

Sustainability Report

(Former Social & Environmental Report)

2024

Sustainability Report 2024

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About the report

Coverage	Reporting on corporate activities mainly in Japan (Some descriptions include data from overseas subsidiaries.) "Non-consolidated" refers to the Company and "Global" refers to the Company and its domestic and overseas subsidiaries.
Period of coverage	Data for the Company and its domestic subsidiaries (collectively, the Domestic Group) are for April 1, 2023 to March 31, 2024, and data for its overseas subsidiaries are for January 1 to December 31, 2023. (Some descriptions may still apply after April 2024.)

The following abbreviations may be used.

■ 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.

Sustainability Report 2024



Message from the President

In May 2021, the CMP Group revised its management philosophy to clarify its commitment to promoting management that takes all stakeholders into consideration. At the same time, we announced our long-term vision through 2030 with the key message of becoming a leading global niche company distinguished by sustainability and high profitability. We have also formulated a medium-term management plan that focuses on expanding the value provided through environmental and social contributions as the primary basic policy toward realizing our long-term vision. We are committed to advancing sustainability management with the aim of maximizing both social and economic value.

In fiscal 2023, we actively addressed various sustainability-related issues through the Sustainability Committee established in the previous fiscal year. Regarding climate change, we declared our commitment to achieving carbon neutrality by 2050 and set greenhouse gas emission reduction targets for the entire Group to reach that goal. We also formulated a human resources strategy to transition to full-scale human capital management and focused on social initiatives, such as establishing the CMP Group Human Rights Policy. Through these efforts, we further strengthened the Group's foundation for sustainability management.

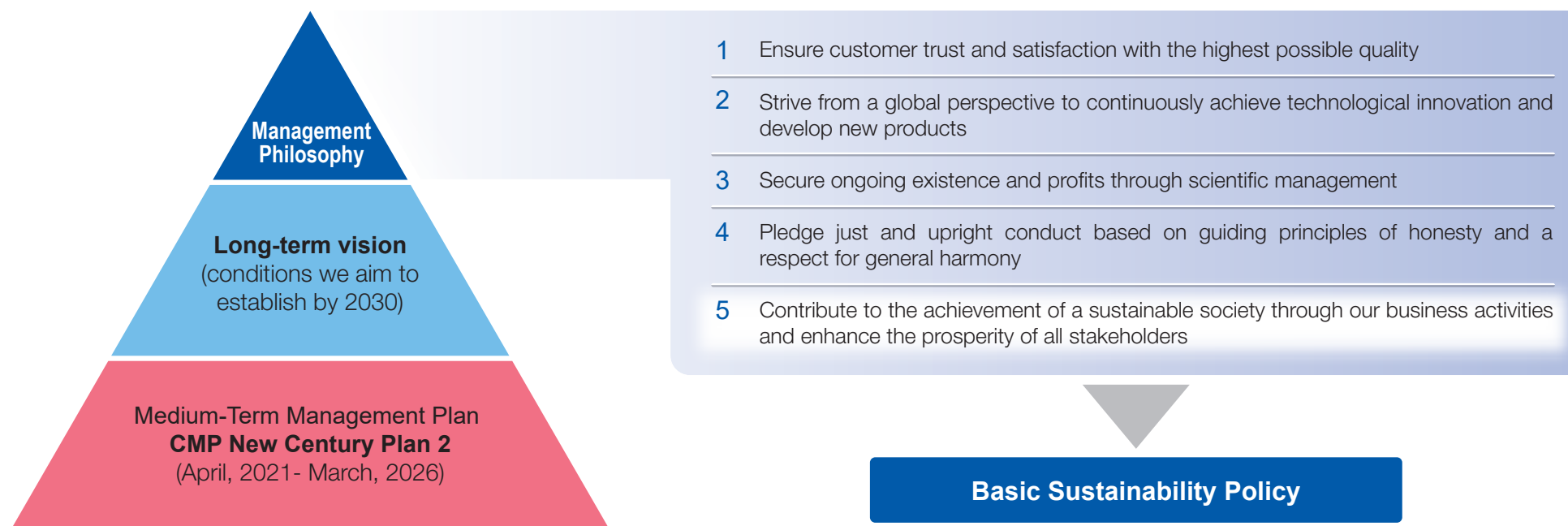
We will continue to strive to achieve both the realization of a sustainable society and the enhancement of the corporate value of our Group. I kindly ask all of our stakeholders for their continued support and encouragement.

Kenshi Date

President

Corporate Statement Structure

The CMP Group clearly states in its management philosophy that it will promote management that takes all stakeholders into consideration. In addition, based on the relevant section of our management philosophy, we have also established a basic sustainability policy that articulates our approach toward each of our stakeholders.



*Please refer to pages 56–57 of this report for details on the long-term vision and the medium-term management plan.

Basic Sustainability Policy

We will contribute to the achievement of a sustainable society through our business activities and enhance the prosperity of all stakeholders.



Customers

▶ page 11

We will continue to develop and provide superior products functionally and environmentally to contribute to sustainable growth of customers' businesses and lowering their environmental impact.



Employees

▶ page 23

We will first and foremost ensure health and safety of our employees, and make efforts to create a rewarding work environment and provide opportunities for growth so that each and every employee can bring out his or her best and play an active role.



Suppliers

▶ page 27

We will build a relationship of co-existence and co-prosperity as a business partner of our suppliers, and will aim to realize a sustainable society with them through transactions that are considerate of the environment and human rights.



Regional community

▶ page 29

We will conduct business activities that are mindful of the environment and safety, and as a member of our regional community, will build amiable relationships with other members of the community and collaborate with them for regional revitalization and development.



Environment

▶ page 32

By providing eco-friendly products, we will help customers reduce environmental impact, and proactively promote initiatives to cut greenhouse gas emissions and other waste in our business activities to contribute to preserving the Earth's environment.



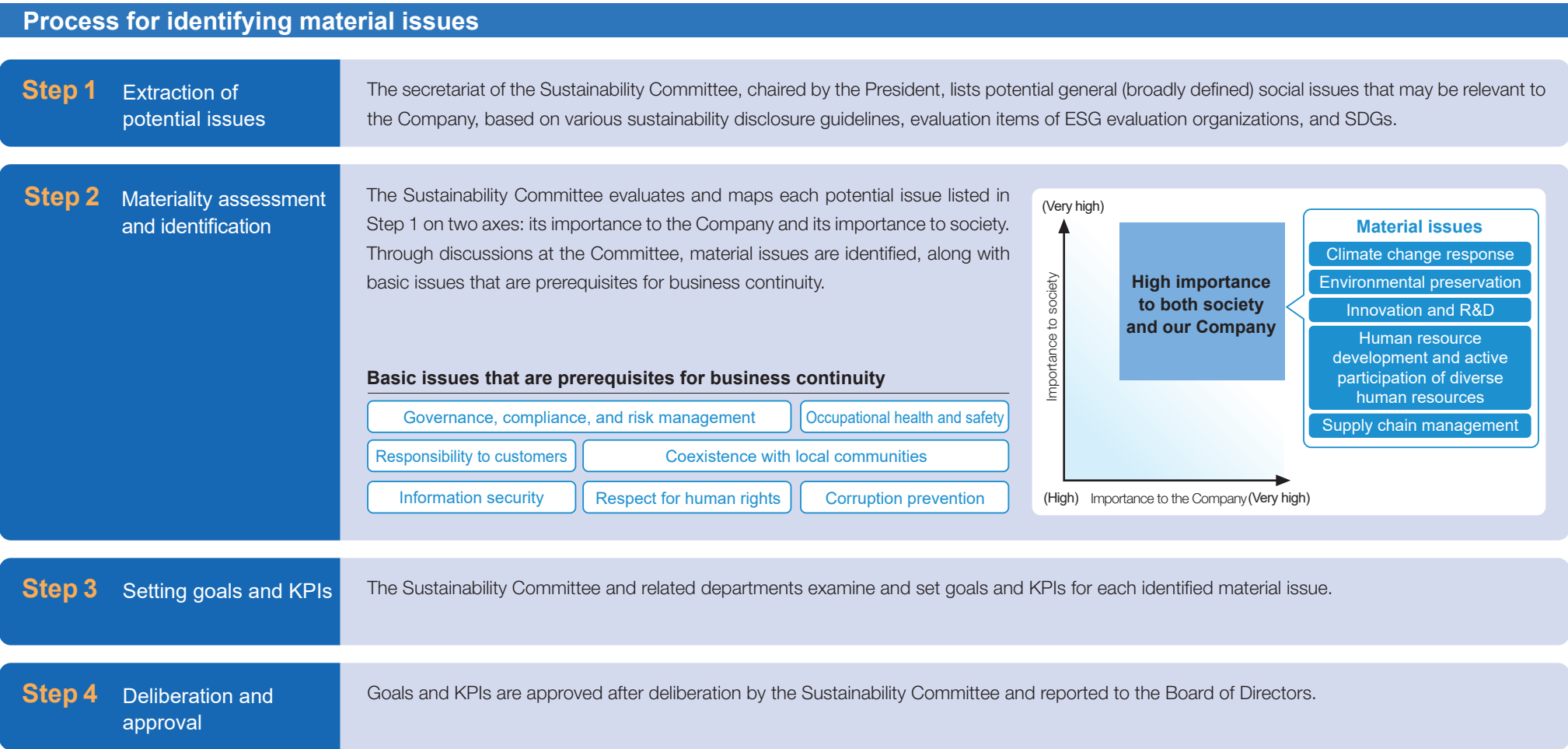
Shareholders and investors

▶ page 53

Based on appropriate corporate governance, we will strive to bring happiness to the abovementioned stakeholders and at the same time sustainably enhance corporate value in efforts to expand shareholder profits.

Materiality (Priority Issues)

Based on our basic sustainability policy, which states that “We will contribute to the achievement of a sustainable society through our business activities and enhance the prosperity of all stakeholders,” we have identified material issues for the realization of a better society and the growth of our Company, and have set related goals and KPIs.



Materiality (Priority Issues)

Details of material issues 1

Category	Issues and initiatives	FY2023			FY2024	
		Goals and KPIs	Results	Scope of goals and KPIs	Goals and KPIs	Scope of goals and KPIs
Climate change response	1 Reduction of greenhouse gas emissions	Reduction rate of greenhouse gas emissions (Scope 1 and 2; baseline: FY2021) • FY2023: 20% reduction • FY2030: 50% reduction	25.3% reduction	The Company and its domestic subsidiaries	Reduction rate of greenhouse gas emissions (Scope 1 and 2; baseline: FY2021) • FY2024: 15% reduction • FY2030: 50% reduction • FY2050: Carbon neutrality	Entire Group
	2 Appropriate use of energy	Reduction of energy intensity (baseline: FY2021) • FY2023: 2.4% decrease • FY2024: 3.6% decrease • FY2025: 4.8% decrease	8.9% decrease	The Company and its domestic subsidiaries	Reduction of energy intensity (baseline: FY2021) • FY2024: 3.6% decrease • FY2025: 4.8% decrease	The Company and its domestic subsidiaries
	3 Contributing to reducing greenhouse gas emissions by customers through products	Contribution to reduction of greenhouse gases by expanding supply of high-performance antifoulings (baseline: 2008) • FY2025: 1.3 million t-CO ₂ *Data are for ocean-going vessels of 3,000 DWT or more	1,314,000 t-CO ₂	Entire Group	Contribution to reduction of greenhouse gases by expanding supply of high-performance antifoulings (baseline: 2008) • FY2025: 1.3 million t-CO ₂ *Data are for ocean-going vessels of 3,000 DWT or more	Entire Group
Environmental preservation (including water resources and biodiversity)	1 Prevention of air and water pollution	Zero environmental incidents (yearly)	Zero environmental incidents	The Company and its domestic subsidiaries	Zero environmental incidents (yearly)	The Company and its domestic subsidiaries
	2 Waste management and recycling	Waste recycling rate • FY2030: 85% or more	74.4%	The Company and its domestic subsidiaries	Waste recycling rate • FY2030: 85% or more	The Company and its domestic subsidiaries
	3 Promoting the development of products with reduced environmental impact	Percentage reduction in use of environmental hormones, TX, etc.* (compared to FY2020) • FY2025: 5% • FY2030: 10% *Toluene, xylene, benzophenone, etc. (10 substances in total)	1.1% increase	The Company and its domestic subsidiaries	Percentage reduction in use of environmental hormones, TX, etc.* (compared to FY2020) • FY2025: 5% • FY2030: 10% *Toluene, xylene, benzophenone, etc. (10 substances in total)	The Company and its domestic subsidiaries
	4 Reduction of VOC emissions from products	Reduction of VOC emissions by expanding the supply of low-VOC coatings (baseline: 2008) • FY2025: 5,100 tons *Data are for general anticorrosive coatings	2,239t	Entire Group	Reduction of VOC emissions by expanding the supply of low-VOC coatings (baseline: 2008) • FY2025: 5,100 tons *Data are for general anticorrosive coatings	Entire Group
	5 Promotion of biodiversity conservation	Increase the sales ratio* of environmentally friendly high-performance antifoulings, which also contributes to measures against transboundary movement of marine organisms • FY2025: 50% or more • FY2030: 60% or more *Percentage of total antifoulings (based on the number of vessels)	46.5%	Entire Group	Increase the sales ratio* of environmentally friendly high-performance antifoulings, which also contributes to measures against transboundary movement of marine organisms • FY2025: 50% or more • FY2030: 60% or more *Percentage of total antifoulings (based on the number of vessels)	Entire Group

Materiality (Priority Issues)

Details of material issues 2

Category	Issues and initiatives	FY2023			FY2024	
		Goals and KPIs	Results	Scope of goals and KPIs	Goals and KPIs	Scope of goals and KPIs
Innovation and R&D	1 Development of innovative products that contribute to global environmental protection	Number of related research themes set to promote the search for sustainable material and their application to product design (compared to FY2022) • FY2025: 25% increase • FY2030: 50% increase	2.3% decrease	Entire Group	Ratio of environmental research themes, including the exploration of sustainable materials and their application to product design • FY2025: 72% or more • FY2030: 75% or more	Entire Group
	2 Development of intellectual property strategies and application to business	① Number of applications for patent rights related to newly developed technologies (compared to FY2022) • FY2025: 25% increase • FY2030: 50% increase	① 4.5% increase	Entire Group	① Number of applications for patent rights related to newly developed technologies (compared to FY2022) • FY2025: 25% increase • FY2030: 50% increase	Entire Group
		② Introduction of business analysis through the use of IP landscapes and promotion of its use in product development strategies	② Ongoing		② Introduction of business analysis through the use of IP landscapes and promotion of its use in product development strategies	
	3 Creation of new technologies through open innovation	Continue to promote development by collaborating with other companies, universities, and research institutions, exceeding the performance of the previous year, and by effectively utilizing external resources	About 10% increase year on year	Entire Group	Continue to promote development by collaborating with other companies, universities, and research institutions, exceeding the performance of the previous year, and by effectively utilizing external resources	Entire Group
Human resource development and active participation of diverse human resources	1 Employee skill development	Rebuild the human resource development system by the end of FY2023	Redefined the direction and adjusted the schedule during the formulation of the HR strategy	The Company	Rebuild the human resource development system from FY2024 to FY2026	The Company
	2 Improving employee job satisfaction	Sustainably improving employee engagement • FY2024 and beyond: Year-on-year score increases	Conducted an engagement survey in March 2024	The Company	Sustainably improving employee engagement • FY2024 and beyond: Year-on-year score increases	The Company
	3 Promotion of the active participation of women	① Percentage of female employees among new or mid-career hires • FY2023: 20% or more • FY2024: 25% or more	① 14.3%	The Company	① Percentage of female employees among new or mid-career hires • FY2024: 25% or more	The Company
		② Rate of taking child-care leave • FY2023: 70% or more • FY2024: 80% or more	② 70.0%		② Rate of taking child-care leave • FY2024: 80% or more	
Supply chain management	1 Supplier management through CSR assessment	Supplier evaluation rate based on the UN Global Compact Self-Assessment Questionnaire (SAQ) • FY2023: 50% • FY2024: 75% • FY2025: 100%	96.1%	The Company	Supplier evaluation rate based on the UN Global Compact Self-Assessment Questionnaire (SAQ) • FY2024: 75% • FY2025: 100%	The Company
	2 Promotion of green procurement	Percentage of suppliers certified under ISO 14001 • FY2023: 55% • FY2024: 60% • FY2025: 65%	62.6%	The Company	Percentage of suppliers certified under ISO 14001 • FY2024: 60% • FY2025: 65%	The Company

Contributing to the SDGs

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Improving the functionality of coatings for key industries								●	●		●						
Development of environmentally friendly products (GHG emission reduction, etc.)							●		●				●				
Development of products with reduced environmental impact (VOC reduction, etc.)			●			●					●	●		●			
Human resources			●	●	●			●		●							
Diversity					●			●		●							
Climate change							●					●	●				
Waste												●			●		●
Water resources						●						●					
Pollution prevention			●			●						●		●			●
Biodiversity												●	●		●	●	
Management of chemical substances in products			●			●						●		●			●
Occupational health and safety			●					●									
Security and disaster prevention			●			●								●	●		
Quality assurance												●					
Communication												●					
Social contribution	●		●	●		●					●		●	●	●		

Sustainability Management

Management structure

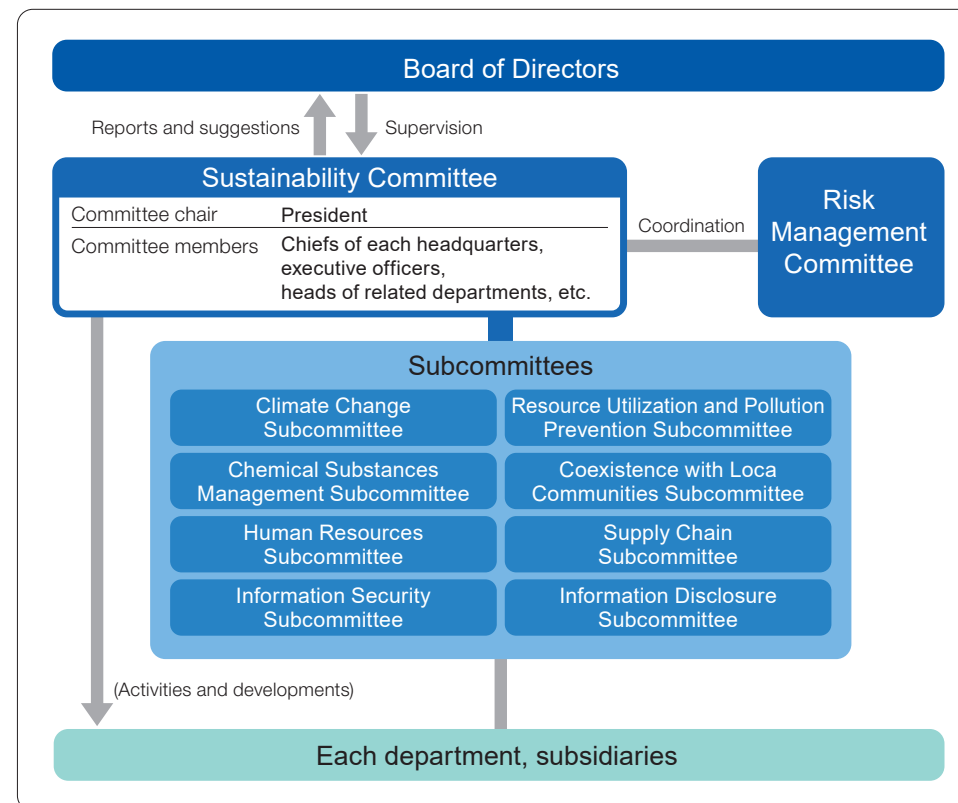
The Sustainability Committee was established in June 2022 to strengthen the CMP Group's sustainability initiatives and develop a structure to systematically promote them from the perspective of increasing the Group's corporate value over the medium to long term. The Committee is chaired by the President of the Company and is composed mainly of executive officers and chiefs of each headquarters. The Committee is responsible for formulating the Company's policies, targets, and action plans for sustainability, promoting and monitoring initiatives on sustainability issues, and identifying material issues. Details are reported to the Board of Directors once a quarter, and the Board of Directors monitors the sustainability activities and KPIs. We have established specialized subcommittees under the Sustainability Committee. Among them, activities related to the environment, safety, and hygiene are based on Coatings Care*, and have been developed by responding to issues such as climate change and coexistence with nature.

Additionally, some of the CMP Group's business sites have obtained international certifications related to the environment and occupational health and safety, and we are promoting standards-based on-site management. As of the end of FY2023, 50% of our global business sites had acquired ISO 14001 certification, and 13% had acquired ISO 45001 certification.

Risk management

Risks related to sustainability are identified and assessed by the Sustainability Committee after being extracted by a department or subcommittee. The significance of risks is determined by calculating an intrinsic risk score based on their potential impact and likelihood of occurrence. The Risk Management Committee examines response policies for highly significant risks and the Sustainability Committee for medium- to low-level risks.

The Risk Management Committee and the Sustainability Committee review the risk response policies and report to the Board of Directors at least once a year. In the process of implementing the risk response measures, the responsible headquarters or subcommittee promotes response measures, and the Risk Management Committee and the Sustainability Committee constantly monitor the status of the response.



*What is Coatings Care?

Voluntary management activity, promoted by the Japan Paint Manufacturers Association and centered on the World Coatings Council (WCC), aimed at preserving the environment, safety, and health in all processes of the paint industry, from product development to manufacturing, logistics, use, and disposal of paint products. It is positioned as the paint industry's version of Responsible Care, which is promoted internationally by the chemical industry led by the International Council of Chemical Associations (ICCA). In 2001, our Company declared that it would implement Coatings Care (a program for the environment, safety, and health), and has been promoting activities that are conscious of the environment, safety, and health.

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."

Quality

Highly functional and high quality products

Anticipating various future needs, we develop new and high quality functional coatings to provide solutions.



