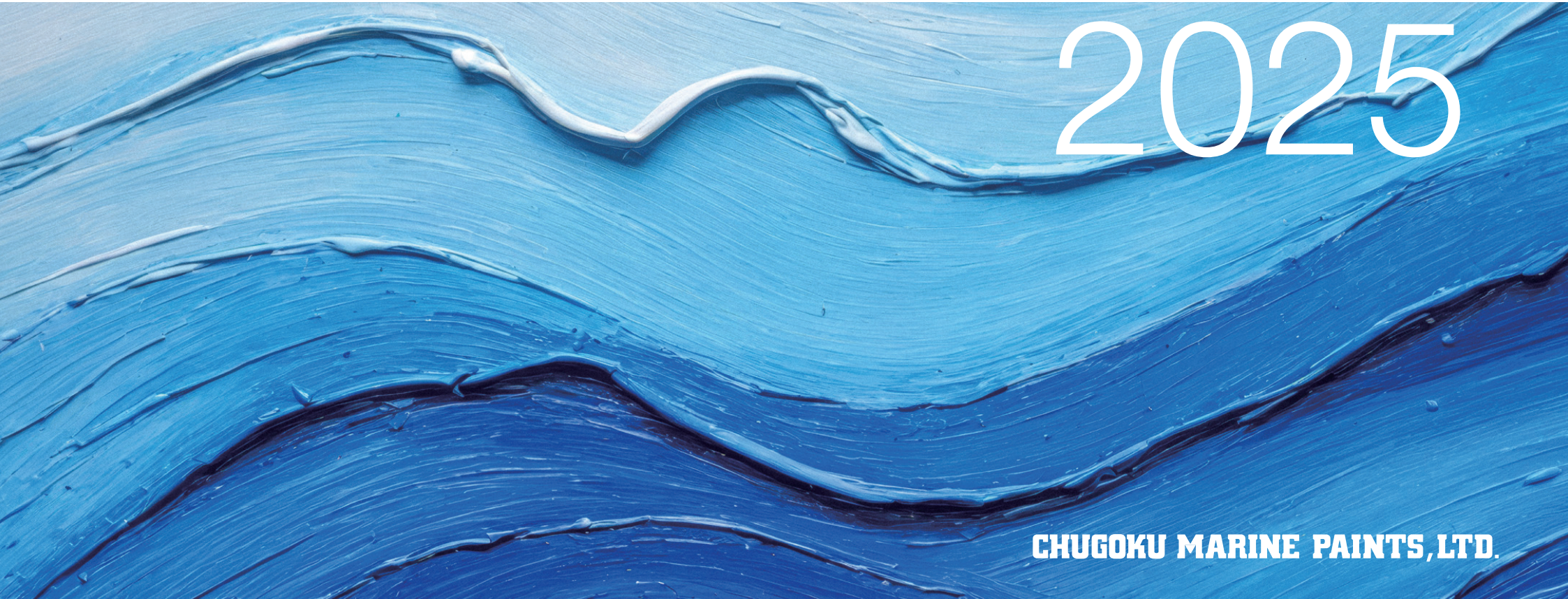
CMP CHUGOKU

Sustainability Report

2025



CHUGOKU MARINE PAINTS, LTD.

Sustainability Report 2025

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About the report

Coverage
Reporting on corporate activities mainly in Japan (Some descriptions include data from overseas subsidiaries.)

Period of coverage
Data for the Company and its domestic subsidiaries (collectively, the Domestic Group) are for April 1, 2024 to March 31, 2025, and data for its overseas subsidiaries are for January 1 to December 31, 2024. (Some descriptions may still apply after April 2025.)

The following abbreviations may be used.

Kyushu Factory	Production Headquarters, Kyushu Factory
Shiga Factory	Production Headquarters, 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 2025

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.

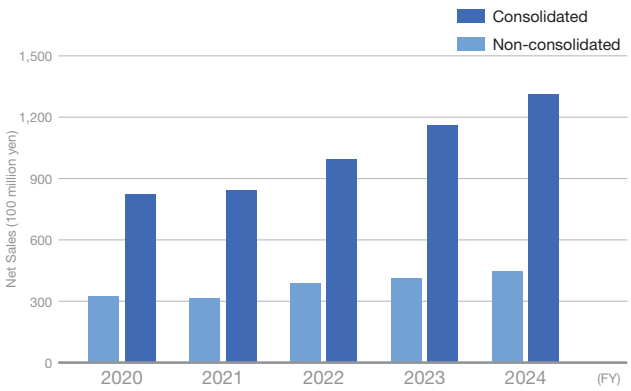
In fiscal 2024, the Sustainability Committee continued to proactively address a wide range of sustainability-related issues. To address climate change, the CMP Group reduced its Scope 1 and 2 greenhouse gas (GHG) emissions by 38% compared with fiscal 2021, steadily progressing toward achieving the 45% reduction target for fiscal 2030. In addition, the Group formulated a Social Contribution Activity Policy, positioning social contribution activities as a key focus area. It also established an Information Security Policy to promote organizational and continuous initiatives in information security. Furthermore, we relocated our Tokyo Headquarters to a building designed with environmental considerations. 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

Company Profile

Company name	CHUGOKU MARINE PAINTS, LTD.
Head offices	Tokyo Office Toranomon Hills Station Tower 16F 2-6-1, Toranomon, Minato-ku, Tokyo Phone: +81-3-6457-9025 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
Date of establishment	May 1917
Capital	¥11,600 million
Net sales	¥131,152 million in FY2024 (Consolidated) ¥44,684 million in FY2024 (Non-consolidated)



