and Ethyl benzene comprise 99.5% of the total emission to the air from CMP.

Transition of emissions discharged into air

Sites covered: Kyushu Factory, Shiga Factory, Technical Center (Otake, Shiga), Kobe Paints and Ohtake-Meishin Chemical



Environmental emissions of PRTR substances

	Air	Water area	Soil
Emission in FY 2021 (t)	79	0	0

Substances with environmental emissions or transfers are 10kg or more

Designated chemical names (Unit: kg)	Serial number of chemical substance	Emission volume	Transfer volume
		Emission into the air	Transfer to outside the premise
Antimony and its compounds	31	0	53
4,4'-Isopropylidenediphenol	37	0	60
Ethyl benzene	53	35,176	51,147
Ethylenediamine	59	0	1,900
Xylene	80	32,261	81,109
Cumene	83	12	0
3,3'-dichloro-4,4' diamino diphenyl methane	160	0	16
Triethylenetetramine	278	0	216
1,2,4-trimethylbenzene	296	288	156
1,3,5-trimethyl-benzene	297	108	166
Toluene	300	10,956	25,450
Hexamethylene diacrylate	306	0	37
Phenol	349	0	18
Bis(2-ethylhexyl)phthalate)	355	0	81
Hexamethylene diamine	390	0	22
Benzophenone	403	0	200
Formaldehyde	411	0	19
Phthalic Anhydride	413	0	13
Methylenebis(4,1-phenylene)diisocyanate	448	0	180
Molybdenum and its compounds	453	0	57
Trityl phosphate	460	0	114

Discharge to public water bodies: None

Release to soil at the site: None

Landfill disposal at the site: None

Transfer to sewer: None

Management of chemical substances contained in products

Relevant SDGs



Social issues to be addressed

Chemical substances are widely used in modern society, yet some of them can be harmful to humans, other life forms and the natural environment. Safe use of chemical substances requires understanding their characteristics including toxicity as well as properly controlling their manufacturing, distribution and use to minimize associated risks. Establishment of laws and regulations for the purpose of proper management of chemical substances and protection of human health and the environment has been progressing globally.

Initiatives

As a company that handles a wide range of chemical substances, CMP introduced its own chemical substance management system in 2008 and has since been conducting proper management of chemical substances. Through this system, information on the safety of raw materials, on relevant laws and regulations, and on product design is processed into chemical information of products, which is then utilized in observing laws and regulations of respective countries, ensuring safety, and providing customers with necessary information in a prompt and appropriate manner.

Values CMP can offer



CMP's silicone antifouling agents reduce adverse effects of antifouling agents on the marine environment.



CMP's low-VOC products have significantly reduced levels of volatile organic compounds (VOCs), the main cause of photochemical smog.

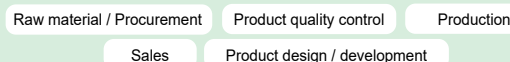


CMP's waterborne coatings are highly effective in reducing sick building syndrome for their low-VOC levels.

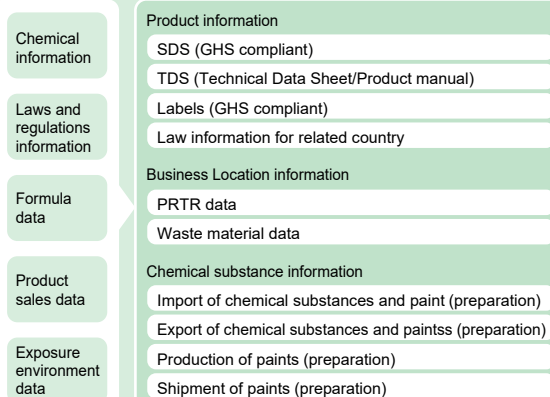
► Please see page 13-14 "Environmental products" for details.

Management of chemical substances

Quality Management System (JIS Q 9001:2015)



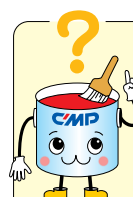
Management system



Risk assessment of chemical substances

The Industrial Safety and Health Act obligates business bases that deal with substances subject to issuance of SDS (674 substances) to conduct risk assessment. CMP have appointed persons responsible of such risk assessment, and promotes assessment based on the control-banding method by the safety and health committees of each business base.