Innovation

Innovative technology to lead the world

Our innovation is not only limited to coating technology, but we also focus to develop world leading technology to provide solutions to the society.

Ecology

Harmonization with the environment

We are committed to protecting the natural environment.

Description of main business

Marine coatings



For large vessels

CMP provides a full range of coatings for marine use such as antifouling.

- Ocean-going ships
- Coastal ships



For fishing boats and fish netting

We provide a full lineup of products in this segment based on the technology we have accumulated to date.

- Fishing boats
- Fish netting



For pleasure boats and yacht

The "Seajet" brand specialised for pleasure boats and yachts is now well known in the market.

- Pleasure boats
- Yachts

Container coatings



Container Coatings

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

- Marine containers
- Railway containers

Description of main business

Industrial coatings



Protective coatings

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

- Bridges
- Power equipment
- Plants
- Various constructions



Offshore coatings

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

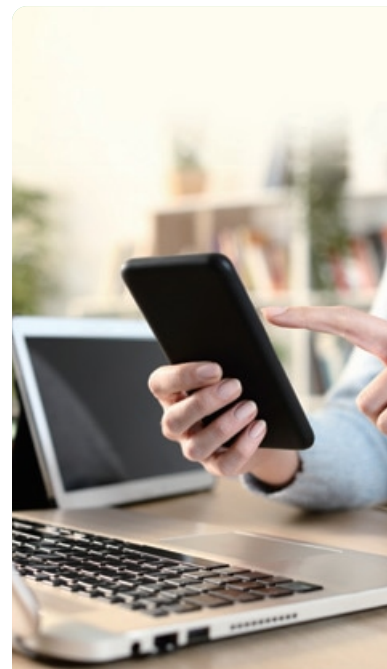
- Oil platforms
- Offshore power generation facilities
- Various floating construction



Construction material coatings

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

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



Plastic coatings

This coating provides material surface enhancement as well as a solution to the increasing diverse requirements for surface modification of plastics.

- Films
- Molded articles



Filling materials

It fixes various equipment such as railway tracks and engines on ships without gaps and maintains alignment over a long period of time, contributing to safety and labour savings.

- Railway tracks
- Equipment mounting

Product Development

Adoption for next-generation coastal vessels

For coastal vessels

Ultra low friction antifouling

SEA PREMIER 3000 PLUS

Aiming to reduce CO₂ emissions during navigation

SEA PREMIER 3000 PLUS, a low-friction antifouling developed by CMP, has been adopted for next-generation coastal vessels pursuing environmental measures.

The container carrier NOGAMI was ordered by Imoto Lines, Ltd. and built by Kyokuyo Shipyard Corporation. It is one of the largest coastal container carriers in Japan, designed with a focus on energy efficiency.



Container carrier NOGAMI

The AKARI is a pure battery tanker with a gross tonnage of 499 tons, built by Imura Shipbuilding Co., Ltd. for Asahi Tanker Co., Ltd. SEA PREMIER 3000 PLUS was chosen for the AKARI, following its successful application on the ASAHI, which was completed the previous year.



Pure battery tanker AKARI

The ASUKA is a hybrid electric propulsion ship with a gross tonnage of 496 tons ordered by Asahi Tanker Co., Ltd. and built by Honda Heavy Industries Co., Ltd. It is a bulk carrier intended for transporting woody biomass fuel.

In addition, SEA PREMIER 3000 PLUS has been chosen for the world's first liquefied CO₂ carrier for CCUS, which was built by Mitsubishi Shipbuilding Co., Ltd. for Sanyu Kisen Co., Ltd. After its completion, the vessel will be used as a demonstration test vessel for CO₂ transport by the New Energy and Industrial Technology Development Organization (NEDO).

SEA PREMIER 3000 PLUS is a low-friction antifouling developed with the goal of reducing CO₂ emissions during navigation. We believe the adoption of this product is the result of a combination of our proposal for environmental measures using coatings and the idea of reducing the environmental impact of these next-generation vessels.

Hybrid electric propulsion ship
ASUKALiquefied CO₂ carrier

What is CCUS?

CCS and CCUS are part of efforts to reduce CO₂ emissions. CCS stands for "Carbon dioxide Capture and Storage." CO₂ emitted from thermal power plants and other sources is separated from other gases and collected, and stored deep underground.

Product Development

New product development

For use in ship interiors

Air-drying, high-build, water-based coatings

SWAN HB L

Low VOC water-based resin technology

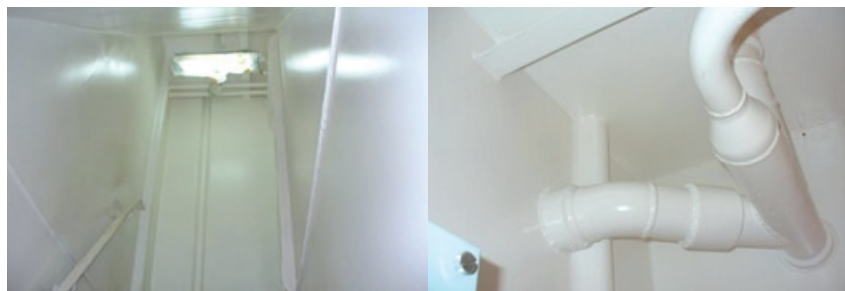
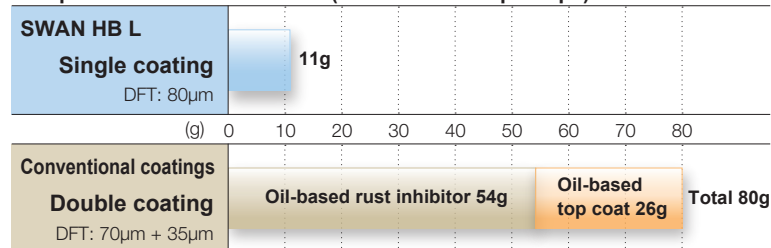
In the marine coatings industry, efforts have been underway to reduce volatile organic compound (VOC) emissions, which contribute to air pollution, by increasing the solids content of coatings, eliminating solvents, and transitioning to water-based formulations. We have developed a series of water-based coatings, SWAN HB L, which helps reduce VOC emissions and enhances safety when applied in confined spaces.

Compared to existing products, SWAN HB L reduces VOC emissions by approximately 80% per square meter.

Reduction in VOC emissions

Switching from conventional standard solvent-based coatings to SWAN HB L reduces the amount of VOC emissions per square meter to approximately one-eighth.

Comparison of VOC emissions (VOC emissions per sqm)



Acquisition of certifications

CMP-Monitoring & Analysis Program



Obtained certification from Nippon Kaiji Kyokai (ClassNK)

We obtained Products & Solutions certification for two core technologies of our hull data analysis service, CMP-MAP, which we have been offering since 2019, under the Innovation Endorsement program of Nippon Kaiji Kyokai (ClassNK) for innovative technologies in data analysis services.

Key technology ①

PIR simulation

Using this technology, we conduct simulations based on vessel operation data, coating information, and other relevant factors to predict fuel efficiency, CO₂ emissions, and CII ratings. Based on these results, we propose the optimal coating specifications.

PIR: Power increase ratio



Key technology ②

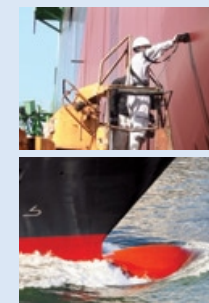
Performance analysis and voyage analysis solutions

Enable the visualization of analysis results using parameters such as average speed loss and power increase ratio

Allow customers to visualize the impact of using our products on fuel efficiency and CO₂ emissions

About CMP-MAP

Antifoulings are one of the factors that affect fuel consumption of ships and play an important role in reducing greenhouse gas emissions from ships. CMP-MAP is a program designed to enhance ship fuel efficiency. It analyzes hull performance and operating conditions using the vast amount of data we have accumulated over many years and identifies the appropriate antifouling for the ship's hull based on the analytical results.



Product Development

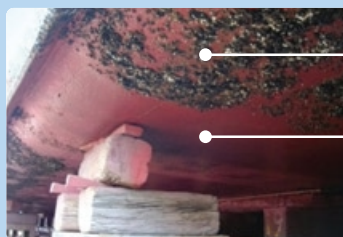
Antifoulings improve fuel efficiency and contribute to CO2 reduction.

Antifoulings not only prevent damage to the hull caused by marine organisms attaching to it, but also prevent the worsening of fuel efficiency due to the resistance caused by such attached organisms. In recent years, reducing the frictional resistance between the coating surface and seawater to improve the fuel efficiency of ships has also become a challenge in the marine coating industry.

Reducing CO2 emissions during vessel operation

Improving antifouling performance

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



Barnacles attached to the hull

No attachment of barnacles (high-performance antifouling)

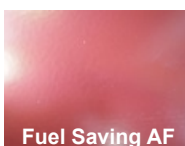
(*) BPR: Biocidal Products Regulation

Reducing CO2 emissions during vessel operation

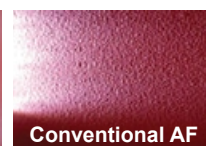
Reducing underwater frictional resistance

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

Coating film surface (enlarged)



Fuel Saving AF

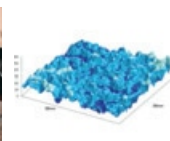
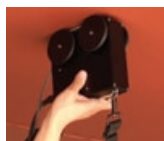


Conventional AF

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 which has been patented.

FIR THEORY Friction Increase Ratio

(Registration No. 5916490)

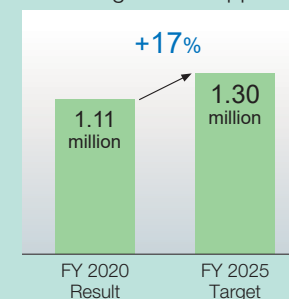


Data is acquired from the hull surface to the coating surface using a portable laser-based three-dimensional hull roughness gauge developed by CMP. The expected fuel consumption reduction rate of the vessel is calculated based on the FIR Theory.

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 contribution amount for the reduction of greenhouse gas (CO2) emissions from ships effected by the antifoulings CMP supplies.



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

Unit: t-CO2

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

*Medium-Term Management Plan: [page 56](#)

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 fuel-efficient antifouling products

For Ocean-going ships	SEAFLO NEO CF PREMIUM
	SEAFLO NEO M1 PLUS NEW
For coastal ships	SEA PREMIER 3000 PLUS

Development of Environmentally Friendly Products

Environmental conservation

Resource saving

Coatings have a role to protect materials from corrosion and deterioration. By coating, materials made of steel, concrete or wood can be maintained in good condition.

Coatings can reduce repair and maintenance work, and thereby contribute to retaining assets for a long period.



Fluoresin finish paint
FLUOREX



Universal primer
BANNOH 1500



Cargo hold coating
UMEGUARD SUPER-H

A high-hardness coating protects the cargo hold. By reducing the frequency of repair coating while in service, this also contributes to resource conservation.



Titanium foil anti-corrosive system

By applying coatings 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.

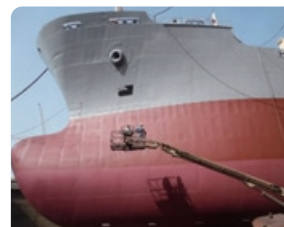


CONTECT WE100 construction method

Concrete peeling prevention construction method applicable to wet surfaces

Global warming prevention

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



Fuel saving antifoulings
SEAFLO NEO Z series
SEA PREMIER series

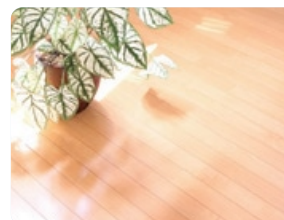
* Please see page 16 for the development of fuel-saving antifoulings.

Underwater frictional resistance is reduced by improving the smoothness of the coating surface. CMP received the Minister of the Environment's Awards, among others, for the excellent fuel saving performance backed by the FIR Theory.



Heat-reflective coating
THERMO SHADAN W

The environment-conscious water-based THERMO SHADAN W enhances air conditioning efficiency with its excellent heat-reflecting performance, contributing to energy saving.



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

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



Low-VOC Products to Realize Clear Sky

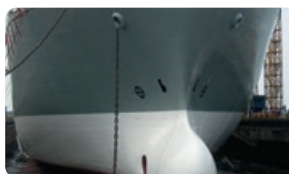
To support the Air Quality Improvement Promotion Project promoted by the Bureau of Environment, Tokyo Metropolitan Government, CMP has been registered as a Clear Sky Supporter that undertakes NO_x or VOC emission reduction initiatives.

Development of Environmentally Friendly Products

Environmental consideration

Reducing marine pollution

Antifoulings are used in various places such as on ship hulls and in the water channels of power plants to prevent adhesion of marine organisms. CMP is committed to using antifouling agents that have minimal impact on the marine environment, and has added silicone-based, rather than conventional antifouling agent-based, antifouling coatings to its lineup, in pursuit of further enhancing the performance of its products.



Silicone foul release coating
CMP BIOCLEAR

An antifouling function taking advantage of the high water-repelling property of silicone prevents adhesion of marine organisms, and the smooth coating surface contributes to improving 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 has also been adopted for the MOSE Project (photograph), a grand project to protect Venice from damages arising from tidal waves.

Reducing air pollution

Volatile organic compounds (VOCs) released into the air are one of the main causes of photochemical smog. CMP is committed to reducing the use of toluene, xylene, and ethylbenzene, and is advancing the development of high-solid coatings and water-based coatings with low VOC content.



High solid

Universal primer
BANNOH
1500



Complete changeover to waterborne products (container coatings)

The 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 coatings to waterborne types. CMP continues to proactively respond to changes in the market environment and establish new production technologies and coating techniques.

Human-friendly technology

Construction material coatings

VOCs are said to cause allergic symptoms indoors such as "sick building syndrome". As part of its VOC reduction initiatives, CMP achieved toluene- and xylene-free coatings for construction materials, in addition to waterborne coatings for vessel living areas. For plastic coatings, we develop human-friendly products, including a lineup of products with antiviral properties.



UV curing coatings
AULEX



Highly functional coating
for plastics
PHOLUCID Series

Waterborne coatings

Our lineup includes waterborne coatings with low VOCs and odor, ensuring enhanced safety in confined areas such as living quarters and engine rooms on ships. In the industrial field as well, we have built an integrated coating system using waterborne anticorrosive coatings for land structures, from base coat to top coat. We are actively promoting sales activities as waterborne coatings have the same functionality as conventional solvent-borne anticorrosive coatings and can make a significant contribution to environmental protection.



Waterborne coatings
for living quarters
SWAN



Waterborne anticorrosive
coatings
FLUOREX W System

Supporting the safety

Antifoulings for fish netting

When shells or algae accumulate on aquaculture nets or fixed nets, the nets become a closed environment, cut off from ocean currents, which can harm the health of the fish. Fish nets coated with antifouling prevent shells and algae from attaching and help maintain a healthy growing environment for fish. CMP's antifoulings for fish nets play a role in ensuring the safety of our food.



Antifoulings for fish netting
BIOCRISTY Series
BIOGUARD Series

Business Environment

Our business primarily focuses on three fields: marine coatings, industrial coatings, and container coatings.

Marine coatings

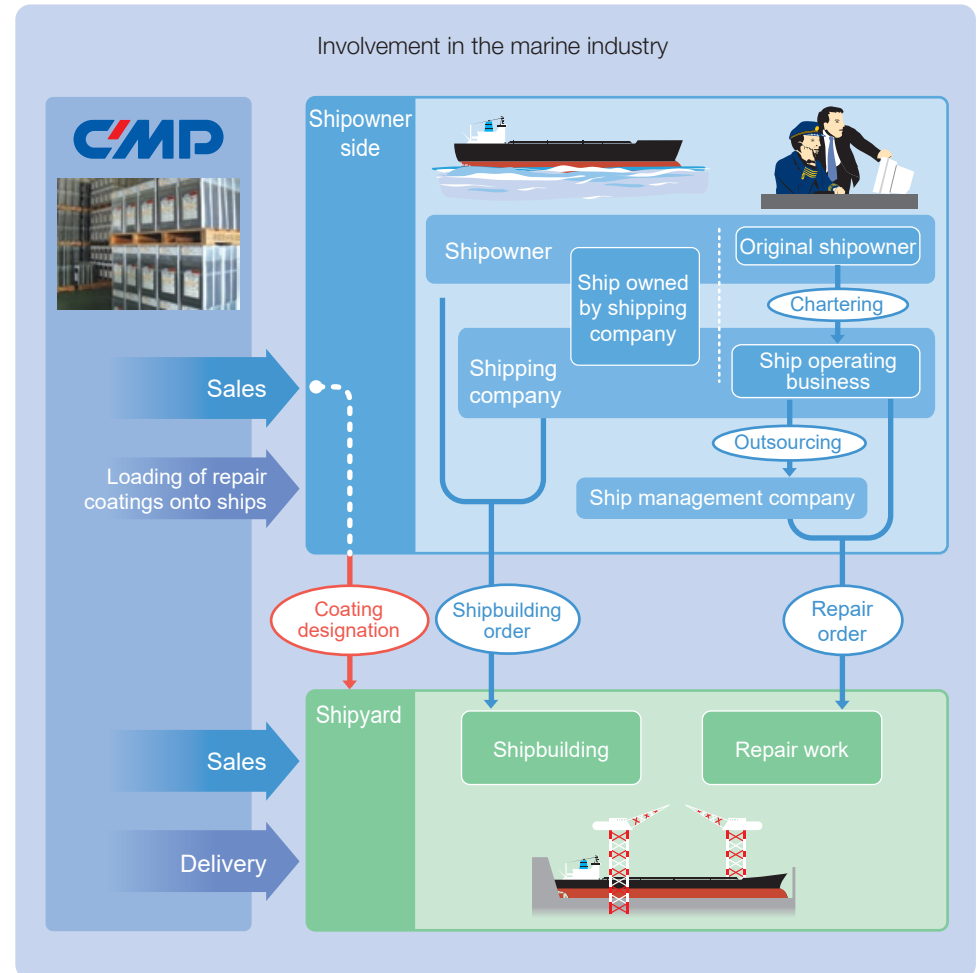


Marine coatings are core products of the CMP Group. We supply products for all parts of the hull, such as antifouling coatings for protecting ship bottoms from fouling and anticorrosive coatings that protect a variety of tanks from corrosion.

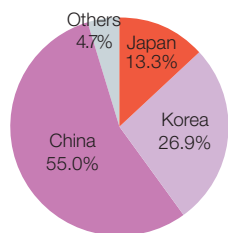
With a global supply system, CMP boasts one of the world's top market shares in marine coatings. We have manufacturing bases not only in Japan but also in China and South Korea, where many new ships are built, and we have established a network along major shipping routes stretching from Europe to East Asia.

The demand for new shipbuilding fluctuates greatly in line with economic trends, and demand for repairs also experiences temporary fluctuations owing to various factors. However, the overall ship market is on a long-term expansion trend due to an increase in maritime logistics accompanying the growth of the global economy.

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

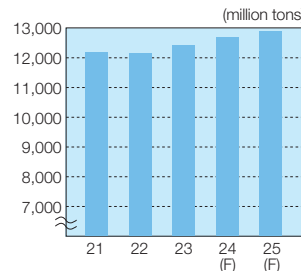


Share by shipbuilding countries



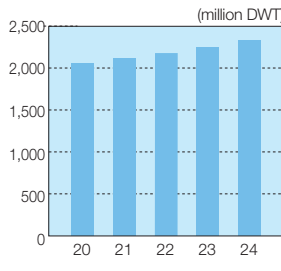
(as of 2023, on gross ton basis)
Source: The Shipbuilders' Association of Japan

Changes in the volume of marine transportation



Source: The Shipbuilders' Association of Japan

Changes in shipping tonnage



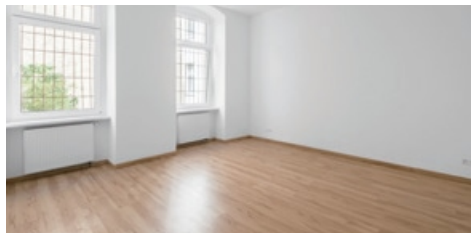
Source: The Shipbuilders' Association of Japan

Business Environment

Industrial coatings



Heavy duty coatings



Coatings for construction materials



High-performance coatings for plastics



Filling materials

We supply a wide range of products, including heavy duty coatings for various plants and bridges, coatings for construction materials, high-performance coatings for film materials and other plastic products, as well as filling materials.

The main markets of CMP are Japan and emerging Asian countries. Demand fluctuates overseas due to factors such as the slowdown in emerging economies, while domestically it is influenced by the declining birthrate, etc. However, overall, the market has remained relatively robust. 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, new markets can be established by adding new functions to coatings for construction materials. As such, potential demand for CMP's know-how that has been developed in both the marine transportation and industrial segments is large.

In the construction materials field, our mainstay products include the AULEX series of UV-curable coatings that rapidly cure (dry) upon exposure to ultraviolet light, and we have the top share in the domestic market for UV-curable coatings for flooring. In the area of heavy duty coatings, we focus on coatings that protect plants, bridges, and other structures from rust and corrosion, and we also have the largest domestic share in coatings for power plant cooling channels. Furthermore, we have the CUS series of filling materials that enable labor-saving and vibration reduction in maintenance and operation of railway tracks.

Container coatings



We supply products mainly in China, the main production area for container boxes. We have been advancing technological development from an early stage in response to the shift to water-based coatings in line with stricter environmental regulations starting in 2017, and have been supplying high-quality products.

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.

One of the main products in this field is the FF series of low-odor coatings, which are used on the inner surfaces of containers to neutralize odors. This product has been certified by the U.S. Food and Drug Administration (FDA). We are also working to develop an all-waterborne coating system that will not only further reduce odor but also contribute to reducing VOCs.

Offshore coatings



Leveraging our expertise in marine coatings and heavy duty coatings, we are expanding into the offshore development market.