Stock information	Total number of authorized shares	277,630,000
	Total number of outstanding shares (including treasury stock)	55,000,000
Stock exchange	Prime Market of the Tokyo Stock Exchange (Code #4617)	
Directors	President	Kenshi Date
	Senior Managing Director	Hideyuki Tanaka
	Managing Director	Katsunori Kobayashi
	Director	Takao Shimizu
	Director	Toshifumi Inami
	Director	Akiko Monden
	Director	Takumi Kudo
	Standing Corporate Auditor	Junichi Yokozeki
	Standing Corporate Auditor	Tatsuro Enomoto
	Corporate Auditor	Kie Yamada
	Corporate Auditor	Tetsuji Nakamura
	Managing Executive Officer	Hiroyuki Okimoto
	Managing Executive Officer	Koji Akiyama
	Managing Executive Officer	Shinji Nakamura
	Managing Executive Officer	Moto Kitayaki
	Executive Officer	Masataka Mitsuda
	Executive Officer	Makoto Saito
Number of employees	2,137 (Consolidated) End of March 2025 479 (Non-consolidated / Male: 385 Female: 94)	

* As of March 31, 2025, the number of nonpermanent employees on a consolidated basis was 224, or approximately 10.5% 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

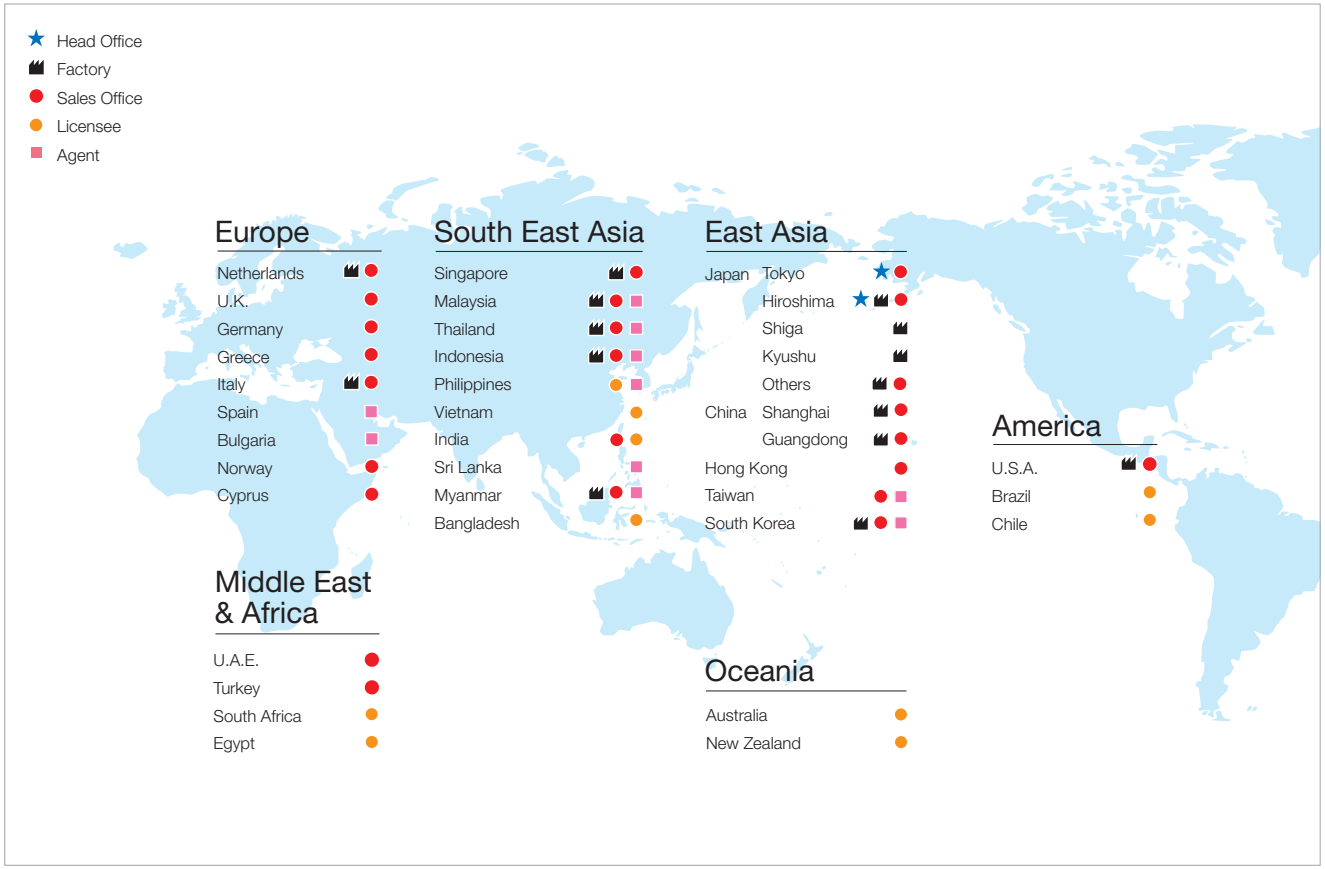
CMP History

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 Kasumigaseki, Chiyoda-ku
2022	Moving to the Prime Market from the First Section of the Tokyo Stock Exchange
2025	Relocation of Tokyo head office to Toranomon, Minato-ku

Company Profile

Japan networks/Global networks

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.



Business Details

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

CMP contributes to social developments through high quality products, focusing on "Innovation," "Quality," and "Ecology."

Innovation

Innovative technology to lead the world

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

Quality

Highly functional and high quality products

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

Ecology

Harmonization with the environment

We are committed to protecting the natural environment.