The Occupational Health and Safety Law has been substantially amended to establish an implementation system for the autonomous management of chemical substances and to strengthen the communication of information on the hazards and harmfulness of chemical substances. The risk assessment system has also been strengthened, and the number of substances subject to SDS issuance for risk assessment will be increased by 234 substances in April 2024, with about another 700 substances to be added in 2025 and about 850 substances in 2026.



What is SDS?

SDS (Safety Data Sheet) describes the characteristics and handling information of chemicals. In case the ownership of chemicals or products containing chemicals is transferred to another party, the SDS should be presented.

What is GHS?

GHS, "Globally Harmonized System of Classification and Labeling of Chemicals" is an internationally agreed system to classify chemicals according to the kind and extent of hazard. Such classified information is displayed on labels for easy understanding and a SDS is provided.

Reduction of harmful substance

CMP sets reduction target to use harmful substance and promotes its reduction plan.

Reduction in the toxic substance content rate (●) in the amount of products manufactured at the Kyushu Factory and the Shiga Factory (comparison to fiscal 2019)

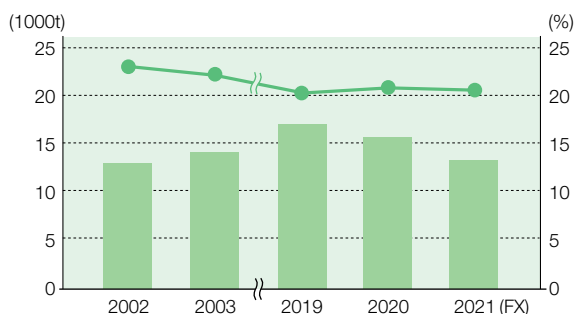
2021 target		2021 Results Achievement evaluation☆☆☆	2022 target	
T,X,EB	Decreased by 0.4 percentage points from fiscal 2019		Decrease by 0.6 percentage point from fiscal 2019	
Lead and chromium	Maintained the same as fiscal 2019 results		Decrease by 0.000001 percentage point from fiscal 2019	
Environmental Hormones	Maintained the same as fiscal 2019 results		Maintain the same as fiscal 2019 results	
Tar	Maintain 0%		Maintain 0%	

Sites covered: Kyushu Factory, Shiga Factory

■ Usage

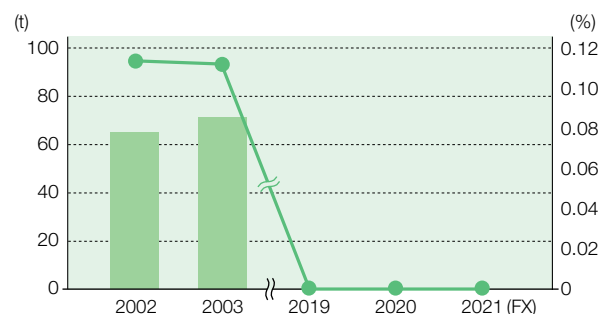
● Content Ratio

Toluene, Xylene and Ethyl Benzene



FY	2019	2020	2021
Quantity in products sold (1000 t)	17	16	13
Content Ratio (%)	20.2	20.8	20.5

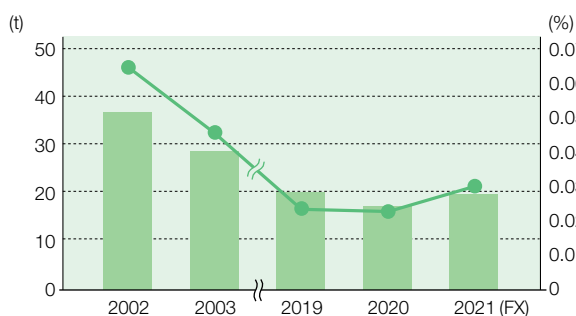
Lead/Chrome



FY	2019	2020	2021
Quantity in products sold (t)	0.1	0.1	0.1
Content Ratio (%)	0.00011	0.00018	0.00012

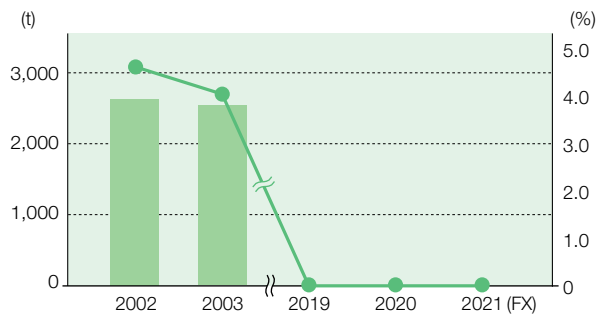
* With the exception of some products for special applications, sales of products containing lead and chromium have been discontinued.