In the offshore wind power market, our key focus area, we hold an 80% share of domestic demonstration projects and are conducting joint research with universities and research institutions both in Japan and abroad.

Given the government's goal of achieving net-zero greenhouse gas emissions by 2050, we expect the adoption of offshore wind power to accelerate in Japan, leading to increased

demand for coatings for wind power generation structures. Our coatings are expected to reduce maintenance needs by enhancing the weather resistance of these structures.

Quality Assurance

Basic concept

We ensure the implementation of quality assurance throughout the entire process of product development, production, and sales, thus delivering products that can be guaranteed.

We identify our customers' needs through communication with them and utilize this information in product development to introduce products that match their needs. We also believe it is important to provide appropriate information so that customers can use our products with peace of mind.

Quality policy

1. Provide a stable supply of good products to customers.
2. Contribute to society through our corporate activities.
3. Comply with relevant laws and regulations related to our business activities and various agreements agreed to by our Company.
4. Strive to improve our technological expertise.
5. Check the effectiveness of the quality management system and make continuous improvements.
6. In order to achieve this policy, each headquarters sets quality targets and strives to achieve them.

(Established on April 2, 2009)

Management structure

In order to operate a quality management system that conforms to the requirements of ISO 9001 as well as our quality policy, we have established a Quality Control Committee and Quality Control Subcommittee.

The Quality Control Committee is positioned as the highest decision-making body for the quality management system. It is chaired by management and is comprised of the managers of each headquarters.

The Quality Control Subcommittee aims to facilitate quality control, streamline production, correct nonconformities, and manage the disposal of slow-moving inventories at each plant. It is composed of the managers of each headquarters, with the plant manager serving as the chief supervisor and the Quality Control Group functioning as the secretariat.

The Environmental & Quality Assurance Department serves as the secretariat, and the Production Headquarters, Technical Headquarters, and Sales Headquarters work together to promote quality control activities.

Strengthening management

We have obtained international standard certifications for our business sites in Japan and overseas, and are promoting standards-based operation of our quality management system. Globally, 99% of our offices have obtained ISO 9001 certification.

Initiatives and track record

Management and provision of product information

We confirm the safety of chemical substances contained in our products and provide information through Safety Data Sheets (SDSs) to ensure safe use of our products. In addition, precautions for safe use of our products are also included on the product labels and in our product catalogs.

Quality control in manufacturing

We provide feedback to production sites about information on product defects received from customers and carry out improvement activities to eliminate the causes of the defects. We are working to create workplaces that prevent product defects through continuous improvement activities.

Customer satisfaction

We consider our customers to be important stakeholders, and we aim to provide products that satisfy them, placing the highest priority on improving customer satisfaction. We regularly conduct customer surveys and strive to build relationships of trust by listening to the voices of our customers and responding sincerely.

Communications

Presentations at exhibitions

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



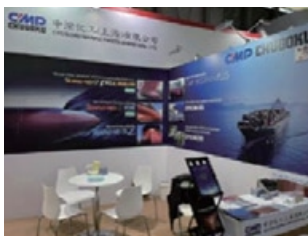
Bari-Ship 2023

May, 2023 (Imabari / Japan)



Paint & Coating JAPAN 2023

October, 2023 (Makuhari / Japan)



Marinetec China 2023

December, 2023 (China)



EUROPORT 2023

November, 2023 (Netherlands)



METS 2023

Marine Equipment TradeShow

November, 2023 (Netherlands)



Japan International Boat Show 2024

March, 2024 (Yokohama / Japan)



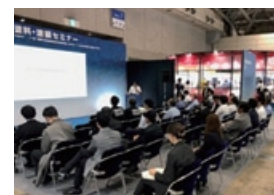
Asia Pacific Maritime 2024

March, 2024 (Singapore)

Seminar

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

Presentation at Paint & Coating JAPAN



Biomass-based UV-curable coatings for wood construction materials and their underlying technology

October 2023

Presentation at Bari-Ship 2023



Eco-friendly anticorrosive coatings for ships: Reducing VOC emissions to support SDGs

May 2023

News distribution service

We offer a registration-based news distribution service to quickly deliver the latest information on our products to customers in Japan and overseas.

CMP newsletter registration site

English

https://www.cmp.co.jp/CMP-Memders/Newsletter_en.html

Japanese

https://www.cmp.co.jp/CMP-Memders/Newsletter_jp.html



English



Japanese

Human Resource Management

Basic concept

We recognize that our employees are not only important stakeholders of the Group but also a source of value creation. By increasing the value of our human capital, we aim to improve the performance of our human assets and organization, thereby sustainably expanding our corporate value.

To this end, we are committed to not only ensuring the health and safety of each and every employee, but also to creating a rewarding work environment where everyone can maximize their abilities and play an active role, and implementing various initiatives to provide growth opportunities.

Management structure

The Human Resources Subcommittee of the Sustainability Committee plays a central role in promoting initiatives related to various personnel measures. The Human Resources Subcommittee consists of three departments: the HR & General Affairs Management Division, the Personnel Department, and the Management & Planning Division. The Subcommittee proposes and recommends HR policies as part of the Company's overall strategy. The Sustainability Committee monitors the status of such efforts by the Human Resources Subcommittee.

Goals and KPIs (This Company)

Issues and initiatives	FY2023		FY2024
	Goals and KPIs	Results	Goals and KPIs
Employee skill development	Rebuild the human resource development system by the end of FY2023	Redefined the direction and adjusted the schedule during the formulation of the HR strategy	Rebuild the human resource development system from FY2024 to FY2026
Improving employee job satisfaction	Sustainably improving employee engagement • FY2024 and beyond: Year-on-year score increases	Conducted an engagement survey in March 2024	Sustainably improving employee engagement • FY2024 and beyond: Year-on-year score increases
Promotion of the active participation of women	① Percentage of female employees among new or mid-career hires: 20% or more ② Rate of taking child-care leave: 70% or more	① 14.3% ② 70.0%	① Percentage of female employees among new or mid-career hires: 25% or more ② Rate of taking child-care leave: 80% or more

Initiatives and track record

Establishment of a human resources (HR) strategy

In April 2024, we formulated a human resources strategy to clarify our stance on human resources and transition to full-scale human capital management, in alignment with the basic policy of our medium-term management plan.

Our vision

The main themes of our HR strategy are “Empowering diverse talent on a global scale” and “Achieving employee well-being (happiness and fulfillment).” We aim to create an environment where individuals from diverse backgrounds come together and fully utilize their abilities, both in Japan and overseas. At the same time, we will prioritize ensuring that each employee works with vitality, maintains good physical and mental health, and leads a fulfilling life. By fostering such an environment, we seek to enhance employee engagement, strengthen our competitiveness in attracting talent, and ultimately maximize the performance of both our human capital and organization.

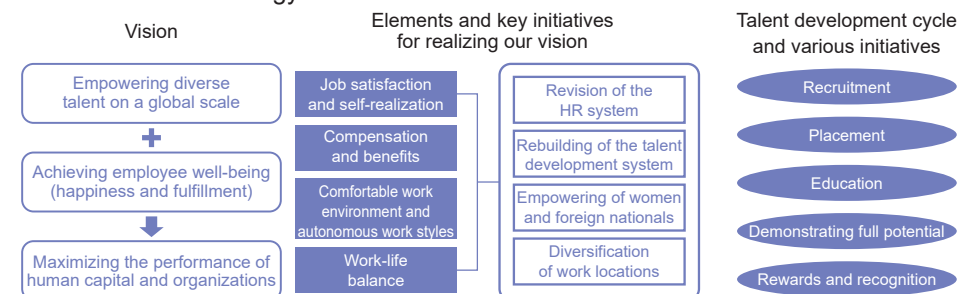
Key initiatives for realizing our vision

We have identified four key areas of focus: revising the HR system to shift the emphasis from seniority to performance; rebuilding the talent development system to support not only education and training but also career development; promoting the active participation of women and non-Japanese employees; and diversifying work locations. Going forward, we will successively develop and implement specific measures for each of these initiatives.

Desired talent profile

To realize our vision and continuously maximize organizational performance in response to a changing environment, we recognize the importance of recruiting self-driven individuals who take initiative and act proactively. We are committed to cultivating such talent through our talent development cycle, encompassing recruitment, placement, and training.

Outline of the HR strategy



Human Resource Management

Treatment of employees

Main education and training

We have set “human resource development and active participation of diverse human resources” as one of our material issues, and we are reviewing the content of the conventional training and working toward rebuilding our human resource development system for the purpose of developing the skills of our employees.

In fiscal 2023, we aimed to further strengthen our talent development initiatives by offering a variety of educational and training programs tailored to the needs and attributes of our employees. These included pre-departure training and language learning support (financial assistance) for employees assigned overseas, as well as job-grade-specific training for young employees and leadership development programs for managers.



Child-care and family care leave systems

In addition to the legally mandated leave system, CMP has established an accumulated paid leave system, which can also be used for child care of preschool children. To encourage male employees to participate in child care, we encourage eligible employees to use the child-care leave system as well as the accumulated paid leave system. Furthermore, we are advancing the establishment of systems designed to support child-rearing, including extending the eligibility for reduced working hours for child care from age three up to enrollment in junior high school.

FY	2021	2022	2023
Number of employees taking child-care leave	8	8	7
Percentage of employees taking child-care leave	47.1%	57.1%	70.0%
Number of employees taking family care leave	0	0	0

We have formulated action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Women's Active Engagement in Professional Life.

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 2024, we had an employment rate of approximately 1.8% for people with disabilities, including those working in agricultural operations. We will continue to strive to fulfill our social responsibilities.

FY	2021	2022	2023
Employment rate of disabled persons	Approximately 1.4%	Approximately 1.6%	Approximately 1.8%

Work environment

Labor-management relations

CMP has formed a labor union and participates in its upper-tier union, the Japanese Federation of Energy and Chemistry Workers Unions. Labor and management have been working to resolve various issues related to working conditions through the Labor-Management Council, and have had a smooth and longstanding relationship following a cooperative labor-management approach.

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 a 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 2023 was approximately 1.8%.

FY	2021	2022	2023
The voluntary turnover rate	Approximately 1.9%	Approximately 3.9%	Approximately 1.8%

Consideration for the health and safety of employees

At each of our business locations, we work to improve the work environment through regular safety and health committee meetings, where we hold discussions with employees (labor unions). In addition to annual stress checks, we hold health seminars and take other measures to promote the physical and mental health of our employees. The results of these stress checks as well as work-related injuries and accidents are reported to the Board of Directors, which monitors the employee health and safety measures and takes action as necessary.

Prevention of harassment

To prevent harassment, we have established relevant provisions in the service rules of our work regulations, and are conducting awareness and educational activities. We also conduct regular training on harassment prevention and compliance. Furthermore, we have established dedicated internal and external contact points for consultations, including complaints, and have put in place a system to take appropriate measures.

Occupational Health and Safety



Basic concept

As demands for safe operations increase for companies with chemical plants, providing a workplace environment where employees can work safely and with peace of mind becomes an inevitable challenge. CMP has established an action policy for workplace health and safety management. We will ensure the safety of our employees at all times, prioritizing the maintenance and promotion of health.

Management structure

We have established the Central Safety & Health Committee (composed of the chiefs (deputy chiefs) of each headquarters, managers of each business site, subsidiaries with factories, and labor union officers) as the overarching organization for the health and safety committees of each business unit to implement unified health and safety management across the CMP Group. The Central Safety & Health Committee holds a regular meeting once every two months to receive reports on new issues that have arisen at each business site and their countermeasures and status. In addition, the Committee monitors the implementation of measures at each business location to ensure compliance with the amendments to the Industrial Safety and Health Act.

Initiatives and track record

Health promotion

Health checkups and health guidance

To maintain and promote health, we conduct regular health checkups for all employees. We subsidize the cost for those eligible for comprehensive medical checkups. We encourage employees who are deemed to require a re-examination or detailed examination to undergo a medical examination at the Company's expense to promote early detection and early treatment. We have also conducted interviews to provide "specific health guidance" to employees who have metabolic syndrome.

Mental health care

As a mental health measure, the CMP Group conducts annual stress checks. We detect employees with high levels of stress at an early stage and refer them to mental health counseling. We have also established a dedicated helpline where employees can consult with a counselor on mental health issues free of charge and without any disclosure to the Company.

Measures to prevent heatstroke

To prevent heatstroke, we discussed both tangible and intangible measures during the Central Safety & Health Committee meeting to identify more effective solutions.

As part of our efforts to prevent heatstroke and create a more comfortable work environment in factories, we sprayed water on asphalt and roofs to lower surface temperatures and installed air circulation fans and spot coolers in work areas. To keep factory workers cool, we provided vests with ice packs, cooling jackets, and portable neck fans. We closely monitored the health of our workers, ensured the availability of oral rehydration solutions, and were attentive to maintaining proper hydration and salt levels. We have established a system that allows people to regularly move to cooler locations and take breaks.

Occupational Health and Safety

Occupational Health and Safety

Occupational injuries

Aiming for zero workplace accidents, the Central Safety & Health Committee conducts regular inspections of factories and laboratories within Group companies in Japan to drive continuous improvement in occupational health and safety. In fiscal 2023, the Committee inspected the Shiga office and the Kyushu Factory. We are strengthening safety measures to improve the work environment and ensure strict adherence to safe work practices, with the goal of creating a safe and comfortable workplace.

We have created a database on our intranet that summarizes past cases of occupational accidents, trends in causes of occurrence, and countermeasures for each type of work, in an effort to prevent the recurrence of similar accidents. For workers with fewer years of experience and less proficiency, we provide safety education on how to handle chemical substances and points to keep in mind when working, while referring to past examples.

Number of occupational injuries

		2021	2022	2023
Non-lost time injuries	Global	5	5	5
	Non-consolidated	1	1	3
	Full-time employees	1	0	2
	Contract employees	0	1	1
Lost time injuries	Global	5	5	2
	Non-consolidated	0	0	0
	Full-time employees	0	0	0
	Contract employees	0	0	0
Fatal accidents	Global	0	0	0
	Non-consolidated	0	0	0
	Full-time employees	0	0	0
	Contract employees	0	0	0

Frequency rate (non-consolidated)

	2021	2022	2023
Lost time injuries	0.00	0.00	0.00
Non-lost time injuries	1.11	1.14	3.47
Total	1.11	1.14	3.47

Severity rate (non-consolidated)

	2021	2022	2023
Severity rate	0.00	0.00	0.00



Supply Chain Management

Basic concept

While carrying out material procurement to fulfill our responsibility to supply our customers, we will pursue transactions that take into account social issues, including laws and regulations, the environment, human rights, and conflicts, and contribute to the realization of a sustainable society together with our business partners.

We have revised our existing purchasing policy and established a procurement policy. The CMP Group is enhancing sustainability awareness with a wide range of business partners in Japan and overseas and promoting activities throughout the supply chain.

Management structure

The Supply Chain Subcommittee of the Sustainability Committee receives monthly, quarterly, and annual reports on the material procurement status of the CMP Group in Japan and overseas. Under a system in which the Supply Chain Subcommittee collectively manages and guides the CMP Group's supply chain, we pursue responsible procurement activities in accordance with our procurement policy. We will further strengthen our procurement management system to realize sustainability throughout the supply chain such as by checking the status of CSR activities and ISO 14001 certification of our business partners.

Goals and KPIs

Issues and initiatives	Goals and KPIs	FY2023 Results	Scope
Supplier management through CSR assessment	Supplier evaluation rate based on the UN Global Compact Self-Assessment Questionnaire (SAQ) FY2023: 50% FY2024: 75% FY2025: 100%	96.1%	The Company and its domestic subsidiaries
Promotion of green procurement	Percentage of suppliers certified under ISO 14001 FY2023: 55% FY2024: 60% FY2025: 65%	62.6%	The Company and its domestic subsidiaries

Initiatives and track record

Establishment of procurement policy

With the establishment of the Sustainability Committee, the Company has reviewed the existing purchasing policy and established a new procurement policy based on the basic sustainability policy.

Procurement policy

In line with its basic sustainability policy to realize its management philosophy, the CMP Group conducts procurement activities with suppliers based on the following policies.

1 Open and fair trade

The CMP Group constantly seeks to create business opportunities with new business partners. We decide on business partners fairly by comprehensively evaluating quality, price, delivery schedule, reliable supply, and technical services.

2 Compliance

In its procurement activities, the CMP Group complies with all relevant laws, regulations, and social norms, and takes appropriate actions in consideration of morals and human rights.

3 Mutual trust and mutual development

Through fair and honest procurement activities, the CMP Group builds relationships of mutual trust with suppliers and strengthens the relationships for mutual development.

4 Preserving the global environment by reducing environmental impact

In order to contribute to environmental preservation through procurement activities, the CMP Group considers CSR assessment and ISO 14001 certification when selecting suppliers, and aims to contribute to society throughout the supply chain.

5 Appropriate management system for confidential information

The CMP Group appropriately manages confidential information obtained through procurement activities and strives to prevent leakage.

Supply Chain Management

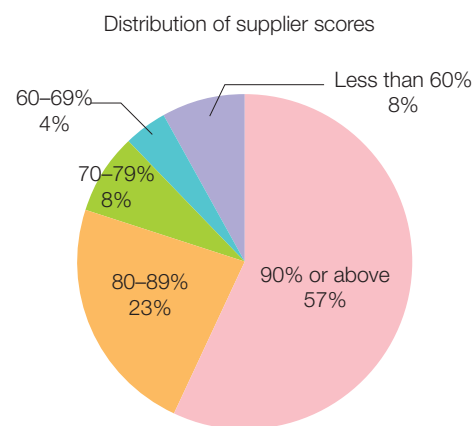
Supplier assessment

CSR survey

As part of our supplier survey, we ask suppliers to report on their ESG activities using the UN Global Compact SAQ, a self-assessment tool provided by the Global Compact Network Japan. The survey evaluates the level of commitment to issues such as corporate governance, human rights, labor, the environment, fair corporate activities, quality and safety, information security, supply chains, and coexistence with local communities. The survey is conducted once a year, and if any concerns are identified in the evaluation, we work together with the supplier to promote measures to reduce future supply risks and strengthen business activities, based on the supplier's understanding of our policy.

To expand these efforts globally across the entire Group, we will begin utilizing external cloud services in fiscal 2024.

Survey results for FY2023 *Survey target: 120 companies



Status by item

	Corporate governance	Human rights	Labor	Environment	Fair corporate activities	Quality and safety	Information security	Supply chain	Local communities
Average score by major category	85%	83%	91%	89%	88%	95%	90%	82%	88%
Percentage of companies with a score of 90% or more	58%	51%	70%	58%	62%	78%	65%	52%	65%
Percentage of companies with a score of 80% or more but less than 90%	13%	15%	12%	22%	14%	14%	12%	9%	13%
Percentage of companies with a score of 70% or more but less than 80%	12%	12%	10%	10%	10%	4%	8%	11%	6%
Percentage of companies with a score of 60% or more but less than 70%	4%	9%	4%	4%	6%	3%	11%	15%	11%
Percentage of companies with a score of less than 60%	12%	12%	4%	5%	8%	1%	4%	13%	4%

As part of supplier management efforts, we have been conducting supplier inspections since fiscal 2023, based on the results of CSR surveys and objective internal evaluations.

Factory inspection results for FY2023 (total five companies)

	Purpose of inspection and discussion topics
Company A	Confirmation of BCPs and facility improvement
Company B	Business activities, HR, labor, environment, quality, and safety
Company C	Quality, safety, and accident investigation
Company D	Business activities, quality, safety, and accident investigation
Company E	Corporate governance, safety, accident investigation, and supply chain

Survey of suppliers' green procurement

In order to confirm the environmental initiatives of suppliers from whom CMP has already purchased a certain amount, we survey their ISO 14001 certification status and other relevant information. We continue to encourage uncertified suppliers to apply for the ISO certification.

Survey results on ISO 14001 certification acquisition status	FY2022	62%	38%	(n=337)
		Acquired	Not yet acquired or under consideration	
	FY2023	63%	37%	(n=317)

Social Contribution Activities

Basic concept

We recognize the importance of contributing to society through our core business and building good relationships with local communities. We promote initiatives for local communities, welfare, the environment, and health while taking into account global social issues that we aim to solve through our business. We aim to realize a sustainable society by addressing local issues in areas deeply connected with our business activities, through a variety of activities dedicated to community contribution.

Management structure

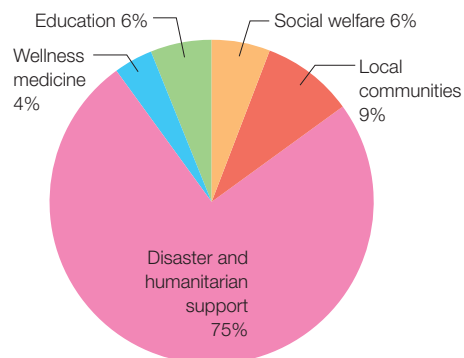
The Coexistence with Local Communities Subcommittee of the Sustainability Committee is working with related departments in Japan to promote initiatives. Overseas, each subsidiary is proactively engaged in social contribution activities that are closely connected to their local communities. Once a year, we receive reports from domestic and overseas Group companies outlining their social contribution activities and their costs.

Initiatives and track record

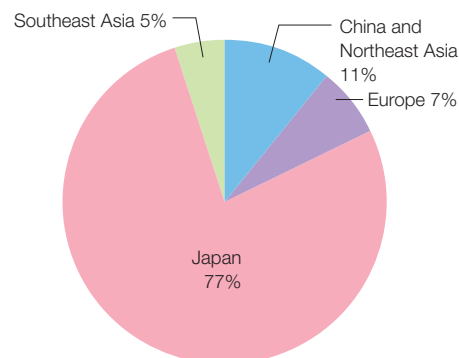
Social contribution cost

In 2023, the social contribution cost was 13.76 million yen.

Breakdown by field of activity



Breakdown by region



Disaster relief support

Support for the 2024 Noto Peninsula earthquake victims

We donated ¥10 million to two organizations, including the Japanese Red Cross Society.