Business Details

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

Business Details

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

Business Details

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

Marine coatings

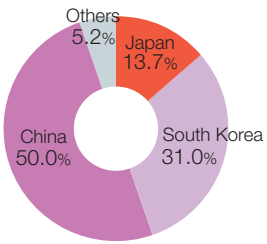
Marine coatings are core products of the CMP Group. We supply products for all parts of the hull, such as antifouling coatings for protecting ship bottoms from fouling and anticorrosive coatings that protect a variety of tanks from corrosion.

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.

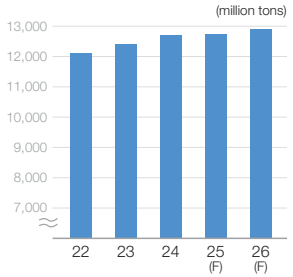
Our products are applied not only to trading vessels but also to small vessels (such as pleasure boats and fishing boats) and fish netting, and are well received by various users who are involved with marine business and activities.

Share by shipbuilding countries



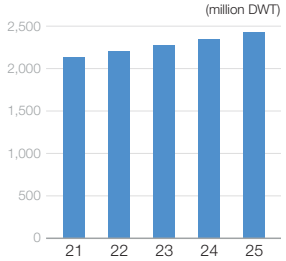
(as of 2024, on gross ton basis)
Source: The Shipbuilders' Association of Japan

Changes in the volume of marine transportation

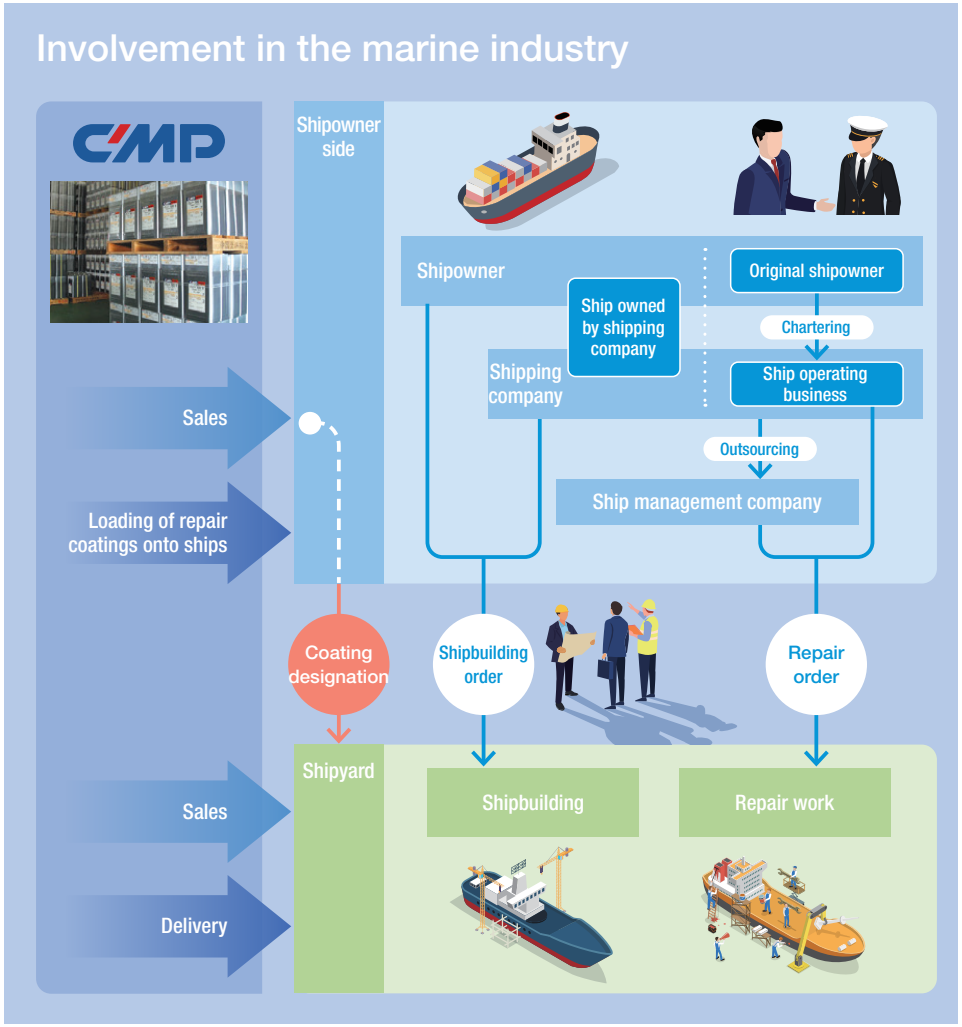


Source: The Shipbuilders' Association of Japan

Changes in shipping tonnage



Source: The Shipbuilders' Association of Japan



Business Details

Industrial coatings

Heavy duty coatings

Coatings for construction materials

High-performance coatings for plastics

Filling materials

The CMP Group supplies a wide variety of products, including heavy duty coatings for plants and bridges, coatings for construction materials, high-performance coatings for film substrates and plastic products, and filling materials.

In addition to the domestic market in Japan, the Group's main markets include emerging countries in Southeast Asia, where infrastructure investment has been expanding in line with economic growth. Although demand fluctuates overseas due to the slowdown of emerging economies and in Japan due to factors such as the declining birthrate, the overall market remains relatively stable. Under these circumstances, market expansion is anticipated for structures associated with the construction of various facilities—from land-based to offshore—as well as for maintenance related to the development of extensive social infrastructure. Through the development of technologies and application methods that extend service life and enable labor savings, the Group's coatings play an important role in supporting infrastructure. In the field of construction materials as well, we see ample opportunities to create new markets through surface modification technologies that help solve issues arising in the environments where materials are used.