Environmental Hormones (Endocrine Disrupter)



FY	2019	2020	2021
Quantity in products sold (t)	20	17	20
Content Ratio (%)	0.024	0.023	0.030

Tar



FY	2019	2020	2021
Quantity in products sold (t)	0	0	0
Content Ratio (%)	0	0	0

* Sales of tar-containing products have been discontinued since 2006.

Conservation of biodiversity

Relevant SDGs



Social issues to be addressed

The blessings of biodiversity are the very foundation of affluent life of humans. However, human social activities are slowly maiming biodiversity on a global scale. In order to achieve the 2050 vision of "coexistence with nature", there is a growing need to link initiatives related to the conservation and regeneration of biodiversity at all levels.

Initiatives

Sites covered: CMP (Japan only)

In 2017, CMP introduced biodiversity conservation activities into the action policy of Coatings Care. The action policy prescribes propelling biodiversity preservation-conscious activities in accordance with the principle of "sustainable development" in the designing, manufacturing and sales of CMP's products. CMP is steadily increasing the ratio of Green Purchasing and Procurement in stationery and office items and switching copying paper and printed matters to FSC (Forest Stewardship Council)-certified paper to reduce the volume of copying paper used.

Additionally, in a bid to realize sustainable procurement of raw materials, CMP checks the approaches of raw material manufacturers and suppliers to environmental issues through surveys on their acquisition status of ISO 14001 certification. A survey found that 51 percent of 273 manufacturers and suppliers have acquired the certification. Further, CMP participates in planting and river cleaning activities hosted by local governments, and promotes social activities in consideration of regional biodiversity.

2021- Target -

- Continue green procurement for raw materials and other materials
- Continue green procurement for office supplies

2021- Results -

Achievement evaluation ★★☆☆

- 51% of the suppliers surveyed obtained ISO14001 certification
- The rate of green products in the purchased amount was 63%

Values CMP can offer



CMP's high-performance antifoulings contribute to reduction of the number of organisms passing across borders associated with global voyage by reducing the number of marine organisms attaching to the bottom of ships.



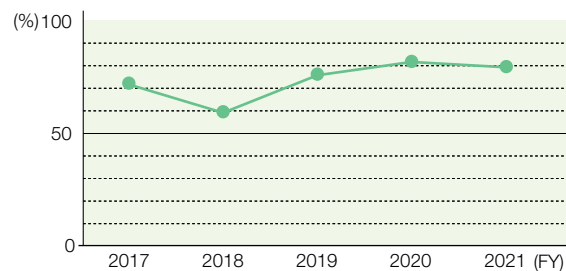
On October 11, 2021 and January 25 and March 29, 2022, we participated in river cleanup activities sponsored by "Fieldwork Yasu," a citizens' organization that aims to conserve and create nature and culture in Yasu City, where the factory is located, and cleaned the riverbeds of Gioui River.



The Otake Factory staffs participated in the Nippon Foundation's 'UMIGOMI Zero WEEK' 2021 and neighbouring sea clean-ups were carried out on 18 and 25 October 2021.

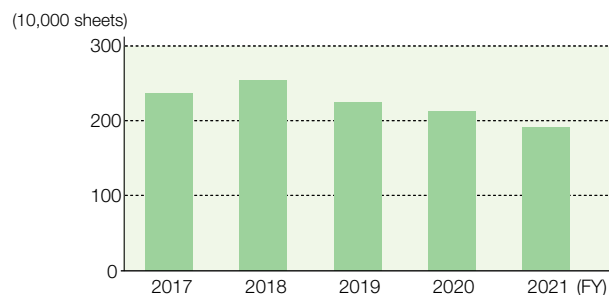
FSC certified paper is used in many documents issued by CMP, including this report and periodic reports to the shareholders.

Rate of green products in the total purchased amount



* The subject items have been reviewed and data from previous years are recalculated.

Number of copying paper purchased (A4 equivalent)



Sites covered: Tokyo Head Office, Branches and Sales Offices in Japan. Kyushu Factory, Shiga Factory, Technical Center (Otake, Shiga)

Disaster and accident prevention

Relevant SDGs



Social issues to be addressed

Accidents such as fire, explosion, and leaking of harmful substances may have adverse effects on the surrounding environment. Business operators are required to prevent such accidents and minimize the damage of natural disasters that have been occurring more frequently in recent years to ensure the safety and security of their workers and local communities.