Support for Turkey earthquake victims

We donated €2,000 through Dutch Giro555, the Foundation of Cooperating Aid Organizations.

Supporting employees' social contribution activities

Charity vending machine installation

We have installed charity vending machines at our Tokyo Head Office, Shiga Factory, and other locations to provide an opportunity for employees to engage in social contribution activities. For every drink purchased, ¥10 is donated, and the donations are utilized through the projects of the Nippon Foundation.

Volunteer leave system

We have established a system to support employees' social contribution activities so that they can connect with society and contribute to solving social issues. Employees can use their accumulated annual leave to take extended leaves for purposes such as volunteer activities.

Social Contribution Activities

School education support

Scholarships

Our Group company in South Korea awarded scholarships to local elementary school students to support education.

Promotion of sports

Sponsorship of yacht races

We sponsored yacht races and worked to promote marine sports by providing coatings for pleasure boats and yachts.

Support for medical institutions and patients

Support for pink ribbon campaign

At the Kyushu Factory, we have installed a pink ribbon vending machine and donated to the Japan Cancer Society's "Smile Fund" through the purchase of drinks to support activities to reduce the number of women suffering from cancer as much as possible.

Disaster recovery support

Donation to a support organization

We supported disaster recovery efforts by making donations to the Red Feather Community Chest.

Environmental conservation

Cleanup activities

The Shiga Factory participated in the Gioui River cleanup activity organized by the local citizen group Fieldwork Yasu and joined the city of Yasu's Zero Waste Campaign. The Hiroshima Head Office and Ohtake-Meishin Chemical took part in a campaign to clean up areas surrounding factories in the city of Otake.

Other Group laboratories and production sites also regularly conducted cleanups around their facilities.

Building good relationships with the local community

Participation in community revitalization activities

Five employees from our Hiroshima Head Office participated in the restoration of stone art in the Kuba area of Otake, Hiroshima Prefecture, where our headquarters is located. In collaboration with art club students from Kuba Junior High School, they repainted the stone art, originally installed at the Kuba Community Salon in 2007, to restore the colors that had faded due to sun exposure and other factors.



Provision of supplies

Our Group company in Thailand donated coatings to paint the fence of a local school.



Dispatch of instructors

We dispatched a lecturer to Kuba Junior High School, located near our Hiroshima Head Office, for their "hometown study" program to provide an opportunity to explore and deepen students' understanding of the charm of their hometown through corporate activities. We also dispatched a lecturer to a class on marine coatings for elementary and junior high school students hosted by the Cooperative Association of Japan Shipbuilders.



Support for community events

We contributed to revitalizing regional communities by making donations to such events as the Yoshinogari Furusato Fire Festival, Tsukumi Port Fireworks Festival, and Iwaki Fireworks Festival. We also sponsored the Koi Koi Festival in Otake and the Shimizu Tuna Expo 2023, and exhibited at the Yasumaru Plaza of Yasu Library.

Welfare support

Our Group company in South Korea made a donation to a local long-term care facility.

Security and Disaster Prevention

Basic concept

As natural disasters have become increasingly severe and more frequent in recent years, demands for safe operations are increasing for companies with chemical plants. Accidents caused by fires or production facilities can harm the health and safety of not only employees but also local residents, and affect the surrounding environment. We will ensure safety and strengthen disaster prevention measures to prevent such incidents from occurring.

Management structure

We have established the Central Safety & Health Committee to carry out everyday safety and disaster prevention activities. The Committee, composed of the managers of each business site, subsidiaries with factories, and labor union officers, serves as the overarching organization for the safety and health committees of each business site. The Central Safety & Health Committee holds a regular meeting once every two months to receive reports on new issues that have arisen at each business site and their countermeasures and status. We are working to prevent recurrence by disseminating information on incidents and countermeasures across our Group. In the event of an emergency, we have established a system to grasp the situation through an emergency communication network.

Initiatives and track record

Accidents

In fiscal 2023, no accidents occurred that affected the environment or the surrounding community.

However, there were 16 minor accidents. We have analyzed the causes of these incidents and implemented appropriate measures to prevent similar occurrences in the future.

Number of accidents

	2021	2022	2023
Global	11	15	16
Non-consolidated	7	6	9

Strengthening safety and disaster prevention

Inspection of facilities

We regularly inspect high-pressure gas facilities, electrical equipment, and hazardous materials facilities to confirm that there are no safety issues.

Safety education

We provide fire prevention education, forklift safety training, and crisis management training for security guards to strengthen safety and disaster prevention. We have published a database on our intranet that summarizes past accidents, trends in their causes, countermeasures for each type of work, and points to keep in mind, in an effort to prevent the recurrence of similar accidents.

Safety inspection

The Central Safety & Health Committee conducts inspection tours of Group plants and laboratories in Japan to strengthen safety and disaster prevention, aiming to eliminate serious accidents as well as onsite fires, explosions, and leakage accidents. In fiscal 2023, the Committee inspected the Shiga office and the Kyushu Factory. We are reinforcing safety measures to enhance the work environment and ensure strict adherence to safe work practices, with the goal of creating a secure and comfortable workplace.

Prevention of accidents during product transportation

Through freight forwarders to whom we outsource the transportation of our products, we ensure environmental safety during transportation by requiring drivers at all times to carry a card (yellow card) with emergency measures and contact information.

Emergency response

Emergency response drills

At our factories and laboratories, we conduct regular drills in anticipation of fires, leaks of hazardous materials, other potential emergencies. After the drills, we verify the response and improve our disaster prevention capabilities by correcting any defects.

Recognizing the importance of preparedness for major earthquakes and tsunamis, our Hiroshima Head Office participated in Hiroshima Prefecture's "Disaster Reduction for All" earthquake drill, which simulated a major earthquake originating from the Nankai Trough, stretching from the Tokai to Shikoku regions along the Pacific coast. The Shiga Factory and Kobe Paints also conducted drills simulating responses to emergency earthquake warnings.

Evacuation route confirmation

Because our Hiroshima Head Office is situated along the Seto Inland Sea, we conducted evacuation drills using designated routes to the city of Otake's official shelters to prepare for potential tsunamis caused by a Nankai Trough earthquake.

Climate Change

Basic concept

The effects of climate change are becoming more serious year by year, with significant impacts on the natural environment and society, and we recognize that climate change is an important issue for us as well.

As extreme weather events occur around the world, efforts to transition to a decarbonized society are accelerating around the world. The Paris Agreement has set a common goal to limit the rise in global average temperature to well below 2°C compared to pre-industrial levels, and to pursue efforts to limit it to 1.5°C.

In April 2024, the CMP Group announced its Carbon Neutrality Declaration, aiming to reduce total GHG emissions by 45% by fiscal 2030 (compared to fiscal 2021) and achieve carbon neutrality by fiscal 2050.

In addition to reducing GHG emissions from our own activities, we believe it is important to contribute to society-wide GHG emission reductions through the products we provide.

We will also promote the reduction of GHG emissions as a measure to mitigate the progress of climate change. We are committed to reducing GHG emissions throughout our production and supply chain processes. This includes achieving “low-carbon production” through measures such as reducing energy consumption in production, utilizing renewable energy sources, and transitioning to low-carbon raw materials, “GHG emission reduction through products with environmental contribution value,” such as low-friction antifoulings and biomass coatings, and “GHG emission reduction through the supply chain” by implementing strategies such as the reuse of product containers.

We will work to realize a society resilient to climate change risks as a measure to adapt to environmental changes caused by climate change. Global warming associated with climate change is expected to have significant impacts on people's lives and health. We aim to realize a society that can adapt to environmental changes due to climate change through the expansion of products that have quality of life (QOL) improvement value, such as suppressing indoor temperature rises with heat-shielding coatings that have high solar reflectivity.

Reduction of GHG emissions is considered important as a climate change mitigation measure, and transparent disclosure of climate-related information is required. We support the Task Force on Climate-related Financial Disclosures (TCFD) and disclose information on the financial impact of climate-related risks and opportunities based on the TCFD framework.

Management structure

The Sustainability Committee's Climate Change Subcommittee and related departments are working together to reduce GHG emissions and save energy. At our overseas subsidiary factories, we are proactively working in compliance with the laws and regulations of each country.

We receive monthly reports on energy usage from domestic Group companies and once a year from overseas Group companies.

Goals and KPIs

Issues and initiatives	FY2023			FY2024	
	Goals and KPIs	Results	Scope	Goals and KPIs	Scope
Reduction rate of greenhouse gas emissions (Scope 1 and 2; baseline: FY2021)	- FY2023: 20% reduction - FY2030: 50% reduction	25.3% reduction	The Company and its domestic subsidiaries	- FY2024: 15% reduction - FY2030: 45% reduction - FY2050: carbon neutrality	Entire Group
Reduction of energy intensity (baseline: FY2021)	- FY2023: 2.4% decrease - FY2024: 3.6% decrease - FY2025: 4.8% decrease	8.9% decrease		- FY2024: 3.6% decrease - FY2025: 4.8% decrease	The Company and its domestic subsidiaries
Contribution to reduction of greenhouse gases by expanding supply of high-performance antifoulings (baseline: 2008)	FY2025: 1.3 million t-CO₂ *Data are for ocean-going vessels of 3,000 DWT or more	1,314,000 t-CO ₂	Entire Group	FY2025: 1.3 million t-CO₂ *Data are for ocean-going vessels of 3,000 DWT or more	Entire Group

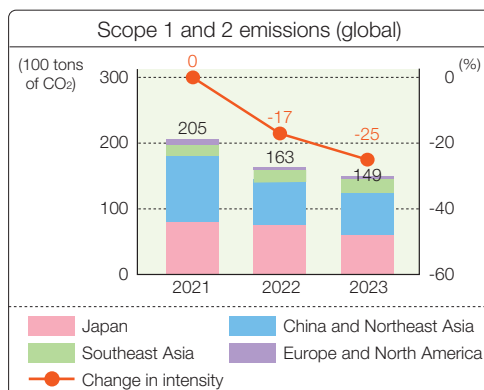
Climate Change

Initiatives and track record

Greenhouse gas emissions

Scope 1 and 2 emissions

Our global CO₂ emissions (Scope 1 and 2) totaled 14,900 tons, a decrease of 1,400 tons year on year. The CO₂ emission intensity improved, declining by 25% compared to 2021. This reduction was primarily due to increased procurement of renewable electricity by Group companies in Japan.



		2021	2022	2023
Production sites	CO ₂ emissions (100 tons of CO ₂)	187	146	134
	CO ₂ emission intensity (kilograms of CO ₂ per ton)	92	75	70
Non-production sites	CO ₂ emissions (100 tons of CO ₂)	18	17	15
	CO ₂ emission intensity (kilograms of CO ₂ per m ²)	118	110	71

Scope 1 emissions

Scope 1 emissions increased by 37 tons year on year. This was a 24% reduction from fiscal 2021.

Scope 1 emissions (tons of CO₂ equivalent)

	2021	2022	2023
CO ₂ (energy source)	5,554	4,168	4,205
Japan	3,114	3,006	2,840
China and Northeast Asia	2,194	1,058	1,240
Southeast Asia	91	91	111
Europe and North America	155	13	14
CO ₂ (non-energy source)	0	0	0
N ₂ O	0	0	0
HFCs	0	0	0
CH ₄	0	0	0
SF ₆	0	0	0
NF ₃	0	0	0

*Scope 1 follows the GHG Protocol definition.
Scope 1: Direct GHG emissions that occur from sources that are controlled or owned by an organization

*Emission factors are based on emission coefficients according to the Act on Promotion of Global Warming Countermeasures.

Scope 2 emissions

Scope 2 emissions decreased by 1,500 tons year on year. This was a 29% reduction from fiscal 2021.

Scope 2 emissions (tons of CO₂)

	2021	2022	2023
Total emissions	14,965	12,134	10,668
Japan	4,856	4,602	3,244
China and Northeast Asia	7,907	5,360	5,146
Southeast Asia	1,698	1,885	1,981
Europe and North America	504	288	297

*Scope 2 follows the GHG Protocol definition.

Scope 2: Indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling

*To calculate Scope 2 emissions from our domestic bases, we used the adjusted emission factors based on emission coefficients by electric utility in accordance with the Act on Promotion of Global Warming Countermeasures. For our overseas bases, we use specific coefficients based on each country's laws and regulations and the emission coefficients for the electricity we have contracted and purchased.

Scope 3 emissions

Scope 3 emissions (tons of CO₂)

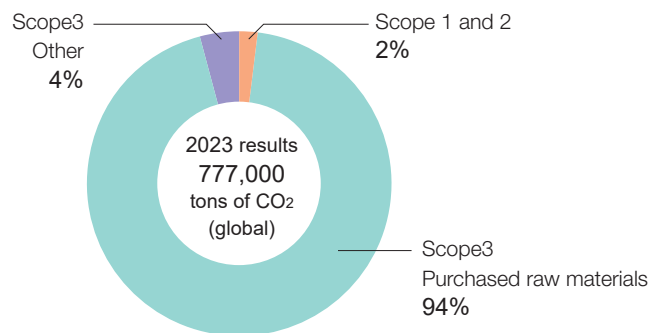
	Non-consolidated			Global	
	2021	2022	2023	2022	2023
1 Goods and services purchased	130,237	173,721	210,374	570,921	734,560
2 Capital goods	969	709	472	2,562	3,664
3 Fuel- and energy-related activities (not included in scope 1 or scope 2)	574	572	547	2,348	2,350
4 Transportation and distribution (upstream)	5,912	6,202	5,842	9,195	8,496
5 Waste generated in operations	481	671	364	3,845	3,162
6 Business travels	199	214	277	318	424
7 Employee commuting	52	67	65	2,145	3,163
8 Leased assets (upstream)	0	0	0	0	0
9 Transportation and distribution (downstream)	0	0	0	0	0
10 Processing of products sold	2,112	2,624	2,397	5,926	6,108
11 Use of products sold	0	0	0	0	0
12 End-of-life treatment of products sold	206	209	202	635	690
13 Leased assets (downstream)	0	0	0	0	0
14 Franchises	0	0	0	0	0
15 Investments	0	0	0	0	0
Total	140,740	184,989	220,540	597,894	762,617

*Calculated based on GHG Protocol standards. For the calculations, we used the emission intensity described in IDEAv2 (Emission Intensity Database for Calculating Greenhouse Gas Emissions and Other Emissions of an Organization Through Its Supply Chain [Ver. 3.2]). For transportation, the calculations were made in accordance with the Ministry of Economy, Trade and Industry's notification on the method for calculating energy consumption for transportation of freight cargoes by freight forwarders.

Climate Change

Composition of Scope 1, 2, and 3 emissions (global)

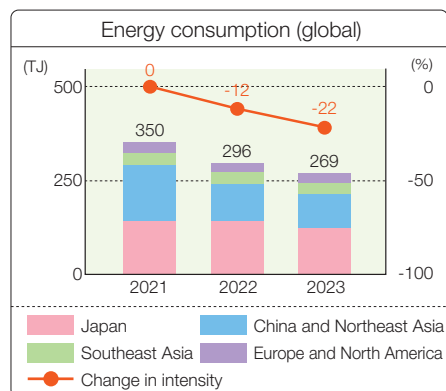
The CMP Group (global) produced 777,000 tons of Scope 1, 2, and 3 emissions, 94% of which were from purchased raw materials (Scope 3) and 2% from Scope 1 and 2 emissions.



Energy saving (factories and offices)

Trends in energy consumption

Our global energy consumption at production sites in 2023 was 236 TJ, down 26 TJ from the previous year. The energy intensity improved, decreasing by 22% compared to 2021. This improvement was driven by factors such as the replacement of paint mixers, the transition to LED lighting, and strict electricity demand management at factories and laboratories in Japan.



		2021	2022	2023
Production sites	Energy consumption (TJ)	314	262	236
	Energy intensity (GJ per ton)	1.5	1.3	1.2
Non-production sites	Energy consumption (TJ)	36	33	33
	Energy intensity (GJ per m2)	2.3	2.1	1.6

Purchase of electricity and other energy sources

The CMP Group is promoting a switch to the purchase of renewable electricity. In 2023, the amount of renewable electricity purchased was 21% of the total purchased electricity. The Group has also installed solar power generation for its own consumption. In 2023, the total electricity produced by our solar power generation systems amounted to 140 MWh.

Amount of electricity, heat, and other energy sources purchased (TJ) (global)

	2021	2022	2023
Electricity	255	227	201
Heat	1	1	1
Steam	0	0	0
Cooling	0	0	0

Amount of renewable electricity purchased (global)

	2021	2022	2023
Purchased electricity (TJ)	12	12	41
Percentage of total purchased electricity (%)	5	5	21

Amount of electricity produced by solar power generation (MWh)

	2022	2023
CHUGOKU PAINTS B.V.	281	129*
Hiroshima Head Office	10	11

*The year-on-year decline in the amount of electricity generated reflects the absence of data for the first half of 2023 due to solar panel equipment malfunctions, as well as a decrease in electricity generation caused by panel damages from adverse weather conditions.

Fuel consumption

The CMP Group is actively upgrading outdated equipment to reduce fuel consumption. In 2023, we replaced boilers at our domestic Group companies as part of these efforts.

Consumption by fuel type (TJ) (global)

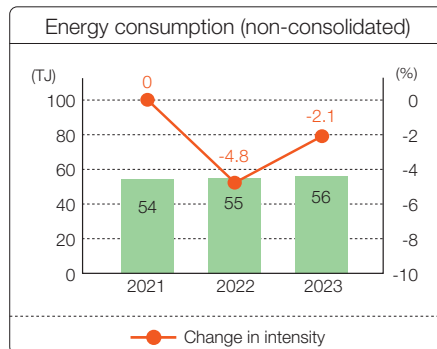
	2021	2022	2023
Natural gas	41	20	21
Class A heavy oil	40	38	36
Light oil	4	2	3
Kerosene	2	2	2
Others	5	4	4

Climate Change

Energy saving (transportation)

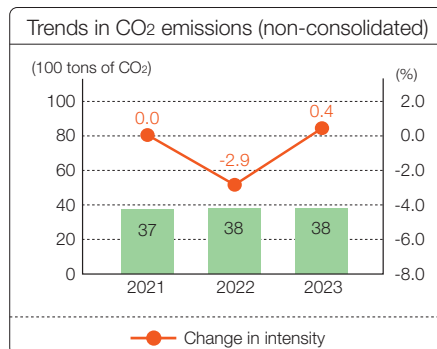
Energy consumption during transportation

In fiscal 2023, energy consumption for transportation in Japan (parent) was 56 TJ, up 1% from the previous fiscal year. However, the energy intensity (per unit of transportation volume) improved, decreasing by 2.1% from fiscal 2021.



CO2 emissions during transportation

In fiscal 2023, CO2 emissions from transportation in Japan (parent) were 3,800 tons, unchanged from the previous fiscal year. The emission intensity (per unit of transportation volume) increased by 0.4% from fiscal 2021, remaining largely flat.



Improving transportation efficiency

We are continuously working on increasing the load capacity and the size of vehicles for mainline transportation to expand the amount of cargo transported at one time.

Shift to transportation means with less environmental impact

We continue to implement modal shifts from truck transportation to railways, ships, and other forms of transport that emit less CO2.

Shortening transportation distance

We propose the shortest transportation routes to freight forwarders and review them continuously.

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

Management of fluorocarbons

Owners of commercial refrigeration and air conditioning equipment that use fluorocarbons are required to thoroughly manage the fluorocarbons they use and to report the leakage of fluorocarbons in excess of a certain amount.

Our Group companies in Japan own 398 units of such equipment and work to properly monitor the amount of fluorocarbons leaked in accordance with the management criteria established by the government. In fiscal 2023, there were no leaks of fluorocarbons of 1,000 tons of CO2 or more.

JRECO Fluorocarbon Countermeasure Rating

We have been selected as an A-ranked company—the top rank—in the Fluorocarbon Countermeasure Rating 2023 conducted by the Japan Refrigerants and Environment Conservation Organization (JRECO). This survey targeted 1,653 companies listed on the Tokyo Stock Exchange Prime Market to comprehensively assess their understanding, awareness, initiatives, and information dissemination regarding the Fluorocarbon Emissions Control Act, and is published as the Fluorocarbon Countermeasure Rating.

In this survey, 76 companies were selected as A-ranked companies.



Stakeholder engagement

Participation in the VOC Working Group of the Japan Paint Manufacturers Association

The Japan Paint Manufacturers Association (JPMA) is working to reduce indirect CO2 emissions by reducing non-methane volatile organic compounds (NMVOCs). Every year, JPMA calculates the actual status of VOC emissions from coatings based on information from its member companies. We are also working to reduce indirect CO2 emissions by reducing VOCs.

Information Disclosure Based on TCFD Recommendations



In February 2023, the CMP Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is disclosing information in accordance with the TCFD's disclosure items (governance, strategy, risk management, and metrics and targets).

► Excerpt

Governance

The Sustainability Committee has been established to strengthen the CMP Group's sustainability initiatives, including climate change countermeasures, from the perspective of increasing the Group's corporate value over the medium to long term. The Committee is chaired by the President of the Company, who is also the chief officer responsible for addressing climate change, and is composed mainly of executive officers and chiefs of each headquarters. The Committee is responsible for formulating policies, targets, and action plans for sustainability, promoting and monitoring initiatives on sustainability issues, and identifying material issues. Details are reported to the Board of Directors once a quarter, and the Board of Directors monitors the sustainability activities and KPIs.