As key products in industrial coatings, the AULEX Series of UV-curable coatings—which dry and cure in a short time under ultraviolet irradiation—has achieved the top market share for floor-use UV-curable coatings in Japan. In addition, among heavy duty coatings, the BIOCLEAN ECO Series, an antifouling that contributes to environmental conservation, holds the top market share in Japan for preventing marine organism adhesion in seawater cooling systems at power plants.

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 container coatings primarily to China and Southeast Asia, where container production bases are concentrated. In China, following the sale of the Shanghai No.2 Factory, we took a strategic and selective approach to order-taking, focusing on optimizing management resources and diversifying risks.

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.

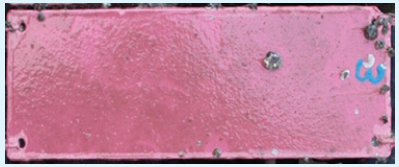
Environmentally Friendly Products

Reducing CO_2 emissions during vessel operation

What are antifoulings?

Antifoulings are coatings that prevent the attachment of marine organisms such as barnacles, shellfish, and algae. When applied to a ship's hull, these coatings not only protect it from damage but also help maintain fuel efficiency by reducing the resistance caused by fouling. 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.

Steel plate WITHOUT antifoulings



Steel plate WITH antifoulings

Improving antifouling performance

The new antifouling agent Selektope® (generic name: medetomidine) was developed using technology from the field of pharmacology and demonstrates a strong antifouling effect against barnacles. Highly effective even in minute quantities, Selektope® is also designed with consideration for the preservation of the marine environment. The combination of medetomidine with hydrolysable polymers, which are the mainstay of antifoulings, is a patented technology of CMP.

Reducing water flow frictional resistance

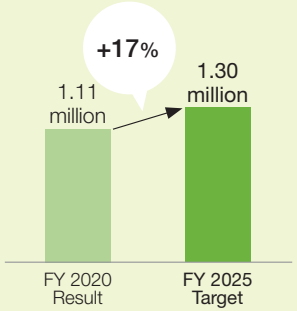
Developed using our polymer technology, our fuel-efficient antifoulings have a smooth coating surface that reduces frictional resistance with seawater.

Coating film surface (enlarged)

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 (CO_2) emissions from ships effected by the antifoulings CMP supplies.



GHG (CO_2) emission reductions achieved through expanded supply of antifoulings

Unit: t-CO_2
Includes emissions from ocean-going ships with deadweight tonnage of 3,000 or more

*Medium-Term Management Plan: **page 17**

Results (SEAFLO NEO CF PREMIUM)

Container carrier (8,900TEU)

Contribution amount for CO_2 reduction (for 5 years)
85,500 t-CO_2

MR product tanker (46,000DWT)

Contribution amount for CO_2 reduction (for 5 years)
9,450 t-CO_2

Typical fuel-efficient antifouling products

For ocean-going ships	SEAFLO NEO SLZ
	SEAFLO NEO CF PREMIUM
	CMP BIOCLEAN PLUS
For coastal ships	SEA PREMIER 3000 PLUS

Environmentally Friendly Products

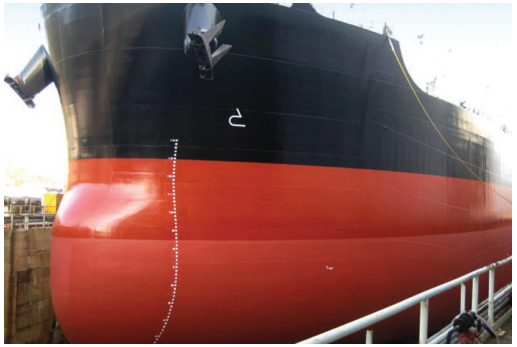
Marine coatings that help reduce CO_2 emissions during vessel operation

For ocean-going ships
Low-friction antifoulings

SEAFLO NEO SL Z

Low-friction antifoulings are designed to reduce frictional resistance on the hull by smoothing the coating surface, thereby achieving improved fuel efficiency.

Among the SEAFLO NEO Series, which helps reduce fuel consumption through advanced frictional resistance reduction technology, SEAFLO NEO SL Z delivers an ultra-smooth coating surface and outstanding hydrolysis performance through cutting-edge silyl technology and optimized pigment formulation. By efficiently releasing antifouling agents, it maintains stable antifouling performance over an extended period while minimizing the amount of agent used.



As one of our most widely adopted products, SEAFLO NEO SL Z makes a significant contribution to reducing CO_2 emissions for our customers.

Features of SEAFLO NEO SL Z

Smooth coating surface
Reduces frictional resistance during water flow, contributing to improved fuel efficiency.

Excellent coating renewability
The coating surface dissolves uniformly like soap, maintaining antifouling performance over an extended period.

Superior antifouling performance during static conditions
Even while the vessel is at anchor, antifouling agents are gradually released to prevent the attachment of marine organisms.

High-solid formulation
With reduced solvent content, less coating is required, improving work efficiency during application.

Contains cuprous oxide
Cuprous oxide, a conventional and well-proven antifouling component, effectively prevents the attachment of barnacles and other marine organisms.

Effectiveness evaluation

CMP - Monitoring & Analysis Program

CMP-MAP

CMP-MAP is a hull data analysis service 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.

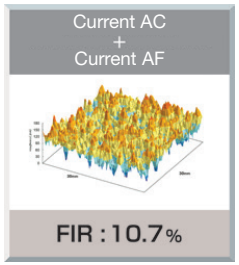
We have been offering the service since 2019, and we obtained Products & Solutions certification for two core technologies of our hull data analysis service, CMP-MAP under the Innovation Endorsement program of Nippon Kaiji Kyokai (ClassNK) for innovative technologies.