Initiatives

We have the Central Safety and Health Committee as a subordinate organization of the Coatings Care Committee to share information on safety and health among the offices, and to discuss common issues at the Central Safety and Health Committee for unified safety and health management throughout the company. Through the activities of this Central Safety and Health Committee, safety and health committees at each work-site can operate in accordance with company-wide standards, which not only facilitates management but also enables effective measures to be taken, thereby promoting functional safety management.

Major actions

Sites covered: CMP (Japan only)

2021 - Target -

- Achievement of zero accidents regarding safety management
- Achievement of zero environmental incidents
- Continued achievement of zero logistics-related accidents

2021 - Results -

Achievement evaluation ★★☆☆

Accidents regarding safety management	7
Environmental incidents	0
Logistics-related accidents	0

Cases of possible emergency circumstance

- Air pollution by static electricity-induced fire
- Outflows of hazardous materials or paints from a damaged raw material warehouse or products warehouse caused by a natural disaster
- Leaks or outflows of hazardous materials caused by inappropriate transportation of raw materials
- Air pollution caused by fires triggered by an abnormal reaction during the manufacturing process
- Eruptions, leakages and discharges of toxic gas caused by inappropriate storage of wastes
- Leaks and outflows of hazardous materials and paints caused by damage to an outdoor storage
- Leaks and outflows of paints caused by a damaged production line

CMP has implemented wide-ranging measures in response to potential large-scale natural disasters, including the Tonankai Earthquake, and an inland earthquake affecting the metropolitan area, in order to maintain a stable supply and ensure the safety of our employees.

- Simulation of emergency alternative production
- Implementing earthquake-resistant measures for buildings, fixing dangerous indoor objects to walls, etc.
- Storing emergency foods and drinking water
- Conducting evacuation drills
- Preparing accommodation goods for employees unable to go home

Disaster prevention training

CMP have the “Emergency Action Plan” and periodically conducts trainings to prevent the environmental pollution in case of an emergency circumstance happens.

Kyushu Factory	Disaster prevention training (June, November 2021)
Shiga (Factory and Technical Center)	Firefighting training (June, December 2021) Emergency earthquake training (September 2021) Training on preventing the spread of damage from accidental water pollution (November 2021) Environmental accident response drill (November 2021)
Shiga (Technical Center)	Emergency response drill (October 2021)
Otake (Technical Center)	Firefighting training (November 2021, March 2022)
Kobe Paint	Firefighting training (September 2021) Emergency earthquake training (November 2021)
Ohtake-Meishin	Firefighting training (June, November 2021) Blackout response drill (April 2021, February 2022) Reporting training (December 2021) Training to prevent water contamination (July 2021) Firefighting training (August 2021, March 2022) Water discharge training (March 2022) Evacuation training (September 2021)



Firefighting training
(Shiga)



Disaster prevention training
(Kyushu Factory)



Emergency earthquake training
(Kobe Paint)



Firefighting training
(Ohtake-Meishin)

Environmental accounting & Eco-efficiency

Environmental accounting

CMP keeps track of the expenses associated with investment in environmental conservation, evaluates the costs versus the benefits and publicly reports this information.

In reference to the Ministry of the Environment's "Environmental Accounting Guidelines (2005 Edition)", the below data has been collected based on our "Policy for Environmental Accounting".
Economical results have been figured out based on realistic reasons only and exclude hypothetical ones such as potential benefits by risk aversion.

Sites covered: Kyushu Factory, Shiga Factory, Technical Center(Otake, Shiga)

Environmental conservation costs

(Units: million yen)

Categories		Main activities	Investments	Expenses
Business activity costs	Antipollution costs	Preventing pollution of air, water, noise, etc.	10	5
	Global environmental conservation costs	Prevention of global warming	8	14
	Resource recycling costs	Waste reduction and recycling, etc.	4	26
	Subtotal		22	45
Administration costs		Expenses for the promotion of environmental safety, management of maintenance of ISO certification and monitoring & measurement	2	47
Research and development costs (*1)	Climate change-related	Development of products related to climate change mitigation and adaptation	8	216
	Others	Development of other environmentally friendly products	47	626
	Subtotal		55	842
Social activity costs		Contribution to society, etc.	0	1
Environmental remediation costs		Costs for the restoration of nature, for the recovery of environmental damage caused by production activities, etc.	0	0
Total			79	935

*1) R&D cost = [Total R&D costs] × [Research staff ratio]

Effects on environmental conservation ^(*)

Effects			Reductions
Effects in business activities	Effects on invested resources	Energy usage (GJ)	– 238
		Water usage (1000m³)	-7
	Effects on environmental loads and waste	CO2 emissions (ton-CO2)	78
		Pollutant release (ton) ^(*)	0
		Waste generation (ton)	76
Other effects on environmental conservation		CO2 Emissions from Transportation (ton-CO2)	– 106
		Freight (Products) Transportation (1000 tons-km)	66

*2) The environmental conservation effect was calculated by comparison with the production volume in FY2020.