Climate change-related agenda

Setting energy-related targets and reporting results

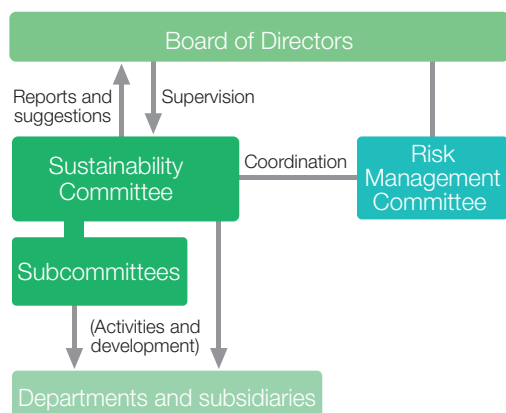
Setting greenhouse gas (GHG) emission reduction targets and reporting results

Considering the introduction of energy-saving equipment and renewable energy

Setting waste recycling rate targets and reporting results

TCFD compliance, matters related to climate change risks and opportunities

Governance system for climate-related issues



Strategy

The CMP Group considers the various risks and opportunities caused by climate change to be one of the important aspects of its business operations. We have examined the risks and opportunities that climate change issues pose to our Group with reference to the respective risk and opportunity items indicated in the TCFD recommendations. Additionally, while referencing climate change scenarios, we have conducted a scenario analysis on the identified risks and opportunities using two temperature range scenarios: the 1.5°C to 2°C scenario, in line with the Paris Agreement's targets, and the 4°C scenario, which presupposes the continued emission of greenhouse gases at the current rate.

Scenario analysis

Analysis process



1.5°C to 2°C scenario

A scenario that aims to keep the global average temperature increase below 1.5–2°C compared to pre-industrial levels as efforts to achieve carbon neutrality to curb the effects of climate change gain momentum. In the 1.5°C scenario, the impact of policy and regulatory risks is assumed to be greater than in the 2°C scenario.

4°C scenario

A scenario in which climate change countermeasures make no progress from the present level, and the average global temperature rises by approximately 4°C by the end of this century compared to pre-industrial levels. It is assumed that the impact of physical risks, such as the intensification of extreme weather events and the risk of sea level rise, will become more significant.

Scenario used for reference:

- IEA Net Zero Emissions by 2050 Scenario
- IPCC SSP1-2.6 ■ IPCC SSP5-8.5

Information Disclosure Based on TCFD Recommendation

Overview of climate-related risks and opportunities for the CMP Group

Based on the climate change scenarios, we have identified the following important risks and opportunities that could affect the CMP Group's business. As for the periods for considering risks and opportunities, we have positioned the short-term as being until fiscal 2025, which is the period for implementing our medium-term management plan, the medium-term as being until fiscal 2030, and the long-term as being until fiscal 2050.

In the 1.5°C to 2°C scenario, we foresee risks such as the strengthening of decarbonization policies leading to an increased cost burden due to the introduction of a carbon tax, surging raw material prices, and a decline in demand for marine coatings due to fewer fossil fuel carriers. However, we also recognize potential new business opportunities, including increased demand for environmentally friendly products such as low-friction antifoulings, and the development of coatings for floating offshore wind power generation facilities.

The worldview under the 4°C scenario is that rising temperatures will lead to more frequent and severe natural disasters, and that there will be physical risks due to sea level rise, but we also expect an increase in demand for antifoulings due to rising seawater temperatures.

Risks/ opportunities	Type	Factors	Impact on business	Financial impact	Timing of occurrence	Our response
Transition risks	Policy and legal	Introduction of carbon tax and increase in carbon tax rate	Increase in carbon tax burden	Medium	Medium term	Switch to renewable energy
			Increase in electricity costs	Medium	Short to medium term	Energy saving by introducing highly efficient equipment
	Technology	Switching to low-carbon raw materials	Increased procurement risk and costs due to growing demand for low-carbon raw materials	Medium	Short to long term	Shift from petroleum-derived raw materials to biomass-derived chemical substances
	Market	Increase in raw material prices	Increase in costs due to higher demand for conventionally used vegetable oil raw materials	Medium	Short to long term	Improve factory utilization ratio
						Expand sales of high-value-added products
		Change in demand in the shipping industry	Decrease in fossil fuel carriers	Medium to high	Long term	Develop demand for coatings for next-generation fuel carriers
Physical risks	Chronic	Sea level rise	Increased costs due to company base relocation	High	Long term	Consider relocation timing and location by conducting risk mapping
						Promote BCP-related investment
	Acute	Intensification of natural disasters	Decrease in capacity utilization of business bases due to sudden disasters	High	Short to long term	Identify hazardous areas in advance by using regional disaster prevention maps
						Place sandbags, oil fences, and oil adsorption mats to prevent flood damage
						Plan emergency alternative production systems and plans (group production sites, outsourced manufacturing)
Opportunities	Resource efficiency	Monetization of unused resources	Reduction of waste disposal costs associated with reuse of coating containers and solvent distillation	Low	Short to medium term	Review manufacturing process
	Products and services	Expanding markets for low-emission products and services	Increase in demand for environmentally friendly products (low-fric- tion, high-performance antifoulings, biomass coatings, etc.)	High	Medium term	Utilize IBC tanks
						Strengthen R&D of environmentally friendly products and proactively make proposals to customers
	Markets	Change in demand in the shipping industry	Increase in demand for coatings for next-generation fuel carriers	Medium to high	Medium to long term	Improve product competitiveness and strengthen sales activities
		Expansion of low-carbon power sources	Increase in demand for coatings for offshore wind power generation facilities	Low to medium	Medium term	Develop and deploy in the market products that meet various standards
	Other	Rising seawater temperature	Increase in demand for high-performance antifoulings to reduce the risk of fouling	Medium	Medium to long term	Strengthen R&D of high-performance antifoulings and proactively make proposals to customers

Information Disclosure Based on TCFD Recommendations

Status of initiatives to reduce risks and realize opportunities

●Introduce renewable energy power and energy-saving equipment

The CMP Group is promoting the introduction of renewable energy and energy-saving equipment with the aim of reducing greenhouse gas emissions. We have introduced solar panels at our headquarters in Hiroshima, which also serves as our R&D base in Japan, and at our subsidiary, CHUGOKU PAINTS B.V., in the Netherlands, as part of our efforts to increase the use of renewable energy sources for our power consumption. In the future, we plan to gradually switch to renewable energy sources for the electricity we purchase from electric power companies.



Solar power generation system at our subsidiary in the Netherlands

●Reduce greenhouse gas emissions with antifoulings

Our core product in marine coatings, antifoulings, prevents the increase in surface resistance caused by marine organisms like barnacles attaching to the hull during operations and maintains smoothness. This improves the ship's fuel efficiency and contributes to the reduction of greenhouse gas (CO₂) emissions.

In the shipping industry, as part of climate change measures, regulations and rules concerning ship fuel consumption and CO₂ emissions have been enacted and are expected to be strengthened in the future. Also, rising seawater temperatures and changes in weather patterns such as heavy rains and typhoons due to climate change are activating marine life in some ocean areas, increasing the risk of hull fouling. In order to respond to these changes in the environment, demand is increasing for high-performance antifoulings with superior fouling prevention and enhanced fuel efficiency, and we expect demand to continue to grow over the long term.

We have been focusing on the development of high-performance antifoulings and working to enhance our lineup and improve quality. In light of all of this, we are aware that addressing climate change challenges for ships will be a major opportunity for our marine coatings business to expand our business performance through an increase in sales of high-value-added products.



Test coating results of high-performance antifoulings (the dotted line indicates areas with high-performance coating, while the remaining areas have a general-purpose coating)

Risk Management

●Process for identifying and assessing climate-related risks

The CMP Group has established the Basic Rules for Risk Management and has set up a Risk Management Committee, chaired by the Chief of the Administration Headquarters, to ensure efficient business operations. The Committee aims to prevent, detect, and correct any potential risks that may occur in the course of operations, as well as to prevent their recurrence, by establishing a risk management system and providing guidelines for responding to risks that arise.

Risks associated with climate change are identified and assessed by the Sustainability Committee after being extracted by a department or subcommittee. The significance of risks is determined by calculating an intrinsic risk score based on their potential impact and likelihood of occurrence. The Risk Management Committee examines response policies for highly significant risks and the Sustainability Committee for medium- to low-level risks.

●Process for managing climate-related risks

There is a system in place where, after the Risk Management Committee and the Sustainability Committee have examined the response policy, they report to the Board of Directors at least once a year. In the process of implementing the risk response measures, the responsible headquarters or subcommittee promotes response measures, and the Risk Management Committee and the Sustainability Committee constantly monitor the status of the response.

●Process for integration into companywide risk management

Our risk management system is centered on the Risk Management Committee and includes the Compliance Committee, the System Planning & Operating Committee, and other committees. We consolidate the control system for prevention, detection, correction, and recurrence prevention of anticipated risks, and for the response to materialized risks. With regard to climate change risks, the Risk Management Committee and the Sustainability Committee collaborate to manage them in a process similar to companywide risks, creating an integrated risk management system.

Indicators and Targets

To assess the impact of climate-related issues on our business, we calculate greenhouse gas (GHG) emissions (Scope 1, 2, and 3) based on the GHG Protocol standards. Using 2021 as the base year, we aim to reduce Scope 1 and 2 GHG emissions by 45% by 2030 and achieve carbon neutrality by 2050.

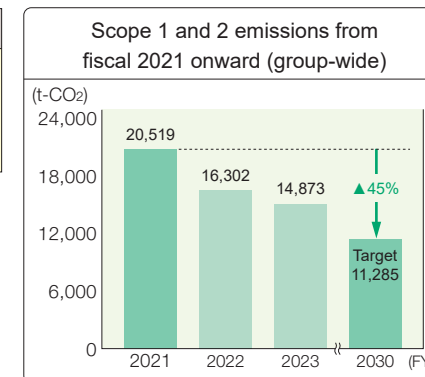
Indicators and targets used to assess climate-related risks and opportunities

Indicator	Target level
Greenhouse gas emissions: Scope 1 and 2	■ FY2030: Reduce GHG emissions by 45% ■ FY2050: Carbon neutrality

Group-wide GHG emissions (t-CO₂)

FY	2021	2022	2023
Scope1	5,554	4,168	4,205
Scope2	14,965	12,134	10,668
Scope3	—	597,894	762,617

*Calculations for group-wide Scope 3 emissions are available from fiscal 2022



Water Resources

Basic concept

Water resources are limited, and challenges in this area are becoming increasingly apparent primarily due to localized heavy rains and floods, as well as chronic droughts. The situation is expected to worsen in the future due to climate change and population growth. The coatings we produce use only a small amount of water during manufacturing, as we source most raw materials from suppliers.

However, since our Group companies require water in the process of manufacturing resins and other materials, we recognize the need to use the limited water resources efficiently.

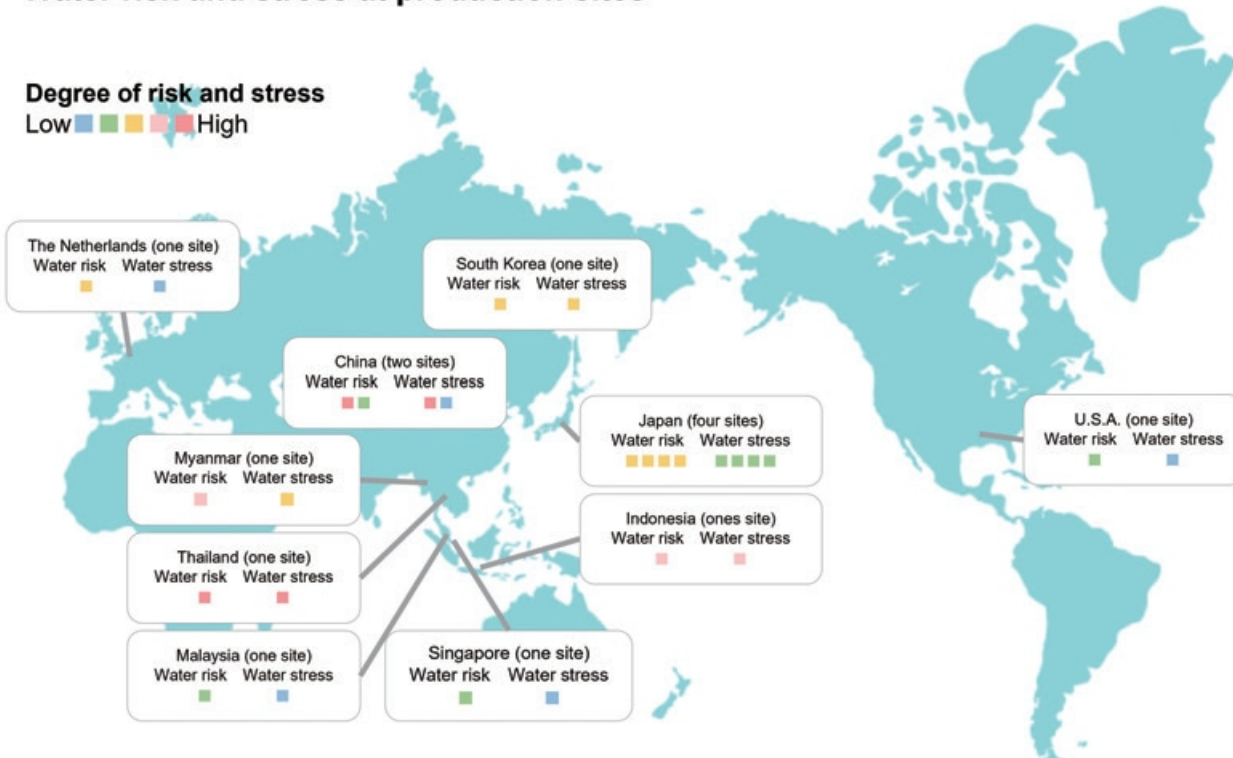
Management structure

The Sustainability Committee's Resource Utilization and Pollution Prevention Subcommittee collaborates with relevant domestic business departments to manage water intake in our operations, aiming to maintain and improve water use efficiency.

Overseas, our Group companies actively manage water intake at production sites. We receive monthly reports from domestic Group companies and annual reports from overseas Group companies regarding water intake.

Initiatives and track record

Water risk and stress at production sites



*Water risk and stress shown on the map are based on the following indicators from the Aqueduct Water Risk Atlas, provided by the World Resources Institute (WRI).
Water risk: Physical risks quantity
Water stress: Water stress

Risk survey

We have used the Aqueduct Water Risk Atlas, a water risk assessment tool provided by the World Resources Institute (WRI), to assess risks related to the quality and quantity of water at our production sites in Japan and overseas. The water intake rate from areas with "high" or "extremely high" water quality risk was 2% and production in those areas was 13% of total production. Meanwhile, the water intake rate from areas with "high" or "extremely high" water quantity risk was 4% and production was 24% of the total.

	Water quality risk		Water quantity risk	
	Water intake (1,000 m³)	Production volume (1,000 tons)	Water intake (1,000 m³)	Production volume (1,000 tons)
Low	14	65	0	0
Low-Medium	1,085	62	25	22
Medium-high	36	40	1,093	123
High	11	6	6	7
Extremely high	14	19	36	40

*We referred to "physical risks quality" for water quality risk and "physical risks quantity" for water quantity risk.

Water stress

As a result of the investigation using the Aqueduct Water Risk Atlas, it was found that the water intake rate from areas with "high" or "extremely high" water stress in terms of available water quantities at our production sites in Japan and overseas was 3%, and the proportion of production in these areas was 23%.

	Water intake (1,000 m³)	Production volume (1,000 tons)
Low	25	34
Low-Medium	1,087	84
Medium-high	8	29
High	3	4
Extremely high	36	40

*We referred to "water stress" for water quality stress.

Water Resources

Regional distribution of water intake

In fiscal 2023, water intake at the CMP Group's production sites was 1,160,000 m³.

Our Group's operations in Japan, which include the production of synthetic resins and chemical products that require a significant amount of water during manufacturing, accounted for the largest share of total water intake at 94%. China followed, accounting for 4% of the total water intake.

We have production sites in areas with high water stress, such as China, Thailand, and Indonesia, which together used 40,000 m³ of water, representing 3% of the total water intake. The water intake intensity was 0.9 m³ per ton.

	Water intake (1,000 m ³)	% of total
Japan	1,087	93.7
China and South Korea	47	4.0
Southeast Asia	21	1.8
North America	4	0.4
Europe	1	0.1

Trends in water intake

Production sites (global)

		2021	2022	2023
Total water intake	1,000m ³	1,242	1,242	1,160
Seawater	1,000m ³	0	0	0
Underground water	1,000m ³	50	69	64
Municipal water	1,000m ³	1,192	1,172	1,096
Surface water	1,000m ³	0	0	0
Rainwater	1,000m ³	0	0	0
Intensity	m ³ per ton	6.1	6.4	6.0

Production sites with high water stress

		2021	2022	2023
Total water intake	1,000m ³	7	7	40
Seawater	1,000m ³	0	0	0
Underground water	1,000m ³	0	0	3
Municipal water	1,000m ³	7	7	37
Surface water	1,000m ³	0	0	0
Rainwater	1,000m ³	0	0	0
Intensity	m ³ per ton	0.5	0.4	0.9

*Regions with high water stress
2021 and 2022: Thailand
2023: China, Thailand, and Indonesia

Trends in water discharge

Production sites (global)

		2021	2022	2023
Total water discharge	1,000m ³	1,151	1,144	1,118
Ocean	1,000m ³	994	1,012	985
River, lake, etc.	1,000m ³	60	72	81
Sewage line	1,000m ³	96	59	51
Underground/well	1,000m ³	0	1	1
Others	1,000m ³	0	0	0

Production sites with high water stress

		2021	2022	2023
Total water discharge	1,000m ³	6	6	24
Ocean	1,000m ³	0	0	0
River, lake, etc.	1,000m ³	0	0	2
Sewage line	1,000m ³	6	6	21
Underground/well	1,000m ³	0	0	1
Others	1,000m ³	0	0	0

*Regions with high water stress
2021 and 2022: Thailand
2023: China, Thailand, and Indonesia

Pollution Prevention

Basic concept

Since our Group uses a variety of chemical substances in its business activities, we recognize the importance of countermeasures against air, water, and soil pollution. To prevent or minimize adverse effects on the global environment and local environments, we comply with laws, regulations, and ordinances, and strive to reduce emissions of pollutants.

Management structure

The Sustainability Subcommittee's Resource Utilization and Pollution Prevention Subcommittee works with domestic production sites to implement pollution countermeasures. Overseas subsidiary factories are proactively managed in compliance with the laws and regulations of each country. We receive reports on pollutant emissions from domestic Group companies at least four times a year, and from overseas Group companies once a year.

Goals and KPIs

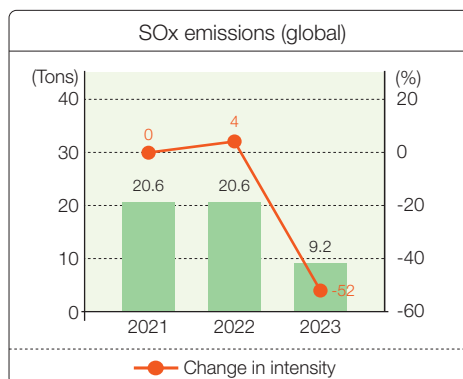
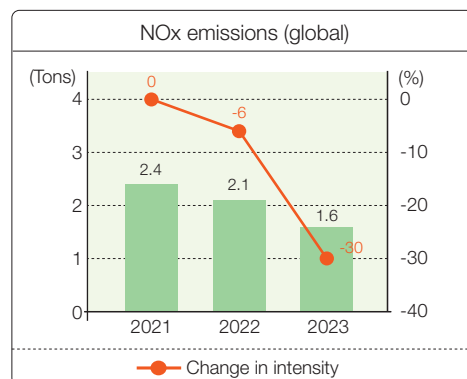
Issues and initiatives	Goals and KPIs (yearly)	FY2023 Results	Scope
environmental incidents	Zero	Zero	The Company and its domestic subsidiaries

Initiatives and track record

Prevention of air pollution

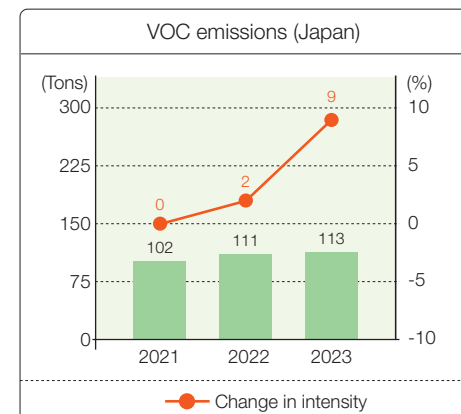
NOx and SOx emissions

We monitor the amount and concentration of pollutants emitted from facilities subject to the Air Pollution Control Act and manage emissions appropriately in compliance with relevant laws and regulations. In 2023, the CMP Group (global) emitted 2 tons of nitrogen oxides (NOx) and 9 tons of sulfur oxides (SOx). Compared to fiscal 2021, the NOx emission intensity (per unit of production volume) decreased by 30%, while the SOx emission intensity decreased by 52%.



VOC emissions

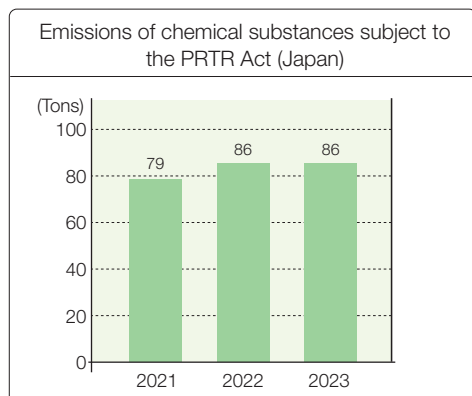
To reduce VOC emissions, we have installed deodorizing equipment and other systems in our factories. In 2023, Group companies in Japan released 113 tons of VOCs into the atmosphere. The emission intensity (per unit of production volume) increased by 9% compared to fiscal 2021.



Pollution Prevention

Emissions of chemical substances subject to the PRTR Act

In fiscal 2023, no chemical substances subject to the Pollutant Release and Transfer Register (PRTR) Act were discharged into public waters or soil at any of the Group companies' business sites in Japan. A total of 86 tons of emissions were released into the atmosphere. Note that the emission volume in fiscal 2023 reflect the revised list of regulated substances following the amendment to the PRTR Act in April 2023.