ClassNK Innovation Endorsement
for Product & Solution 2024

FIR Theory

FIR THEORY
Friction Increase Ratio
(Registration No. 5916490)

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.



SEAFLO NEO Z Series realizes ultra-smooth paint film surface and is expected to reduce fuel consumption by 5 to 8% (*) compared to conventional hydrolysis paints.

(*) Based on values listed in our product catalog

Environmentally Friendly Products

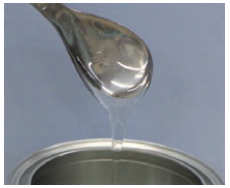
Marine coatings that help reduce CO_2 emissions during coating production

Protective coating for ballast water tanks

CMP NOVA 2000 (Bio)

CMP NOVA 2000 (Bio) is a bio-based epoxy resin coating for ballast water tanks (*) that has been ISCC PLUS-certified and is made from epoxy resins derived from biomass using the mass balance method being rolled out by Mitsui Chemicals. Delivering the same level of paint quality and coating performance as petroleum-derived products, the new coating maintains functionality, while its biomass-derived content offers the ability to reduce CO_2 emissions by approximately 660 kilograms per one ton of paint (provisional value) compared to the existing CMP NOVA 2000.

CMP NOVA 2000 (Bio) has been selected for use on the ballast water tanks of the liquefied ammonia tanker being built by Kegoya Dock Co., Ltd., as part of efforts to enhance the environmental performance of vessels through the use of high-value-added coatings. A research by Chugoku Marine Paints suggests that this will be the first time in the world that a bio-based epoxy resin coating has been adopted for marine vessels. The vessel is scheduled to be completed in May 2026.

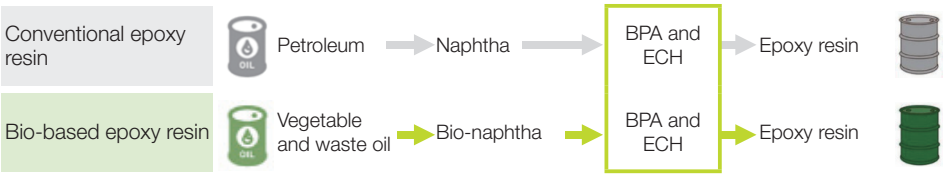


(Image photo) Bio-based epoxy resin

(*) Ballast water tanks: tanks that takes in seawater as ballast, rather than cargo, to maintain the stability of a ship

What is bio-based epoxy resin?

Bio-based epoxy resin is made from bio-based naphtha, and its performance is equivalent to that of petroleum-based epoxy resin.

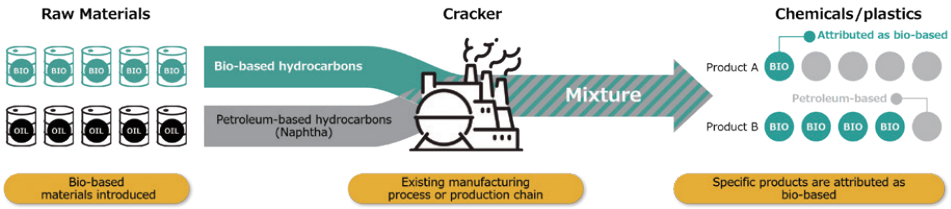


*As with conventional epoxy resins, bisphenol A (BPA) and epichlorohydrin (ECH) serve as the basic raw materials of bio-based epoxy resins.
*Bio-based naphtha can be used to produce BPA and ECH equivalent to those derived from petroleum.

What is Mass balance method?

The Ministry of the Environment's Roadmap for Bioplastics Introduction defines the mass balance approach as "A method in which, during the process of turning raw materials into final products and the distribution process (chain of custody), raw materials with certain properties (e.g., bio-based raw materials) are mixed with raw materials that do not have the properties (e.g., fossil-based raw materials); thus, the properties are assigned to a portion of the product according to the amount of input of the raw materials with those properties."

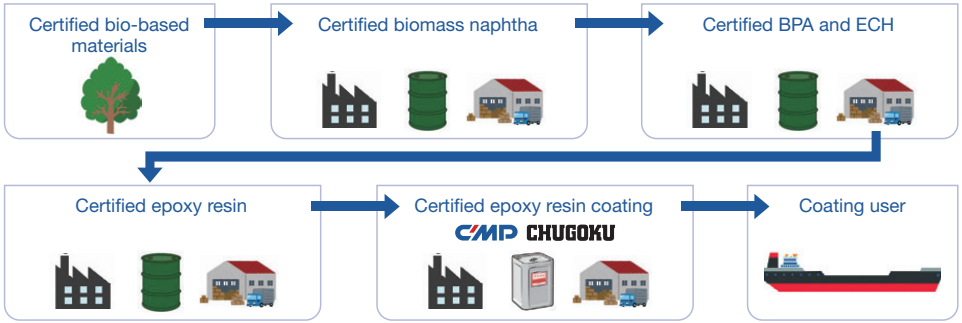
The physical properties of plastics and chemical products made under the mass balance method do not differ from their fossil-derived counterparts. The mass balance method also allows for the use of biomass in the production of materials where it has traditionally been difficult. Therefore, the mass balance method is a significant means of increasing the adoption of biomass in society and realizing a carbon neutral society.



What is ISCC PLUS certification?

ISCC stands for International Sustainability and Carbon Certification.

ISCC PLUS is a certification system that verifies the use of bio-based or recycled materials by tracing material flows from raw materials to final products using the mass balance approach.



Environmentally Friendly Products

Product development for reducing VOC emissions during coating

What is VOC?