Environmental Conservation Effect = FY2020 Environmental Load × (FY2021 Production Volume / FY2020 Production Volume) - FY2021 Environmental Load

*3) Chemical Substances subject to the first kind of the PRTR Law

Economic benefits ^(*)

(Units: million yen)

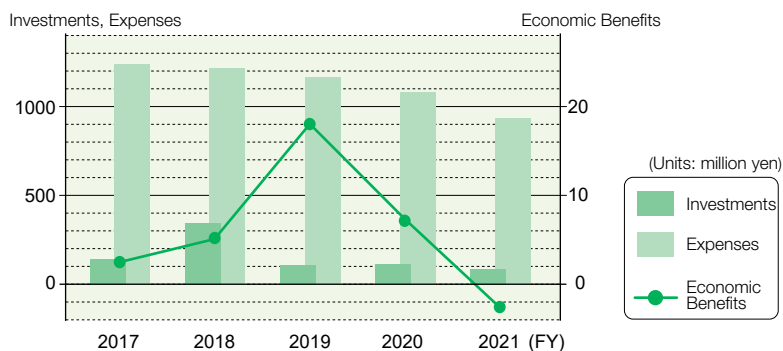
Effects		FY 2021
Benefits	Proceeds from recycling	2.1
Cost reduction	Cost reductions from energy saving	- 4.6
	Cost reductions from water saving	- 0.1
Total		- 2.6

*4) The environmental conservation effect was calculated by comparison with the production volume in FY2020.

Cost saved = Cost in FY2020 × (FY2021 Production Volume / FY2020 Production Volume) - Cost in FY2021



Transition of environmental conservation costs and economic benefits



Efforts made in fiscal 2021

In FY2021, the environmental protection costs amounted to 790,000 yen for investments and 900.35 million yen for costs. With regard to investments, compressors were renewed and fluorescent lamps were changed to LED. As for the effect of physical quantity, the amount of CO₂ emissions and the amount of wastes and other materials generated in the business areas improved. In the future, targets will be set according to the ISO 14001 management system and reductions will be promoted.

Eco-efficiency

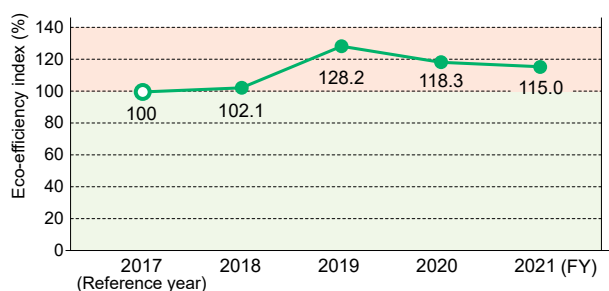
Environmental efficiency is an index of the value created by products or others divided by the environmental burden associated with the creation. The aim is to create greater value with smaller environmental impacts. In fiscal year 2021, CO₂ emissions, volume of wastes and emissions of volatile organic compounds into the air improved compared with fiscal 2017, the benchmark year. We will strive to improve environmental efficiency.

Eco-efficiency: An indicator of (sales amount/environmental load) setting the value in the reference year as 100.

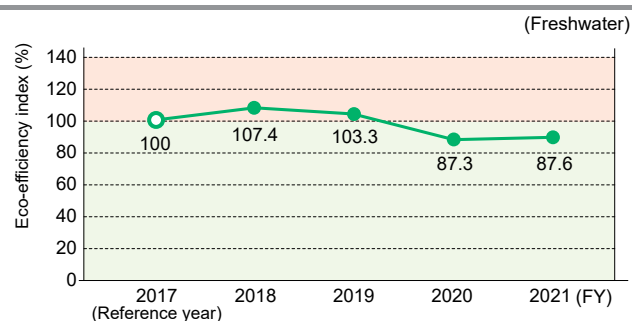
Reference year: 2017

Sites covered: Kyushu Factory, Shiga Factory, Technical Center(Otake)
Technical Center(Shiga), Ohtake Meishin, Kobe paints