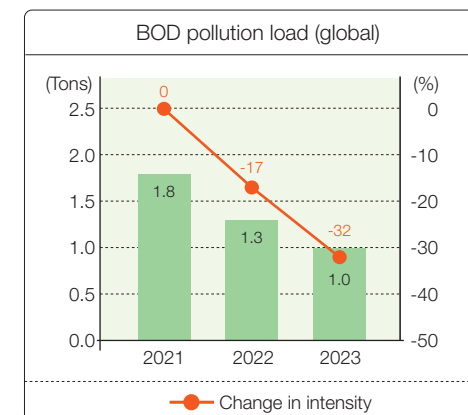
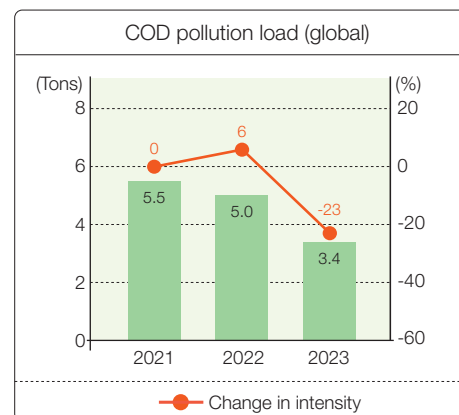


	Emissions to the atmosphere (tons)		
	2021	2022	2023
Ethylbenzene	35	40	41
Xylene	32	33	31
Toluene	11	12	10
Methyl isobutyl ketone	—	—	3
Trimethylbenzene	0.4	0.5	0.7
Cumene	0.01	0.02	0.03
Styrene	—	—	0.006
Acetylacetone	—	—	0.006
Ethylcyclohexane	—	—	0.01
Ethylene glycol monobutyl ether	—	—	0.5

Prevention of water pollution

COD and BOD pollution loads

At business sites subject to the Water Pollution Prevention Act, we monitored wastewater discharges into rivers and oceans and confirmed that pollutant levels remained below regulatory limits. In 2023, the CMP Group (global) reported chemical oxygen demand (COD) of 3 tons and biochemical oxygen demand (BOD) of 1 ton. Compared to fiscal 2021, the COD intensity (per unit of production volume) decreased by 23%, while the BOD intensity decreased by 32%.



Prevention of soil and groundwater contamination

The Shiga Factory voluntarily measures environmentally hazardous substances in groundwater on the premises to prevent pollution.

Utilization of Waste and Resources

Basic concept

Amid increasing global demand for resources, there is a growing need to transition to a circular economy to achieve resource regeneration and sustainable economic growth.

We aim to minimize waste at every stage of our operations and make effective use of resources.

The CMP Group is actively engaged in waste management and resource recycling at its production sites and laboratories. We are also promoting the efficient and circular use of resources through collaboration with stakeholders.

Management structure

The Sustainability Committee's Resource Utilization and Pollution Prevention Subcommittee works with domestic production sites to advance resource utilization and the reduction of waste and other environmental impacts. Overseas subsidiary factories are proactively managed in compliance with the laws and regulations of each country. We receive reports on pollutant emissions from domestic Group companies at least four times a year, and from overseas Group companies once a year.

Goals and KPIs

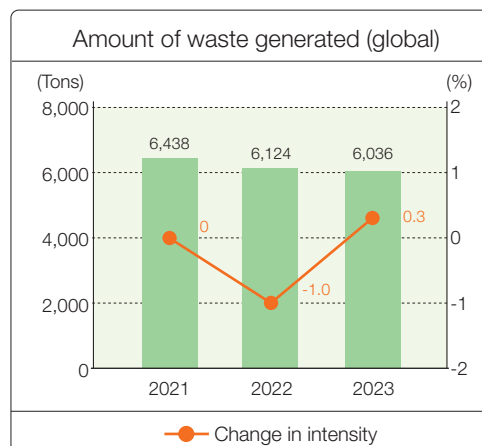
Issues and initiatives	Goals and KPIs	FY2023 Results	Scope
Waste recycling rate	FY2030: 85% or more	74.4%	The Company and its domestic subsidiaries

Initiatives and track record

Waste

Amount of waste generated

In 2023, the amount of waste generated (global) was 6,036 tons, down 88 tons from the previous year. However, the waste intensity (per unit of production volume) increased by 0.3% compared to 2021.



Promotion of recycling

We promoted resource recycling at our production sites, including the reuse of cleaning solvents through distillation at the Shiga Factory, as well as through waste disposal contractors.

In 2023, our global recycling rate was 61%, up 1 percentage point from 2021.

	Global		
	2021	2022	2023
Amount of waste generated (tons)	6,440	6,127	6,036
Amount recycled (tons)	3,851	3,989	3,703
Recycling rate (%)	60	65	61

	Group companies in Japan		
	2021	2022	2023
Amount of waste generated (tons)	2,235	2,782	2,494
Amount recycled (tons)	1,512	2,003	1,858
Recycling rate (%)	68	72	74
Final disposal amount (tons)	168	231	149

Amount of hazardous waste generated

Of the total waste generated by Group companies in Japan, 5 tons were hazardous waste.

Waste plastics

The amount of waste plastics generated by each Group company in Japan was less than 250 tons.

The amount of waste plastics generated by all Group companies in Japan amounted to 182 tons, up from 130 tons in the previous year.

Confirmation of conformity for waste disposal contractors

Outsourcing waste disposal to contractors carries the risk of improper handling, such as illegal dumping. To mitigate this risk, we regularly visit waste disposal contractors to ensure they are properly processing the waste.

In 2023, we visited two domestic waste disposal contractors and found no instances of non-compliance during our review of their waste processing procedures.

Utilization of Waste and Resources

Stakeholder engagement

In addition to advancing the circular economy by reusing product containers through engagement with customers, we are promoting both the reduction of procured resources and the reduction of associated CO₂ emissions (Scope 3, Category 1 and Category 5 under the GHG Protocol). We will continue our customer engagement activities and promote contributions to low-carbon initiatives throughout the supply chain.

Reuse of drums

In collaboration with major customers, we collect and reuse drums used for antifouling agents for fishing nets.

During fiscal 2023, we reused 4,664 drums.

This initiative not only helped to reduce our drum purchase volume and the amount of drums disposed of by our customers, but also contributed to cutting back CO₂ emissions associated with the purchase and disposal of the drums.

Through this initiative, we were able to reduce CO₂ emissions by 150 tons.

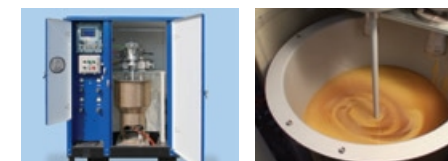
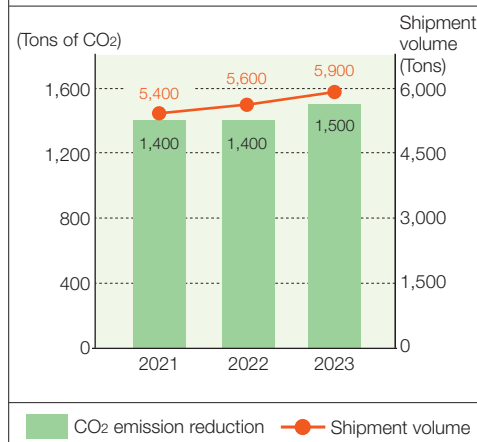


	2022	2023
No. of drums reused	3,539	4,664
Reduction in CO ₂ emissions (t-CO ₂)	114	150

IBC system

To reduce the number of cans disposed of by users, we started sales in 1995 of the IBC system, a paint delivery system equipped with reusable intermediate bulk containers (IBCs) and automatic paint mixing and weighing equipment. This system has been realized in cooperation with users who construct buildings to install equipment, including automatic paint mixing devices. One IBC tank can reduce the number of waste cans by 70 to 100. In fiscal 2023 we sold 5,900 tons of IBC tanks, reducing waste cans by the equivalent of 590,000 oil cans. As a result, we have contributed not only to the reduction of cans disposed of on the user's end and a decrease in the number of cans purchased by both users and our Company, but also to the reduction of CO₂ emissions associated with the purchase and disposal of these cans. In 2023, we reduced CO₂ emissions by about 1,500 tons through IBC shipments.

CO₂ emission reduction through IBC shipments



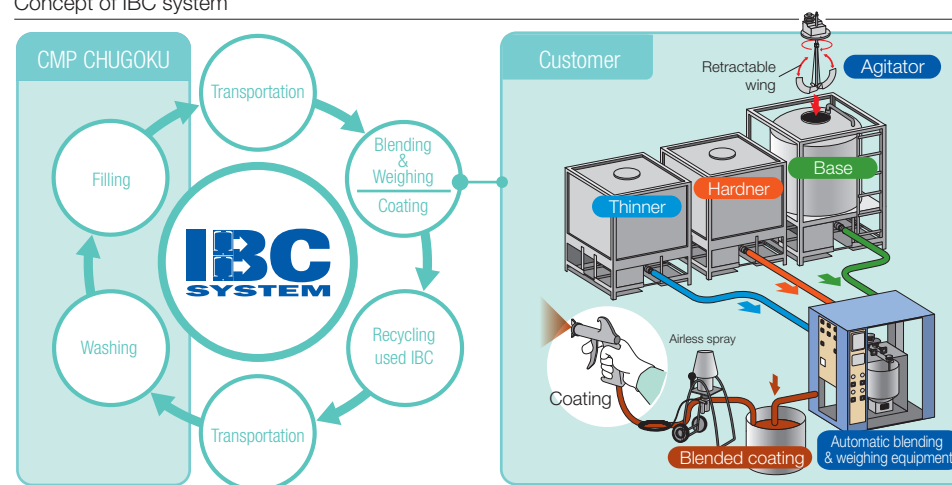
Automatic blending & weighing equipment

Blending & Weighing



IBC (Intermediate Bulk Container)

Concept of IBC system



Management of Chemical Substances Contained in Products

Basic concept

While the chemicals our Company uses are essential for enriching people's lives, some of them can also have a negative impact on people and the environment. In order to use chemical substances safely, it is necessary to understand their properties and manage them appropriately. In addition to responding to domestic and international movements to strengthen the management of chemical substances and complying with laws and regulations related to hazardous substances, we are working to develop and improve products that present minimal health and safety risks and have a lower environmental impact throughout their lifecycle. We prioritize the reduction of hazardous or regulated substances at the product design and development stages, and are intensifying our efforts therefor.

Management structure

The Chemical Substances Management Subcommittee of the Sustainability Committee and the Technical Headquarters work together to develop and improve products with reduced environmental impact and to reduce the use of hazardous substances. In addition, the Chemical Substances Management Subcommittee and the Environmental & Quality Assurance Department work together to promote initiatives based on laws and regulations in Japan and the overseas countries in which we operate.

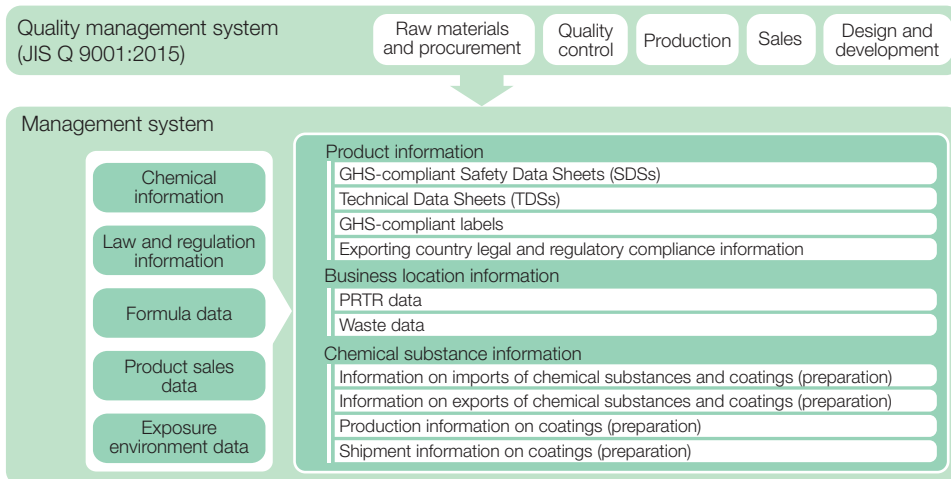
Goals and KPIs

Issues and initiatives	Goals and KPIs	FY2023 Results	Scope
Percentage reduction in use of environmental hormones, TX, etc.* (compared to FY2020)	FY2025: 5% FY2030: 10%	1.1% increase	The Company and its domestic subsidiaries

*Toluene, xylene, benzophenone, etc. (10 substances in total)

Initiatives and track record

Management of chemical substances



We utilize a chemical substance management system to ensure the appropriate management of chemical substances. This system centrally manages information on chemical substances contained in raw materials and products, as well as acquired information on laws, regulations, and toxicity. We have also established a system that allows us to prepare and provide SDSs and other information to our customers. We are continuing to improve our systems to comply with laws and regulations related to chemical substances.

In-house training

We conduct in-house training to enhance understanding of laws and regulations, particularly when they are newly revised, and to communicate specific response measures. In fiscal 2023, we held seminars for risk assessment officers of each business location, focusing on risk assessment methods using CREATE-SIMPLE (Chemical Risk Easy Assessment Tool, Edited for Service Industry and MultiPLE workplaces).

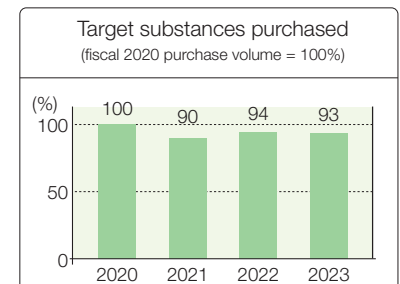
Risk assessment of chemical substances

At business sites that handle chemical substances, we assess the risks of these substances in accordance with the Industrial Safety and Health Act.

We have appointed chemical substance managers, and through the safety and health committee of each business location, we evaluate the risk of chemical substances using the CREATE-SIMPLE approach. Additionally, we assess the hazards and toxicity of the chemicals in use and explore alternatives with lower risk levels.

Reduction of the use of hazardous substances

In an effort to reduce the environmental impact of its products, the CMP Group has voluntarily designated 10 substances that have high emissions or are highly hazardous, such as toluene and xylene, as target substances, and is working to reduce them on a priority basis.



Biodiversity

Basic concept

Biodiversity, like climate change, is a global challenge, with the conservation of biodiversity and the sustainable use of natural resources recognized as critical issues. It is essential that we integrate various environmental activities into our business operations and strive to build a nature-positive society, contributing to a sustainable future.

In October 2023, the CMP Group formulated a biodiversity policy to strengthen its efforts in this area.

We will continue to advance our biodiversity initiatives based on this policy.

Management structure

The Sustainability Committee's Resource Utilization and Pollution Prevention Subcommittee and related departments are working together to conserve biodiversity. At our overseas subsidiary factories, we are proactively working in compliance with the laws and regulations of each country.

Goals and KPIs

Issues and initiatives	Goals and KPIs	FY2023 Results	Scope
Increase the sales ratio* of environmentally friendly high-performance antifoulings, which also contributes to measures against transboundary movement of marine organisms	FY2025: 50% or more FY2030: 60% or more *Percentage of total antifoulings (based on the number of vessels)	46.5%	Entire Group

Initiatives and track record

Establishment of the biodiversity policy

We established the biodiversity policy to ensure that we remain mindful of biodiversity conservation in our business activities, in alignment with the Keidanren Declaration of Biodiversity and the Ministry of the Environment's guidelines. This policy is also based on the official goals and indicators of the Kunming-Montreal Global Biodiversity Framework, which were adopted as international targets at COP15 in December 2022.

Biodiversity policy

We recognize that we benefit from biodiversity in all aspects of our business activities and that our business activities impact biodiversity in various ways. Therefore, we have a responsibility to work for the conservation and sustainable use of biodiversity so as not to adversely affect it.

Today, there is a need to stop and reverse the rapid loss of biodiversity on a global scale and move it onto a recovery track ("Nature Positive").

We will continue to promote activities for the conservation and restoration of biodiversity.

- 1 We will strive to reduce the impact on biodiversity throughout our business activities.
- 2 We will promote the development of products that take into consideration the conservation of biodiversity.
- 3 We will endeavor to understand our dependence and the impacts we have on biodiversity in our supply chain.
- 4 We will comply with international agreements and the laws and regulations of each country.
- 5 We will conduct our business activities with consideration so as not to damage the local ecosystem.
- 6 We will strive for collaboration and cooperation with external stakeholders to enhance the effectiveness of biodiversity conservation and restoration.

Biodiversity

Contributing to biodiversity through products

Antifoulings are indispensable for ship navigation, preventing marine organisms from attaching to the ship's hull, and reducing fuel consumption and CO₂ emissions by minimizing frictional resistance during navigation. Our high-performance antifoulings employ a new environmentally friendly antifouling agent. Even in small quantities, this agent exhibits high resistance to barnacles, contributing to countermeasures against transboundary movement of marine organisms attaching to ship hulls.

Biodiversity risk assessment

To assess the potential impact of our Group's business activities on biodiversity, we conducted a survey of the surrounding ecosystems at our domestic and overseas production sites. Using the Integrated Biodiversity Assessment Tool (IBAT), we examined the proximity of these sites to key biodiversity areas within a 3 km radius, including World Heritage sites, IUCN protected areas (management categories I to VI), and Ramsar Convention wetlands. The survey revealed that four of our production sites are located near these critical areas. At these sites, we are advancing initiatives in compliance with relevant laws and regulations.

IBAT assessment results (number of production sites in proximity to key biodiversity areas)

Region	Number of production bases	UNESCO World Natural Heritage sites	IUCN						Wetlands of the Ramsar Convention
			I	II	III	IV	V	VI	
Japan	4	0	0	0	0	3	1	1	0
China and South Korea	3	0	0	0	0	0	0	0	0
Southeast Asia	5	0	0	0	0	0	0	0	0
North America and Europe	2	0	0	0	0	1	0	0	1
Total	14	0	0	0	0	4	1	1	1

*IBAT: An assessment tool that provides access to basic data and up-to-date information on nature conservation, developed by BirdLife International, Conservation International, International Union for Conservation of Nature (IUCN), United Nations Environment Programme (UNEP), and World Conservation Monitoring Centre (WCMC)

Collaboration with other organizations

Collaboration with the citizens' organization Fieldwork Yasu

The Shiga Factory continues to participate in cleanup activities on the Gioui River sponsored by the citizens' organization Fieldwork Yasu. Fieldwork Yasu is an organization aimed at preserving and revitalizing the abundant natural landscapes and the historical and cultural heritage of the Yasu Plain, which includes mountains, rivers, and lakes, as a common asset of the citizens of Yasu. We aim to establish and continue river cleaning as an activity to keep rivers clean in the community.

Water cycle

Groundwater recharge

In September 2023, we installed a new infiltration well at our factory in Indonesia to replenish the groundwater reservoir, bringing the total number of infiltration wells to three since the first installation in 2017.

The promotion of rainwater harvesting is expected to help address water cycle-related issues, such as reducing concentrated rainwater runoff, enhancing groundwater recharge, and making efficient use of water resources.

Reducing environmental impact through procurement

Promotion of green purchasing

In accordance with the Act on Promoting Green Procurement, our Group companies in Japan have been actively promoting green purchasing by selecting products with the lowest environmental impact.

In 2023, the green purchasing rate (based on purchase value) for domestic Group companies was 79%, up 6 percentage points from the previous year.

Reduction of copy papers

Our Group companies in Japan have been striving to reduce copy paper usage through digitalization efforts. However, in fiscal 2023, the number of copy paper sheets purchased increased by 4% year on year, totaling 2.5 million sheets (A4 equivalent).

Use of FSC-certified paper

We are promoting the use of FSC-certified paper for printed materials to continue the sustainable use of forest resources. FSC-certified paper is used in many documents issued by CMP, including periodic reports to shareholders.

Minimizing impact on biodiversity through business activities

Please see pages on the right.

Reduction in CO₂ emissions
Page 32 Climate Change

Effective use of water resources
Page 39 Water Resources

Environmental pollution prevention
Page 41 Pollution Prevention

Product development with a focus on conserving biodiversity

Please see pages on the right.