Volatile organic compounds (VOCs) are a general term for organic compounds that become gaseous in the atmosphere. When released into the air, VOCs undergo photochemical reactions under sunlight, producing photochemical oxidants such as ozone and suspended particulate matter (SPM), which pose direct health risks. In Japan, coatings account for more than 30% of total VOC emissions—the largest single source among product categories—making the reduction of VOC emissions from coatings a critical environmental priority.

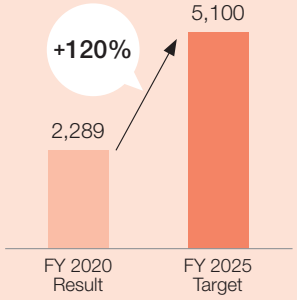
Development for low-VOC coatings

There has been a gradual shift to the use of high solid type paints with low-VOC content and water-based paints as part of efforts amongst the paint industry to reduce VOC emissions, which are a major factor to air pollution.

Contributions to reduce VOC emissions through low-VOC coatings

Contribution target for reduction

Similar to our target for greenhouse gas (CO_2) emission reduction, we have also set a target for reducing VOC emissions through the expanded supply of low-VOC coatings under our medium-term management plan.



VOC emission reductions
achieved through expanded supply of low-VOC coatings

Unit: t
Estimated value calculated for general anticorrosive coatings using fiscal 2008 as the base year

*Medium-Term Management Plan: **page 17**

Marine coatings that help reduce VOC emissions

For use in ship interiors
Air-drying, high-build, water-based coatings

SWAN **HB L**

SWAN HB L is a water based paint with low-VOC designed for the utmost safety in confined areas of ships. It can be used as self priming and top coat suitable for ship internals, including accommodation and the engine room.

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

Features of SWAN HB L

Designed for crew safety and the environment
Safe as it is free from hazardous materials, and enhances internal environment of vessels with less odor than existing paints.

Save time
Compared with conventional coating systems that require separate anticorrosive primer and topcoat layers, SWAN HB L enables high-build coating in a single layer that serves as both primer and topcoat, thereby shortening the coating process.

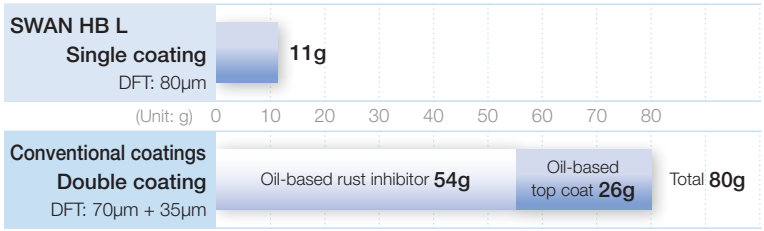
Suitable for internal application
It has little odor and dries quickly, making it suitable for interior painting.

Excellent coating performance
Outstanding anti-corrosive performance and water-resistance compared to existing paints

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)



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.

Fluororesin 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)

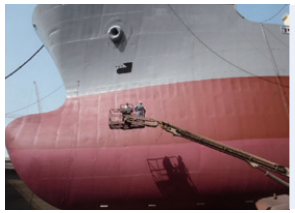
Coating materials applicable underwater or on wet surfaces, to protect underwater and waterside structures from corrosion.

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 CO_2 emissions.



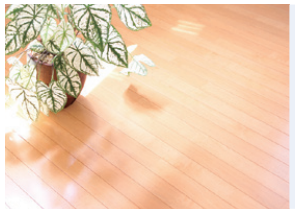
Fuel saving antifoulings
SEAFLO NEO Z Series
SEA PREMIER Series

* Please see **page 11** 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.

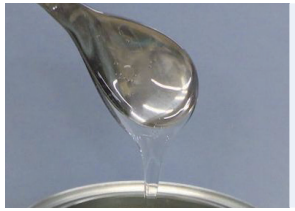
Heat-reflective coating
THERMO SHADAN W

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.



Bio-based epoxy resin coating
CMP NOVA 2000 (Bio)

This is coating for ballast water tanks that is made from epoxy resins derived from biomass using the mass balance method being rolled out by Mitsui Chemicals. Compared to the existing "CMP Nova 2000," it offers the ability to reduce CO_2 emissions by approximately 660 kilograms per one ton of paint (provisional value).

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 BIOCLEAN PLUS

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

BIOCLEAN ECO

CMP's BIOCLEAN ECO is applied to underwater facilities of power plants to protect them from fouling. For its excellent antifouling performance and consideration to the environment, BIOCLEAN 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

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

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 NOx or VOC emission reduction initiatives.

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

Medium-Term Management Plan

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

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

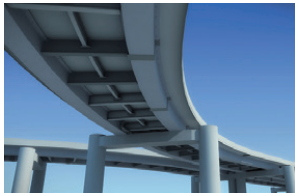
Outline of long-term vision and medium-term management plan

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

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 the creation of social value by growing businesses that contribute to the environment and society, thereby expanding sales, which is a source of economic value.

2 Improve and stabilize profit structure

Create stable economic value by sustainably improving profitability through a variety of approaches, while curtailing fluctuations caused by changes in business environment.

3 Reinforce organizational foundations

Establish foundations for value creation that contributes to the achievement of lasting growth by improving the performance of human resources that support the key themes above and by strengthening business management functions.

4 Actively raise shareholder returns and capital efficiency

Improve ROE by increasing profitability and controlling shareholders' equity through active shareholder returns.

Medium-Term Management Plan

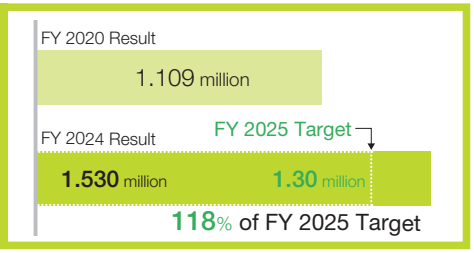
Progress by priority theme

1 Expand value provided through environmental and social contributions

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

* Both tables below display approximate reduction achieved by the Group compared to 2008 levels.