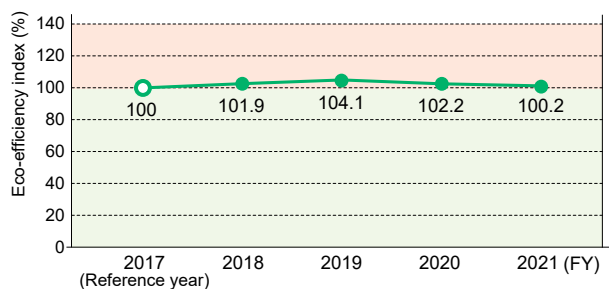
CO₂ emissions



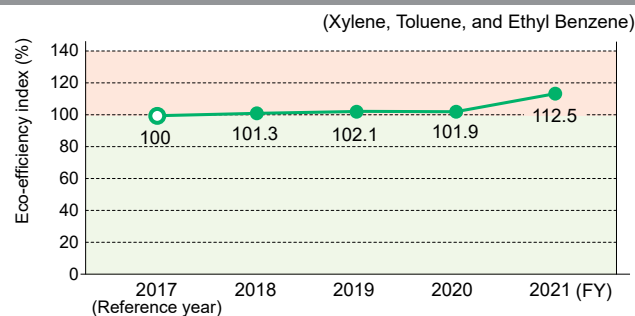
Volume of water resources used



Volume of wastes generated



Volatile organic compound emissions into the air



Environmental Performance

Environmental Performance Data

			CMP			CMP Group in Japan			Overseas factories			
			Tokyo Head Office, Branches and Sales Offices in Japan, Kyushu Factory, Shiga Factory, Technical Center (Otake, Shiga)			CMP(left), Kobe Paints and Ohtake-Meishin Chemical.			Total of overseas factories			
			(FY)	2019	2020	2021	2019	2020	2021	2019	2020	2021
Energy	Energy Consumption(GJ)		79,321	79,272	74,738	149,977	148,472	144,295	246,420	227,564	204,429	
	Fuel	Electricity	71,682	70,632	67,366	102,526	101,149	97,439	186,993	172,571	157,855	
		gasoline		6,939	7,712	6,648	46,751	46,395	46,133	59,427	54,993	46,574
			gasoline	35	34	0	35	34	0	1,432	969	1,043
			kerosene	844	844	991	1,411	1,435	1,583	0	0	668
			light oil	0	0	0	436	362	303	2,781	2,221	3,324
			Heavy oil A	0	0	0	38,809	37,730	38,590	1,329	1,251	1,486
			LPG	3,810	4,572	3,048	3,810	4,572	3,048	2,241	1,330	1,223
			LNG	0	0	0	0	0	0	51,644	49,222	38,830
		City Gas	2,250	2,262	2,609	2,250	2,262	2,609	0	0	0	
	Heat	700	928	724	700	928	724	0	0	0		
	Specific energy consumption per unit of production (MJ/t)		558	609	624	1,122	1,235	1,325	1,544	1,587	2,077	
GHG	Scope 1 (t-CO2e) ^{(*)1}		396	442	379	3,154	3,121	3,114	3,067	2,821	2,440	
	CO2 (energy source)		396	442	379	3,154	3,121	3,114	3,067	2,821	2,440	
	CO2 (non-energy source)		0	0	0	0	0	0				
	N2O		0	0	0	0	0	0				
	HFCs		0	0	0	0	0	0				
	PFCs		0	0	0	0	0	0				
	CH4		0	0	0	0	0	0				
	SF6		0	0	0	0	0	0				
	NF3		0	0	0	0	0	0				
	Scope 2 (t-CO2) ^{(*)2}		3,024	3,283	3,135	4,795	4,851	4,627	12,789	11,722	10,109	
	Total GHG emissions (Scope1+Scope2)(t-CO2)		3,420	3,724	3,514	7,950	7,972	7,741	15,856	14,543	12,549	
	GHG emissions (t-CO2) during production		1,612	1,977	1,671	6,141	6,225	5,898	15,856	14,543	12,549	
	Intensity (kg-CO2/t) of GHG emissions per production volume		20	28	27	60	68	72	99	101	104	
Scope3(t-CO2) ^{(*)3}		193,924	163,896	139,197	193,924	163,896	139,197					
CO2 emissions from transportation (t-CO2)		4,336	4,044	3,661	4,336	4,044	3,661					
Wastes	Volume of wastes, etc. (t)		1,473	1,435	1,234	2,467	2,321	2,235	5,040	5,484	4,205	
	Harmful waste (t)		0	0	0	0	0	0				
	Amount of Recycling (t)		1,248	1,208	1,070	1,624	1,562	1,512	1,936	2,572	2,339	
	Recycling ratio (%)		85	84	87	66	67	68	38	47	56	