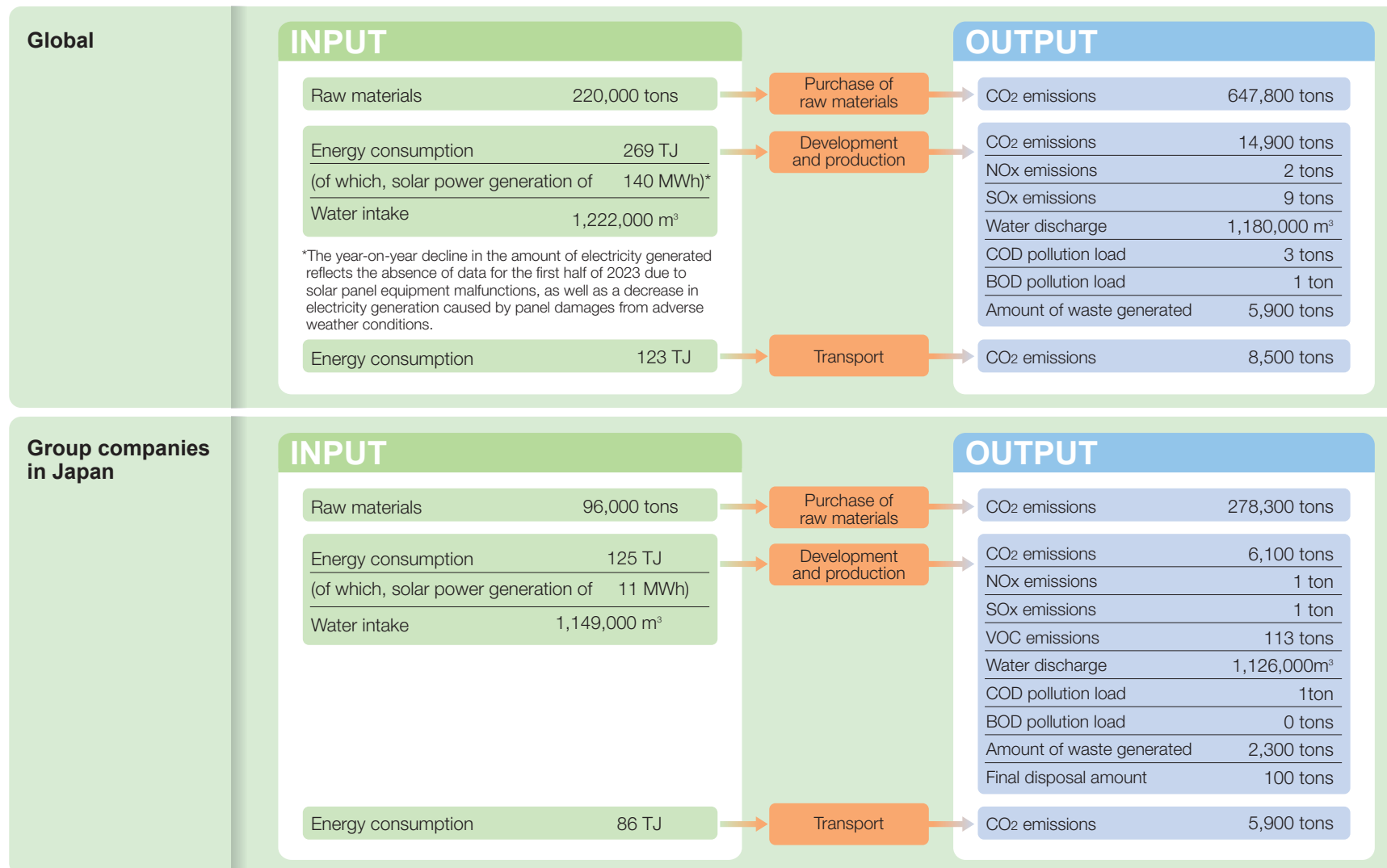
Development and improvement of eco-friendly products
Page 17 Development of Environmentally Friendly Products

Development and improvement of eco-friendly products
Page 45 Management of Chemical Substances Contained in Products

Material balance

Material balance

We are committed to reducing the environmental impact of our business activities at each stage from energy and raw material input to disposal, by identifying, evaluating, and managing environmental load in an appropriate manner.



Environmental Accounting

FY2023 environmental accounting report

- 1 With reference to the Ministry of the Environment's Environmental Accounting Guidelines (2005 Edition), the data has been collected based on our Policy for Environmental Accounting.
- 2 Only those economic benefits calculated based on solid evidence were included, and those based on hypothetical calculations such as risk aversion effects were excluded.
- 3 The scope of the data covers CMP on a non-consolidated basis (environmental conservation costs: Kyushu Factory, Shiga Factory, Technical Center [Shiga], Technical Center [Otake]; environmental conservation and economic benefits: Kyushu Factory, Shiga Factory).
- 4 The data covers the period from April 1, 2023 to March 31, 2024.

Environmental conservation costs

(Unit: million yen)

Categories		Main activities	Investments	Expenses
Business activity costs			50	39
Details	Antipollution costs	Preventing air, water, noise pollution, etc.	7	7
	Global environmental conservation costs	Prevention of global warming	22	27
	Resource recycling costs	Waste reduction and recycling, etc.	21	5
Administration costs		Expenses for the promotion of environmental safety, ISO certification maintenance, monitoring and measurement, etc	9	20
Research and development costs			98	876
Details	Climate change-related	Development of products related to climate change mitigation and adaptation	10	320
	Others	Development of other environmentally friendly products	88	556
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			157	936

Environmental conservation effects ^{(*)1}

Effects			Reductions
Effects in business activities	Effects on invested resources	Energy usage (GJ)	3,794
		Water usage (1000m³)	-6
	Effects on environmental load and waste	CO2 emissions (ton-CO2)	436
		Pollutant release (ton) ^{(*)2}	-4
		Waste generation (ton)	149
Other effects on environmental conservation		CO2 emissions from transportation (ton-CO2)	-168
		Freight (products) transportation (1000 tons-km)	-373

^{(*)1} The environmental conservation effect was calculated by comparison with the production volume in FY2022.

$$\text{Environmental Conservation Effect} = \text{FY2022 Environmental Load} \times (\text{FY2023 Production Volume} / \text{FY2022 Production Volume}) - \text{FY2023 Environmental Load}$$

^{(*)2} Chemical Substances subject to the first kind of the PRTR Law

Economic benefits ^{(*)3}

(Unit: million yen)

Effects		FY2023
Benefits	Proceeds from recycling	0.0
Cost reduction	Cost reductions from energy saving	-7.4
	Cost reductions from water saving	0.4
Total		-7.1

^{(*)3} The environmental conservation effect was calculated by comparison with the production volume in FY2022.

$$\text{Cost saved} = \text{Cost in FY2022} \times (\text{FY2023 Production Volume} / \text{FY2022 Production Volume}) - \text{Cost in FY2023}$$

Initiatives

In fiscal 2023, environmental conservation spending amounted to ¥157 million in investments and ¥936 million in expenses.

We made investments in switching to LED lighting and installing inverters for paint mixers.

These initiatives led to improvements in energy consumption, CO₂ emissions (from business activities), and the volume of waste generated.

Moving forward, we will set specific reduction targets under the ISO 14001 management system to continue making progress.

Environmental Data

Greenhouse gas

			Non-consolidated			Domestic subsidiaries			Overseas Group companies			Global (total)		
			2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Scope 1	Energy-related CO ₂	100 tons of CO ₂ equivalent	4	4	4	27	26	25	25	12	13	56	42	42
	Non-energy-related CO ₂	100 tons of CO ₂ equivalent	0	0	0	0	0	0	0	0	0	0	0	0
	CH ₄	100 tons of CO ₂ equivalent	0	0	0	0	0	0	0	0	0	0	0	0
	N ₂ O	100 tons of CO ₂ equivalent	0	0	0	0	0	0	0	0	0	0	0	0
	HFCs	100 tons of CO ₂ equivalent	0	0	0	0	0	0	0	0	0	0	0	0
	PFCs	100 tons of CO ₂ equivalent	0	0	0	0	0	0	0	0	0	0	0	0
	SF ₆	100 tons of CO ₂ equivalent	0	0	0	0	0	0	0	0	0	0	0	0
	NF ₃	100 tons of CO ₂ equivalent	0	0	0	0	0	0	0	0	0	0	0	0
Scope 2		100 tons of CO ₂	34	31	21	15	15	12	101	75	74	150	121	107
Scope 3		100 tons of CO ₂	1,407	1,850	2,205	—	769	711	—	3,360	4,710	—	5,979	7,626
Scope 1 and 2 emissions		100 tons of CO ₂	38	35	25	42	41	37	126	87	87	206	163	149
Scope 1 and 2 emissions during production		100 tons of CO ₂	19	18	13	42	41	35	126	87	86	187	146	134
GHG emission intensity during production		Kilograms of CO ₂ per ton	31	26	20	217	209	194	104	81	80	92	75	70
Scope 1, 2, and 3 emissions		100 tons of CO ₂	1,445	1,885	2,230	—	810	748	—	3,447	4,797	—	6,142	7,775

*Scope 1, 2, and 3 follow the GHG Protocol definition.

*Scope 1 emission factors are based on emission coefficients according to the Act on Promotion of Global Warming Countermeasures.

*To calculate Scope 2 emissions from our domestic bases, we used the adjusted emission factors based on emission coefficients by electric utility in accordance with the Act on Promotion of Global Warming Countermeasures. For our overseas bases, we use specific coefficients based on each country's laws and regulations and the emission coefficients for the electricity we have contracted and purchased.

*Data is not available for entries marked with “—”.

Energy

			Non-consolidated			Domestic subsidiaries			Overseas Group companies			Global (total)		
			2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Energy consumption	Total	TJ	75	74	63	70	68	60	205	154	146	350	296	269
	Electricity (non-renewable)	TJ	67	66	37	30	30	19	146	119	104	243	216	160
	Electricity (renewable)	TJ	0	0	19	0	0	7	13	13	16	13	13	42
	Heat	TJ	1	1	1	0	0	0	0	0	0	1	1	1
	Natural gas	TJ	3	2	2	0	0	0	39	18	19	41	20	21
	Class A heavy oil	TJ	0	0	0	39	37	34	1	1	2	40	38	36
	Light oil	TJ	0	0	0	0	0	0	3	2	3	4	2	3
	Kerosene	TJ	1	1	1	1	1	0	1	0	1	2	2	2
	Other fuels	TJ	3	4	3	0	0	0	2	1	1	5	4	4
Energy consumption during production		TJ	39	41	35	70	68	59	205	154	141	314	262	235
Energy intensity during production		100 MJ per ton	6	6	5	36	35	33	17	14	13	15	13	12

Environmental Data

Waste

		Non-consolidated			Domestic subsidiaries			Overseas factories			Global (total)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Amount of waste generated	Tons	1,234	1,565	1,536	1,001	1,218	958	4,205	3,344	3,542	6,440	6,127	6,036
Amount recycled	Tons	1,070	1,287	1,422	442	717	436	2,339	1,986	1,845	3,851	3,989	3,703
Recycling rate	%	87	82	93	44	59	45	56	59	52	60	65	61
Final disposal amount	Tons	52	49	43	116	94	106	—	—	—	—	—	—
Amount of hazardous waste generated	Tons	0	0	0	0	0	5	—	—	—	—	—	—

*Data is not available for entries marked with “—”.

Water

Water utilization

			Non-consolidated			Domestic subsidiaries			Overseas factories			Global (total)		
			2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Water intake	Total	1,000 m³	153	160	161	1,033	1,054	987	121	89	73	1,307	1,303	1,221
	Seawater	1,000 m³	51	47	47	0	0	0	0	0	0	51	47	47
	Underground water	1,000 m³	47	65	61	0	0	0	4	4	3	51	69	64
	Municipal water	1,000 m³	55	48	53	1,033	1,054	987	117	85	70	1,205	1,187	1,110
	Surface water	1,000 m³	0	0	0	0	0	0	0	0	0	0	0	0
	Rainwater	1,000 m³	0	0	0	0	0	0	0	0	0	0	0	0
Water discharge	Total	1,000 m³	125	128	140	996	1,013	986	95	65	53	1,216	1,206	1,179
	Ocean	1,000 m³	59	56	55	995	1,012	985	0	0	0	1,054	1,068	1,040
	River, lake, etc.	1,000 m³	55	67	79	0	0	0	11	10	8	66	77	87
	Sewage line	1,000 m³	11	5	6	1	1	1	84	54	44	96	60	51
	Underground/well	1,000 m³	0	0	0	0	0	0	0	1	1	0	1	1
	Others	1,000 m³	0	0	0	0	0	0	0	0	0	0	0	0
Water consumption		1,000 m³	28	32	21	38	41	1	26	24	20	91	98	42

Water pollutants

		Non-consolidated			Domestic subsidiaries			Overseas factories			Global (total)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
COD pollution load	Tons	0	0	0	2	1	1	4	4	2	6	5	3
BOD pollution load	Tons	0	0	0	0	0	0	2	1	1	2	1	1

Environmental Data

Air pollutants

		Non-consolidated			Domestic subsidiaries			Overseas factories			Global (total)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
NOx emissions	Tons	0	0	0	2	1	1	1	1	0	2	2	1
SOx emissions	Tons	0	0	0	1	1	1	19	20	8	21	21	9
Volatile organic compound (VOC) emissions	Tons	93	102	106	9	9	8	—	—	—	—	—	—

*Data is not available for entries marked with “—”.

Chemical substances subject to the PRTR Act

		Non-consolidated			Domestic subsidiaries			Overseas factories			Global (total)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Emissions to the atmosphere	Tons	73	79	81	6	6	6	—	—	—	—	—	—
Discharge into public waters	Tons	0	0	0	0	0	0	—	—	—	—	—	—

*Emissions from overseas factories are not calculated as they are not subject to the PRTR Act.

Other data

		Non-consolidated			Domestic subsidiaries			Overseas factories			Global (total)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Environmental accidents	Incidents	0	0	0	0	0	0	1	0	1	1	0	1
Purchased raw materials	1,000 tons	69	76	69	24	18	20	121	109	109	214	203	198
Volatile organic compounds (VOCs)	1,000 tons	16	16	12	6	7	5	24	19	22	46	42	39
Inorganic pigments	1,000 tons	8	7	7	2	1	1	28	16	16	38	24	24
Others	1,000 tons	45	53	50	16	10	14	69	74	71	130	137	135
Production volume	1,000 tons	63	68	66	19	20	18	121	107	108	203	195	192

*Environmental accidents include accidents that cause serious environmental pollution, such as discharge into public waters or penetration underground.

*Typical solvents from substances that fall under volatile organic compounds (VOCs) are included in the calculation.

*Among inorganic pigments, inorganic compounds of iron, copper, zinc, barium, calcium, titanium, antimony, and molybdenum are covered.

Corporate governance

Corporate governance

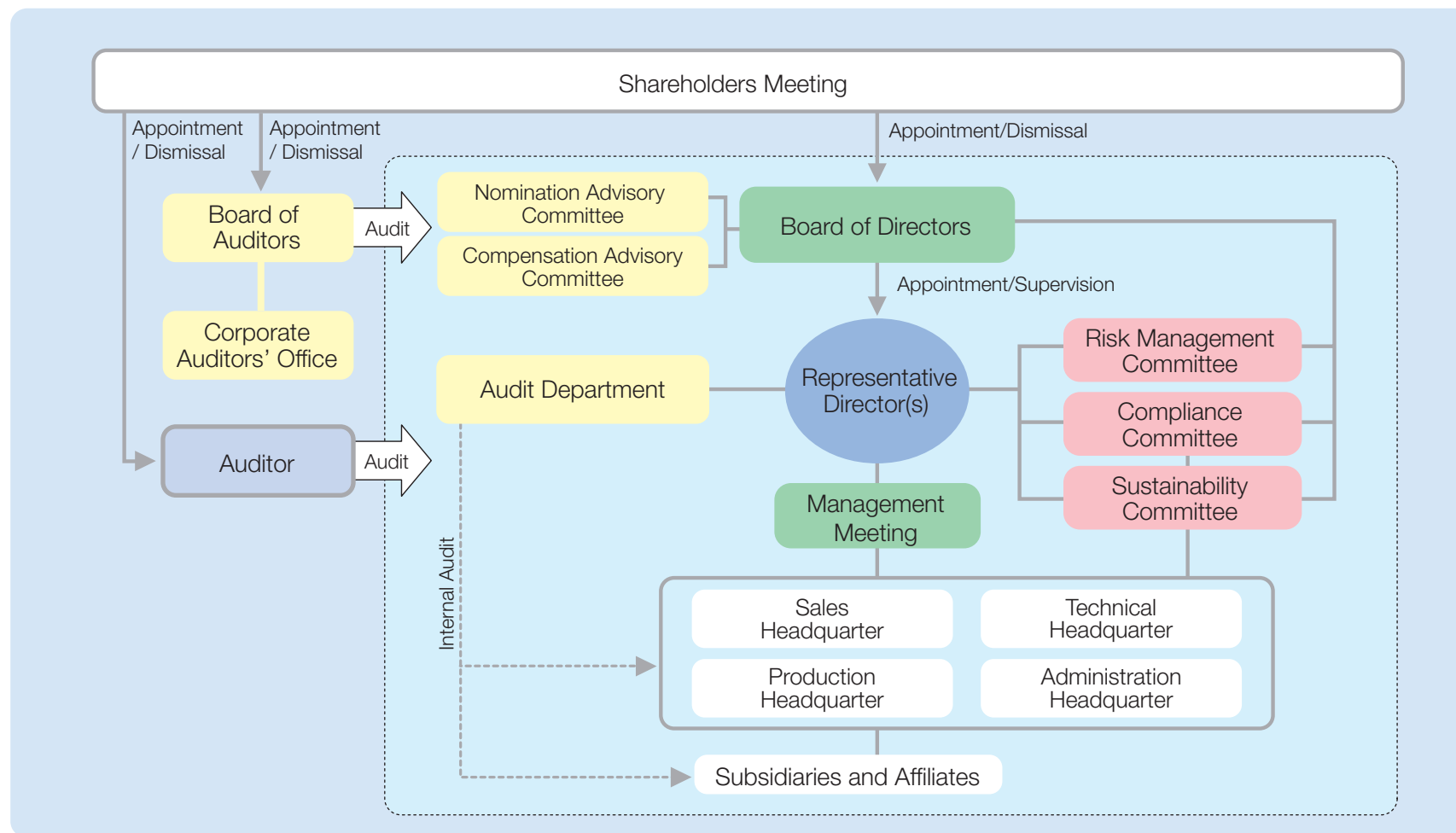
CMP regards the continuous improvement of corporate value through the establishment of efficient, sound, and transparent corporate governance as an important management policy and strives to strengthen its structure by basing it on the Board of Directors and the Board of Auditors, in addition to establishing the Management Meeting and various other committees. CMP's basic policy on corporate governance is disclosed on its website.

History of improving corporate governance

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Diversity of Bord of Directors	Outside directors	1 outside director appointed.	2 outside directors appointed (1/3 of all board members).								
	Female directors									1 Female director appointed.	
Enhancement of Board of Directors' functions, etc.			Effectiveness of the Board of Directors was evaluated.								
				Division of functions between the Board of Directors and the Management Meeting was clarified.							
				Directors' term of office was shortened to one year.							
Arbitrary Advisory Committees					The Nomination Advisory Committee and Compensation Advisory Committee were established.						
Compensation for directors					Restricted Stock (RS) plan was introduced.						
						Compensation system was changed.					
											Introduction of ESG-linked compensation
Others		The basic policy on corporate governance was established.									
							A female corporate auditor was appointed.				

Corporate governance

Organization chart for corporate governance



Corporate governance

Risk management system

The business environment surrounding the CMP Group is always changing and requires CMP to respond quickly to various risks. Under the basic policy of "Enhancing risk response capabilities by building an effective and efficient risk management system, thereby ensuring personal safety, maintenance and improvement of corporate value, and securing the trust of stakeholders," our Group has established various committees to enhance its structure. These committees include the 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 crisis response.

Compliance

To sustain corporate activities in society, it is essential to comply with social norms and business ethics. In the CMP Group, compliance is recognized as an extremely important aspect amid numerous risks. For this reason, we are advancing companywide inspections centered on the Risk Management Committee and have established a guidance system centered on the Compliance Committee to ensure thorough legal compliance.

Providing compliance education

For basic education, CMP has prepared a "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 and 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 Company Policy to all subsidiaries and affiliates to encourage rigorous compliance with law, business management from a medium- to long-term perspective, and mutual understanding with stakeholders.

Human rights initiatives

Human rights violations, such as child labor and forced labor, still exist in the modern world and remain issues requiring global attention. We are committed to upholding compliance and ensuring fairness and integrity in corporate ethics through our management policies and codes of conduct, taking the utmost care to prevent any human rights violations in our business activities.

In April 2024, we established the CMP Group Human Rights Policy, based on the United Nations Guiding Principles on Business and Human Rights, as well as the results of a human rights risk survey conducted within the Group.

https://www.cmp.co.jp/sustainability/other_policies.html

Based on this Policy and the survey results, we will focus on conducting human rights due diligence, addressing human rights risks in the supply chain and occupational health and safety, and establishing grievance mechanisms overseas. Additionally, we will further enhance awareness of human rights through training and education for all employees.

Our UK subsidiary, CHUGOKU PAINTS (UK) LIMITED, complies with the UK Modern Slavery Act 2015 and has issued a statement affirming its commitment to preventing forced labor and other human rights abuses, not only within the subsidiary itself but also throughout its supply chain.

<https://www.cmp-chugoku.com/global/sustainability/modern-slavery.html>

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

Email: chugoku.paints-999@cmp.co.jp

Medium-Term Management Plan

Medium-Term Management Plan (April, 2021 - March, 2026)

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

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

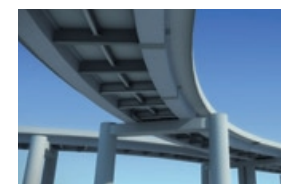
Obtain a top share in the global marine coatings market

Become the **world's leading coating manufacturer** through efforts aimed at achieving a sustainable society by providing antifoulings 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%)



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

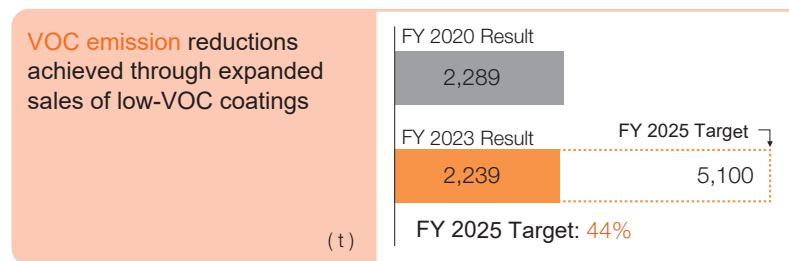
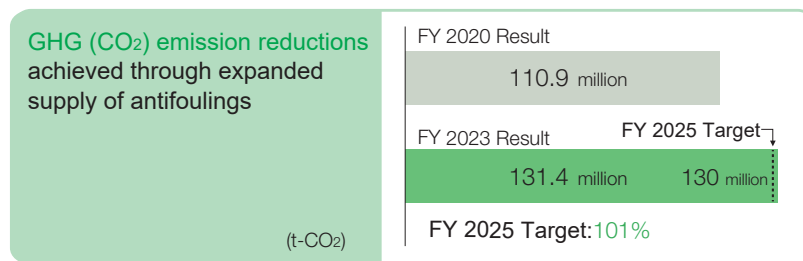
Ameliorate ROE by improving profitability and controlling shareholders' equity through aggressive shareholder returns.