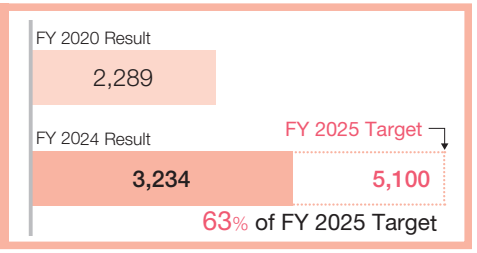
GHG (CO_2) emission reductions achieved through expanded supply of antifoulings



(Unit: t-CO_2)

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

VOC emission reductions achieved through expanded sales of low-VOC coatings



(Unit: t)

Includes emissions achieved through sales of general anticorrosive coatings

2 Improve and stabilize profit structure

- Promoting sales price revisions of products including those for newbuildings in line with rising raw material procurement costs
  Average selling price of marine coatings rose by about 6% YoY due to improved product mix
- Optimized raw material selection and procurement methods in each county by effectively utilizing purchase data

3 Reinforce organizational foundations

- At our Sustainability Committee, we have been tackling a variety of sustainability issues, including the reduction of greenhouse gas emissions
- Formulated a talent strategy to shift to full-fledged human capital management and began reforming the HR system accordingly
- Enhanced education and training systems and improved the office environment

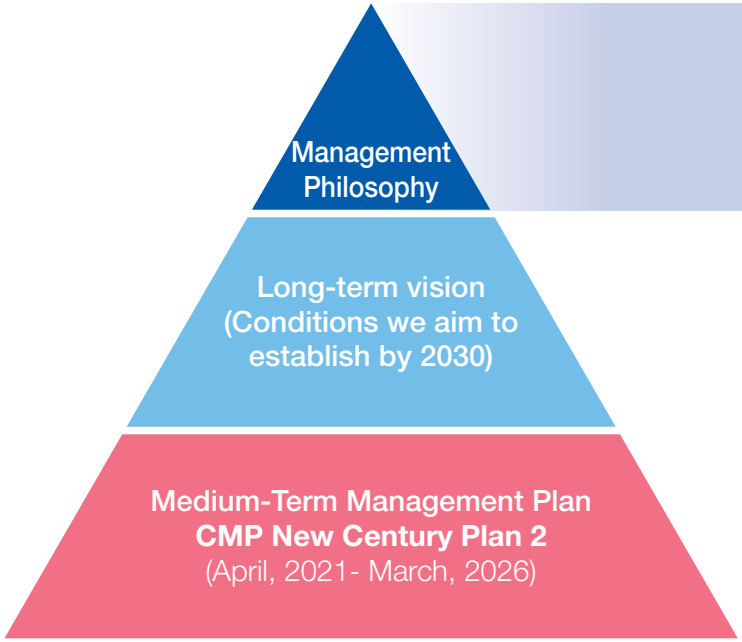
4 Actively raise shareholder returns and capital efficiency

	Medium-term shareholder return policy	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Plan
Shareholder return criteria	Total return on consolidated shareholders' equity (D&BOE): average of at least 5% over the course of the medium-term management plan	9.7%	5.3%	6.2%	6.2%	—
Dividends	Consolidated payout ratio: at least 40%	711%	45.6%	40.1%	35.0%	43.7%
	Minimum annual dividend: ¥35 per share	¥35	¥35	¥80	¥97	¥97
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)	(No share buybacks)	Planned based on special provisions of the dividend policy

*Starting in fiscal 2024, we partially amended our dividend policy and introduced special provisions. For details, please refer to the "Notice of Partial Amendment to Dividend Policy and Revision (Increase) of Dividend Forecast."
https://www.cmp-chugoku.com/IR/2024/2024_1031-2_en.pdf

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.



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

Basic Sustainability Policy

*Please refer to **pages 17–18** of this report for details on the long-term vision and the medium-term management plan.