	Final disposals (t)		78	64	52	185	168	168				
Water	Water withdrawal (1000m³)		135	146	153	1,149	1,255	1,186	154	108	121	
	Sea water	Sea water	45	48	51	45	48	51	0	0	0	
		Underground water	38	47	47	38	47	47	6	5	4	
		Municipal water	52	52	55	1,066	1,160	1,088	148	104	117	
		Surface water	0	0	0	0	0	0	0	0	0	
		Rain water	0	0	0	0	0	0	0	0	0	
	Water discharge (1000m³)	Water discharge (1000m³)	112	118	125	1,034	1,165	1,121	57	48	95	
		Sea	57	56	60	977	1,101	1,054	0	0	0	
		River, lake, etc.	45	55	55	45	55	55	6	6	11	
		Sewage line	11	7	11	12	9	12	51	42	84	
		Underground / well	0	0	0	0	0	0	0	0	0	
		Others	0	0	0	0	0	0	0	0	0	
	Water consumption (1000m³)		23	28	28	115	90	65	97	59	26	
COD (t)		0	0	0	1	1	2	6	5	4		
BOD (t)		1	0	0	1	0	0	1	2	2		
Emissions to the Air	NOx (t)		0	0	0	1	1	2	1	2	1	
	SOx (t)		0	0	0	1	1	1	24	24	19	
	Volatile Organic Compounds(VOC)(t)		117	106	93	128	114	102				
PRTR substances	Environmental emissions of PRTR substances		91	84	73	99	91	79				
	Emissions into air		91	84	73	99	91	79				
	Emissions into water area		0	0	0	0	0	0				
	Emissions into soil		0	0	0	0	0	0				
Others	Environmental incidents ^{(*)4}		0	0	0	0	0	0			1	
	Purchased raw materials (t)	Purchased raw materials (t)	79,594	70,966	62,645	106,921	94,683	85,818			120,714	
		Volatile Organic Compounds ^{(*)5}	20,116	18,006	15,752	26,786	24,131	21,595			24,169	
		Inorganic pigments ^{(*)6}	10,603	9,610	8,244	11,485	10,370	9,030			28,045	
		Others	48,875	43,351	38,649	68,650	60,182	55,194			68,500	
	Other purchased materials (t)		13,218	7,236	6,395	13,888	7,817	6,999				
Production Volume (t)		79,568	71,290	62,662	102,540	91,217	81,989	159,589	143,360	120,868		

Environmental impact data by offices or factories

Items	FY	Kyushu Factory			Shiga Factory			Technical Center(Shiga)			Ohtake site Technical Center (Otake), Hiroshima Head Office, Hiroshima Sales office, etc.		
		2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Energy Consumption(GJ)		28,447	27,566	22,609	17,654	15,879	16,471	13,665	12,499	12,238	18,157	18,689	19,012
Scope 1 (t-CO ₂ e) ^(*)		225	269	181	96	92	112	32	30	35	1	1	1
Scope 2 (t-CO ₂) ^(*)		755	1,133	715	537	483	663	459	421	555	1,110	1,076	1,038
Volume of wastes, etc. (t)		531	581	443	847	765	716	—	—	—	94	90	75
Amount of Recycling (t)		452	492	392	782	702	666	—	—	—	15	14	12
Water withdrawal (Freshwater) (1000m ³)		13,720	12,098	14,615	64,292	77,950	78,855	—	—	—	11,687	8,699	8,535
Water discharge (1000m ³)		9,403	6,066	9,529	64,292	77,950	56,288	—	—	—	11,687	8,699	8,535