Medium-Term Management Plan

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.



2 Improve and stabilize profit structure

- Promoting sales price revisions of products including those for newbuildings in line with rising raw material procurement costs
- Endeavored to cut procurement costs by diversifying raw material suppliers and procurement methods

3 Reinforce organizational foundations

- Since establishing our Sustainability Committee in June 2022, we have been tackling a variety of sustainability issues, including the reduction of greenhouse gas emissions
- Formulated human resource strategies to facilitate the shift toward a more comprehensive focus on human capital management

4 Actively raise shareholder returns and capital efficiency

	Medium-term shareholder return policy	FY 2021 Result	FY 2022 Result	FY03/24 results	FY03/25 plan
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%	5.3%	6.2%	—
Dividends	Consolidated payout ratio: at least 40%	711%	45.6%	40.1%	40.2%
	Minimum annual dividend: ¥35 per share	¥35	¥35	¥80	¥81
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.	¥3,680 million	¥1,260 million	(No share buybacks)	not yet determined

Overview of Consolidated Financial Results

FY2023 (April 1, 2023–March 31, 2024)

Summary

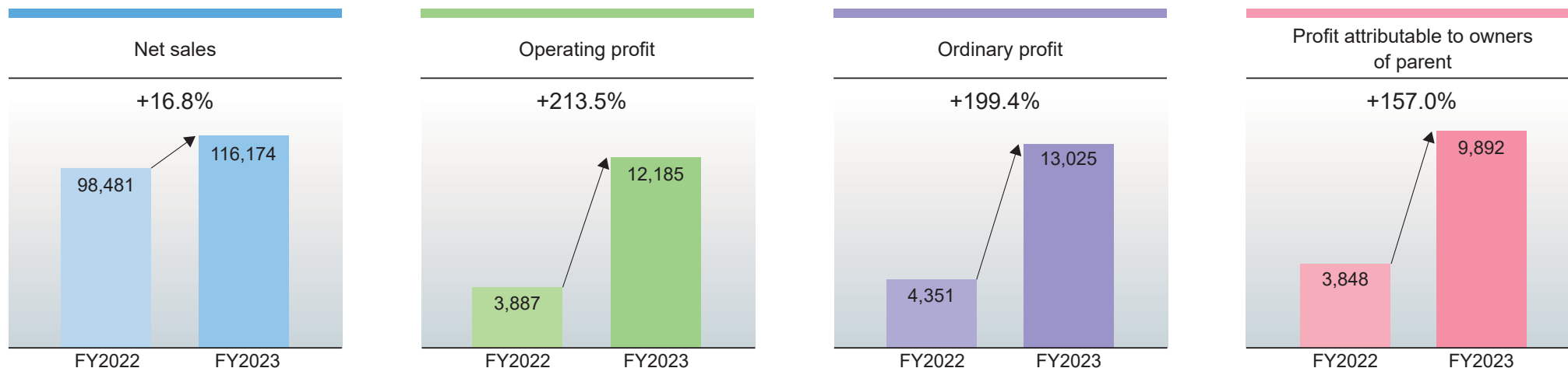
Despite ongoing uncertainty caused by global monetary tightening due to inflation, particularly in Western countries, and rising resource prices, sales of our mainstay marine coatings were strong across the board. Sales of new ship coatings grew significantly, driven by increased sales volume, especially in China and South Korea, and the optimization of selling prices. Sales of coatings for ship repairs were also firm, owing to selling price increases and promotions for high-value-added products, against a backdrop of the growing demand for high-performance antifoulings as the industry increasingly focuses on reducing CO₂ emissions from ships, including compliance with the International Maritime Organization (IMO)'s fuel efficiency regulations.

Sales of industrial coatings were flat as the steady sales of heavy duty coatings in Japan and Southeast Asia were not enough to offset the drop in sales of construction material coatings in Japan.

Sales of container coatings fell sharply as we cut back on acquiring low-margin orders amid the ongoing contraction of the container market in China.

Profitability improved due to successful efforts to optimize selling prices in response to higher manufacturing costs and to expand sales of high-value-added products and environmentally friendly products, while the softening raw material prices in overseas markets provided an additional tailwind.

As a result, net sales were ¥116,174 million (up 16.8% year on year), operating profit was ¥12,185 million (up 213.5%), ordinary profit was ¥13,025 million (up 199.4%), and profit attributable to owners of parent was ¥9,892 million (up 157.0%), with all figures reaching record highs.



(Millions of yen)

Overview of Consolidated Financial Results

Consolidated financial statements

- Consolidated net sales grew, driven by strong sales of marine coatings. The optimization of selling prices commensurate with manufacturing costs also contributed, along with exchange rate changes.
- Operating profit grew sharply, driven by profitability improvements resulting from selling price optimization and increased sales of high value-added products.
- Net sales and all profit categories reached record highs.

Summary of consolidated income statement

(Millions of yen)

	FY2022 (April 1, 2022– March 31, 2023)	FY2023 (April 1, 2023– March 31, 2024)
Net sales	99,481	116,174
Cost of sales	74,750	80,830
Gross profit	24,730	35,343
Selling, general and administrative expenses	20,843	23,158
Operating profit	3,887	12,185
Non-operating income	1,030	1,545
Non-operating expenses	565	705
Ordinary profit	4,351	13,025
Extraordinary income	1,151	222
Extraordinary losses	274	646
Profit before income taxes	5,228	12,601
Income taxes—current	1,430	2,345
Income taxes—deferred	(284)	(346)
Profit	4,082	10,602
Profit attributable to non-controlling interests	233	709
Profit attributable to owners of parent	3,848	9,892

Net sales

Net sales increased ¥16,693 million year on year. The growth in net sales was primarily due to a significant rise in sales of marine coatings for new ships backed by higher sales volumes, mainly in China and South Korea, and selling price optimization. Sales of ship repair coatings were also robust, contributing to net sales growth, thanks to selling price increases and sales promotions for high-value-added products. This was further supported by rising demand for high-performance antifoulings, as the industry increasingly focuses on reducing CO₂ emissions from ships, including compliance with IMO fuel efficiency regulations.

Operating profit

Operating profit rose ¥8,298 million year on year, driven by selling price revisions to better reflect manufacturing costs, increased sales of high-value-added and eco-friendly products, and a decline in raw material prices overseas.

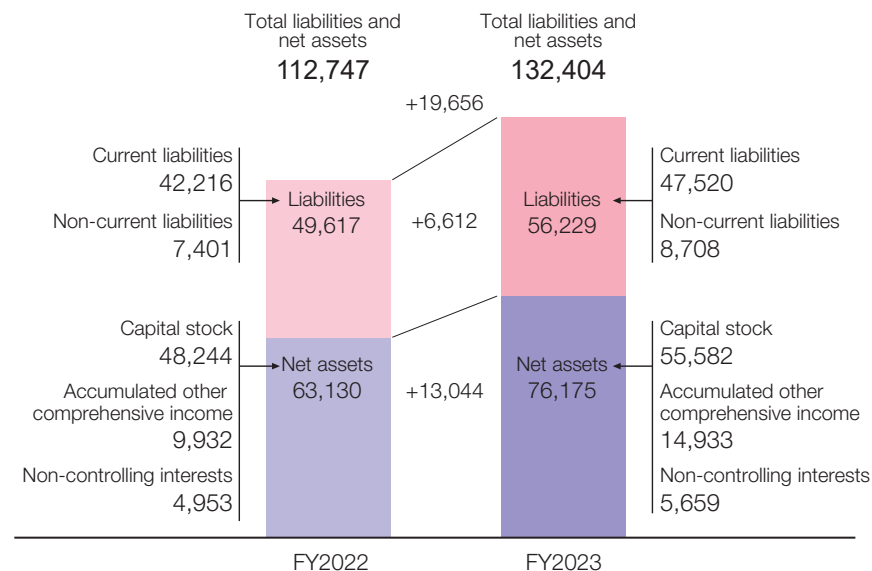
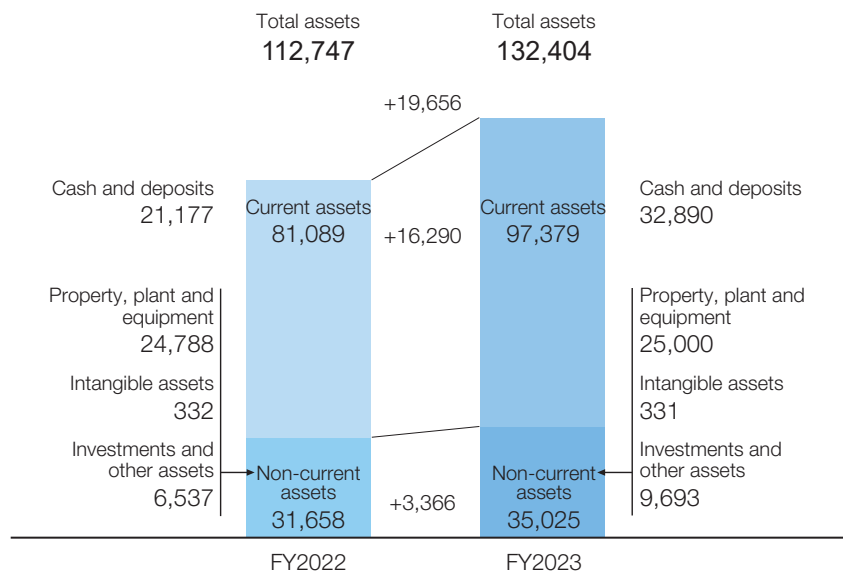
Profit attributable to owners of parent

Profit attributable to owners of parent increased ¥6,044 million year on year, due to the growth in operating profit among other factors.

Overview of Consolidated Financial Results

Summary of consolidated balance sheet

(Millions of yen)



Main changes

(Millions of yen)

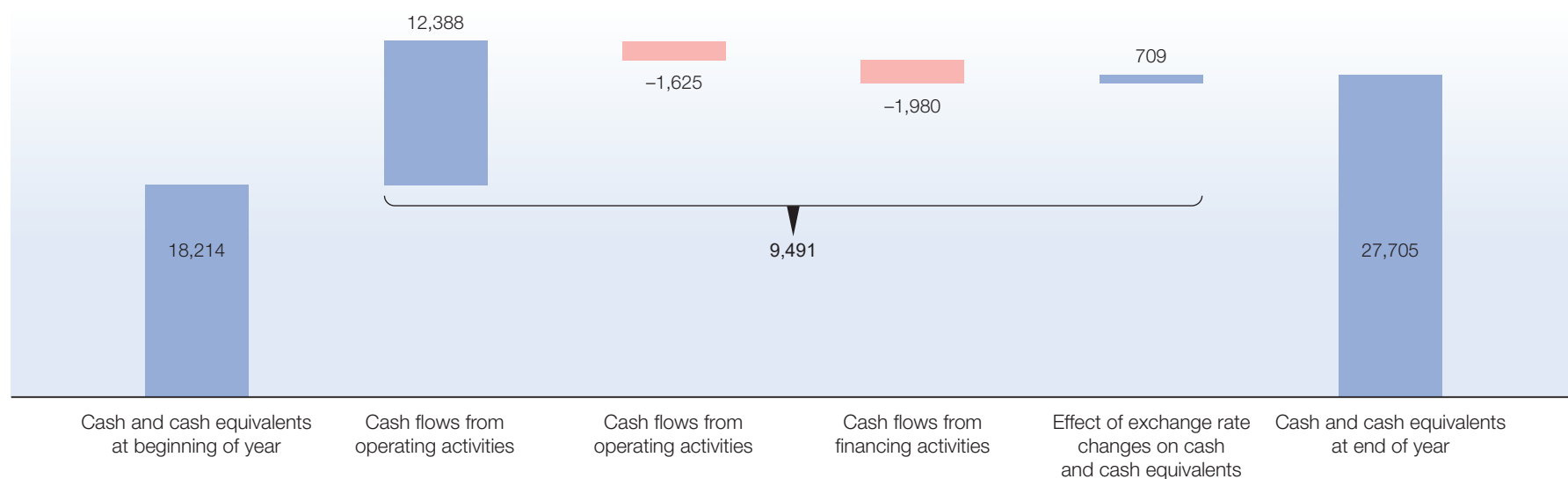
Current assets	Cash and deposits	+11,713
	Notes and accounts receivable - trade	+5,161
	Raw materials and supplies	-1,300
Non-current assets	Property, plant and equipment	+211
	Intangible assets	-1
	Investments and other assets Investment securities	+2,716

Liabilities	Current liabilities	Notes and accounts payable - trade	+1,003
		Borrowings, net	+880
		Other current liabilities (mainly advances received)	+1,522
	Non-current liabilities	Long-term borrowings	+700
		Deferred tax liabilities	+1,018
Net assets	Capital stock	Retirement benefit liability	-492
		Retained earnings	+7,315
		Foreign currency translation adjustment	+2,810
		Valuation difference on available-for-sale securities	+1,926

Overview of Consolidated Financial Results

Summary of consolidated cash flow statement

(Millions of yen)



Main breakdown of cash flow

(Millions of yen)

	(Gain/increase)		(Use/decrease)	
Operating cash flow	Profit before income taxes	12,601	Increase in trade receivables	(3,551)
	Decrease in inventories	2,128	Income taxes paid	(1,786)
	Depreciation	1,641	Decrease in allowance for doubtful accounts	(809)
Investing cash flow	Proceeds from deposits for sale of non-current assets	1,524	Net payments into and withdrawals from time deposits	(1,916)
			Purchase of non-current assets	(1,532)
Financing cash flow	Changes in borrowings	1,185	Dividends paid	(2,573)
			Dividends paid to non-controlling interests	(366)

Company profile

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

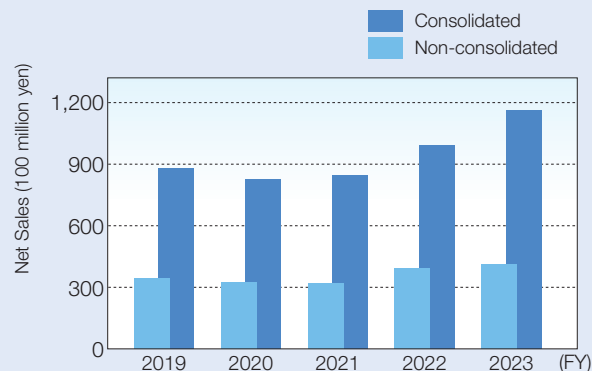
Capital

¥11,600 million

Net sales

¥116,174 million in FY2023 (Consolidated)

¥41,261 million in FY2023 (Non-consolidated)



Stock information

Total number of authorized shares

277,630,000 shares

Total number of outstanding shares (including treasury stock)

55,000,000 shares

Stock exchange

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

Directors

President	Kenshi Date
Managing Director	Hideyuki Tanaka
Managing Director	Katsunori Kobayashi
Director/Deputy	Takao Shimizu
Director	Toshifumi Inami
Director	Akiko Monden
Standing Corporate Auditor	Atsushi Ushida
Standing Corporate Auditor	Junichi Yokozeki
Corporate Auditor	Kie Yamada
Corporate Auditor	Tetsuji Nakamura
Senior Executive Officer	Hiroyuki Okimoto
Senior Executive Officer	Koji Akiyama
Executive Officer	Masataka Mitsuda
Executive Officer	Makoto Saito
Executive Officer	Shinji Nakamura
Executive Officer	Moto Kitayaki

Number of employees

End of March 2024

2,104 (Consolidated)

459 (Non-consolidated / Male: 378 Female: 81)

(*) As of March 31, 2024, the number of nonpermanent employees on a consolidated basis was 200, or approximately 9.5% of the total workforce.

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 History

- 1917 Establishment of Chugoku Chemical Industry Limited Partnership in Hiroshima City
- 1923 Reorganization as Chugoku Marine Paints, Ltd
- 1949 Listing on the Hiroshima Stock Exchange
- 1961 Listing on 2nd section of the Tokyo Stock Exchange (TSE)
- 1962 Completion of Shiga Factory in Yasu gun (now Yasu City), Shiga Prefecture
- 1968 Establishment of London representative office as first overseas base (Subsequently expanded to 20 countries around the world)
- 1975 Completion of Kyushu Factory in Kanzaki gun, Saga Prefecture
- 1984 Moving to the first section of the TSE
- 1994 Completion of Otake research center in Hiroshima Prefecture
- 1999 Relocation of Headquarter office to Otake City, Hiroshima Prefecture
- 2007 Relocation of Tokyo head office to current location
- 2022 Moving to the Prime Market from the First Section of the Tokyo Stock Exchange

Company profile

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



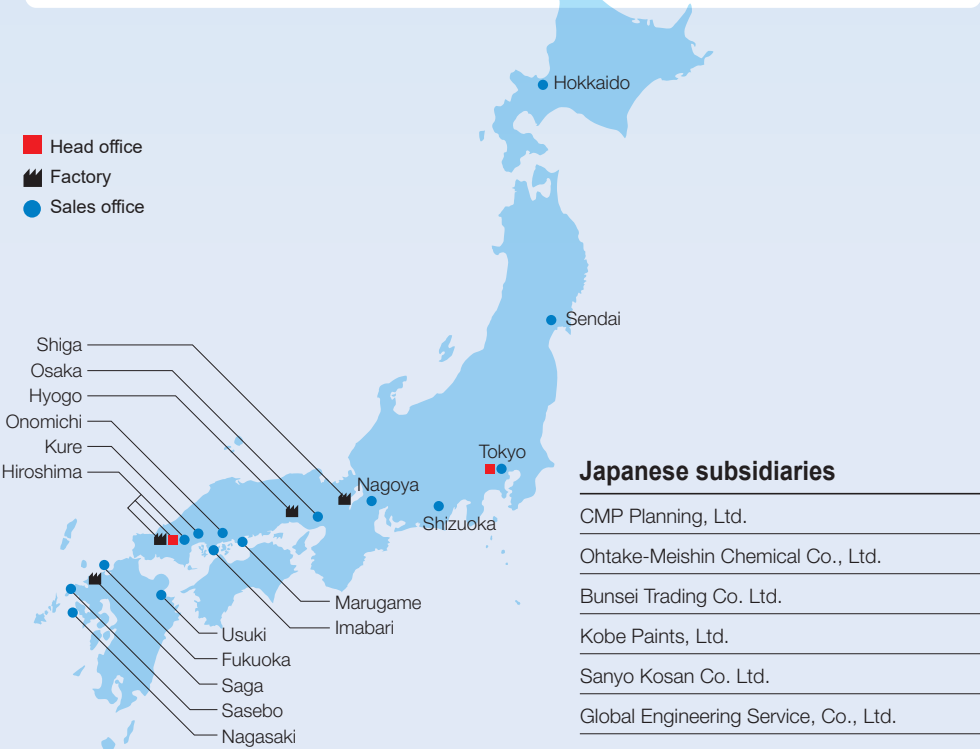
Kobe Paints, Ltd.

ISO 9001



Ohtake-Meishin Chemical
Co., Ltd.

ISO 9001



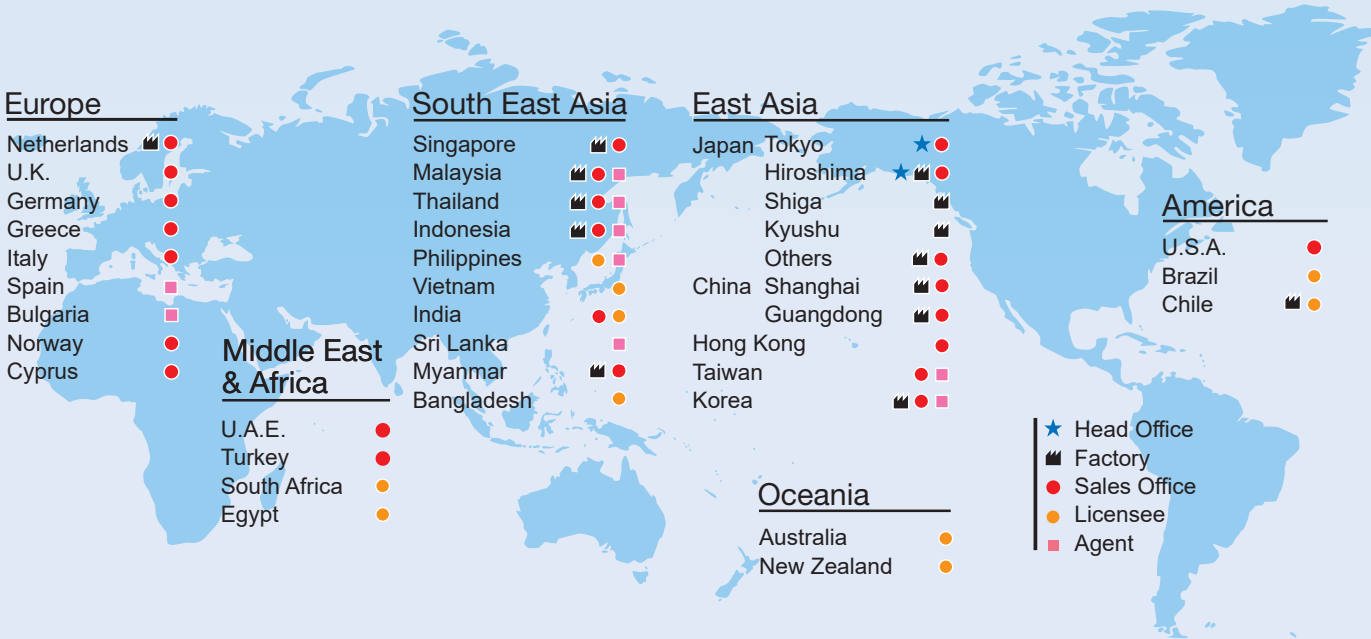
Japanese subsidiaries

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

Company profile

Overseas factories

Shanghai

CHUGOKU MARINE PAINTS (SHANGHAI), LTD.



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

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



Sustainability Report 2024



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