Items	FY	Kobe Paints, Ltd.			Ohtake-Meishin Chemical Co., Ltd.			Shanghai ^(*) CHUGOKU MARINE PAINTS (SHANGHAI), LTD.			Guangdong CHUGOKU MARINE PAINTS (GUANGDONG), LTD.		
		2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Energy Consumption(GJ)		7,624	7,440	7,220	63,032	61,760	62,337	152,602	139,122	112,975	12,196	11,791	10,651
Scope 1 (t-CO ₂ e) ^(*)		50	49	50	2,708	2,630	2,685	2,412	2,276	1,817	53	49	98
Scope 2 (t-CO ₂) ^(*)		243	229	235	1,528	1,339	1,256	7,985	7,157	6,064	873	848	739
Volume of wastes, etc. (t)		232	188	149	763	698	852	2,231	2,557	1,800	51	46	47
Amount of Recycling (t)		204	174	118	172	181	324	0	697	629	0	0	0
Water withdrawal (Freshwater) (1000m ³)		1,153	1,273	1,162	1,013,244	1,107,145	1,031,991	112,115	70,589	81,055	6,864	5,878	7,709
Water discharge (1000m ³)		1,153	1,273	1,162	920,729	1,044,922	994,472	27,972	23,242	59,511	6,864	5,878	7,709

Items	FY	Korea CHUGOKU SAMHWA PAINTS, LTD.			Thailand TOA-CHUGOKU PAINTS CO., LTD.			Malaysia CHUGOKU PAINTS (MALAYSIA) SDN. BHD.			Singapore CHUGOKU MARINE PAINTS (SINGAPORE) PTE. LTD.		
		2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Energy Consumption(GJ)		25,763	22,404	24,755	10,987	10,586	10,091	13,128	12,532	12,764	5,395	3,631	3,511
Scope 1 (t-CO ₂ e) ^(*)		272	238	279	0	0	0	42	38	45	72	15	10
Scope 2 (t-CO ₂) ^(*)		1,160	1,007	1,104	565	545	569	912	874	692	214	170	138
Volume of wastes, etc. (t)		358	479	445	949	879	819	636	745	507	109	107	111
Amount of Recycling (t)		337	447	415	790	732	680	485	438	379	101	104	80
Water withdrawal (Freshwater) (1000m ³)		5,571	5,693	6,945	7,287	6,425	7,269	7,630	7,040	7,260	1,614	1,564	2,180
Water discharge (1000m ³)		5,571	5,693	6,945	5,830	5,140	5,815	7,630	7,040	7,620	77	77	2,180

Items	FY	Indonesia P.T. CHUGOKU PAINTS INDONESIA			Netherlands CHUGOKU PAINTS B.V.			U.S.A. CMP COATINGS, INC.		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
Energy Consumption(GJ)		4,052	3,629	4,260	17,362	19,463	20,976	4,935	4,406	4,446
Scope 1 (t-CO ₂ e) ^(*)		31	27	36	161	161	137	24	17	18
Scope 2 (t-CO ₂) ^(*)		255	230	299	587	675	334	238	216	170
Volume of wastes, etc. (t)		203	174	161	354	415	240	149	84	76
Amount of Recycling (t)		167	126	122	11	15	22	45	13	12
Water withdrawal (Freshwater) (1000m ³)		5,848	4,577	3,519	2,568	1,400	1,129	4,894	4,561	3,902
Water discharge (1000m ³)		368	393	3,518	2,568	465	1,129	292	374	542

(*)1 Calculated based on the "Manual for Calculation and Reporting of Greenhouse Gas Emissions" by the Ministry of the Environment and the Ministry of Economics and Industries, both at home and abroad.

(*)2 In Japan, we use the actual emission factor by electric business published by the Ministry of the Environment. Outside Japan, the 2010 national conversion factor described in "CO₂ Emissions from Fuel Combustion Highlights 2012 edition" issued by the International Energy Agency (IEA) is used. In 2021, as a general rule, country-specific factors such as those from the national laws and regulations are used; if the country-specific factors cannot be ascertained, the country-specific conversion factors for 2010 obtained from "the CO₂ Emissions from Fuel Combustion Highlights 2012 edition" published by the International Energy Agency (IEA) are used.

(*)3 Calculated on a trial basis for our headquarters in accordance with the calculation method of the Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain (Version 2.3) (Ministry of the Environment, Ministry of Economy, Trade and Industry, December 2017)

(*)4 Accidents having caused serious environmental pollution, such as discharge to areas of public waters permeation underground are covered

(*)5 Among substances that fall under Volatile Organic Compounds (VOCs), representative solvents are covered

(*)6 Among inorganic pigments, inorganic compounds such as iron, copper, zinc, barium, calcium, titanium, antimony and molybdenum are covered



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