Sustainability Management

Management structure

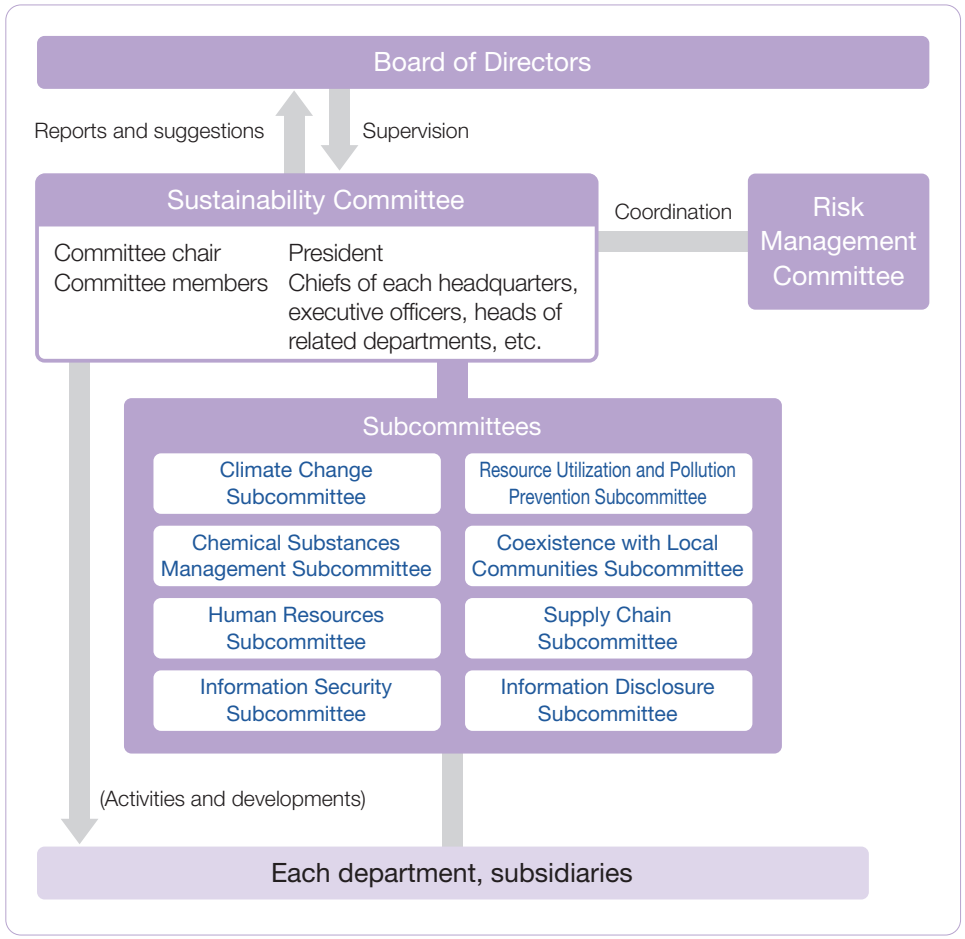
The Sustainability Committee was established in June 2022 to strengthen the CMP Group's sustainability initiatives and develop a structure to systematically promote them from the perspective of increasing the Group's corporate value over the medium to long term. The Committee is chaired by the President 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 for each theme to promote specific initiatives on various sustainability issues. 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 FY2024, 58% of our global business sites, weighted by production volume, had acquired ISO 14001 certification, and 19% 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 each risk is determined by calculating an intrinsic risk score based on its potential impact and likelihood of occurrence. The Risk Management Committee, which includes outside directors, reviews response policies for high-significance risks, while the Sustainability Committee addresses medium- and low-significance 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.

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 6

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 44

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 49

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 53

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 25

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 57

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.

Process for identifying material issues

Step 1 Extraction of potential issues

The secretariat of the Sustainability Committee, chaired by the President, lists potential general (broadly defined) social issues that may be relevant to the Company, based on various sustainability disclosure guidelines, evaluation items of ESG evaluation organizations, and SDGs.

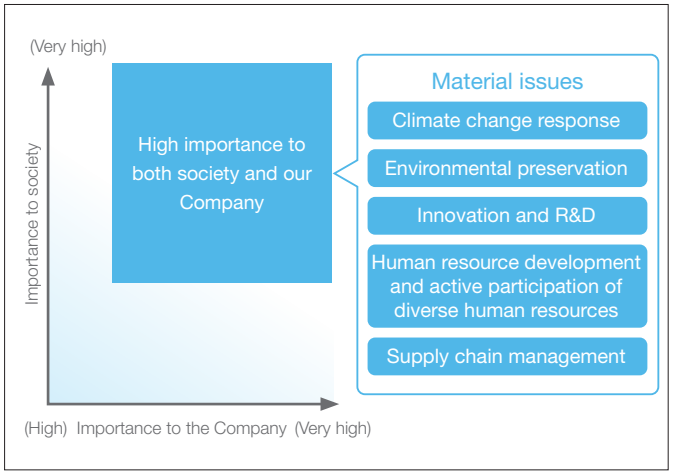
Step 2 Materiality assessment and identification

For each candidate item identified in Step 1, we conduct evaluations and mapping based on the concept of double materiality. Assessments are made along two dimensions: the Group's exposure to the impacts of society and the environment (financial materiality), and the Group's positive and negative impacts on stakeholders—including customers, shareholders and investors, suppliers, and local communities (impact materiality).

Through discussions at the Sustainability Committee, material issues are identified, along with basic issues that are prerequisites for business continuity.

Basic issues that are prerequisites for business continuity

- Governance, compliance, and risk management
- Occupational health and safety
- Responsibility to customers
- Coexistence with local communities
- Information security
- Respect for human rights
- Corruption prevention



Step 3 Setting goals and KPIs

The Sustainability Committee and related departments examine and set goals and KPIs for each identified material issue.

Step 4 Deliberation and approval

Goals and KPIs are approved after deliberation by the Sustainability Committee and reported to the Board of Directors.

Review of materiality

For material issues with established targets and KPIs, the Sustainability Committee reviews progress at least once a year and revises them as necessary.

Materiality (Priority Issues)

Details of material issues 1

Category		Issues and initiatives	FY2024 Goals and KPIs	FY2024 Results	FY2024 Scope of goals and KPIs	From FY2025 onward Goals and KPIs	From FY2025 onward Scope of goals and KPIs	Related SDGs
Climate change response	1	Reduction of greenhouse gas emissions	Reduction rate of greenhouse gas emissions (Scope 1 and 2; baseline: FY2021) • FY2024: 15% reduction • FY2030: 45% reduction • FY2050:Carbon Neutrality	38% reduction	Entire Group	Reduction rate of greenhouse gas emissions (Scope 1 and 2; baseline: FY2021) • FY2025: 20% reduction • FY2030: 45% reduction • FY2050:Carbon Neutrality	Entire Group	7, 12, 13
	2	Appropriate use of energy	Reduction of energy intensity (baseline: FY2021) • FY2024: 3.6% decrease • FY2025: 4.8% decrease	9.0% decrease	The Company and its domestic subsidiaries	Reduction of energy intensity (baseline: FY2021) • 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	1,530,000 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)	0 incidents	The Company and its domestic subsidiaries	Zero environmental incidents (yearly)	The Company and its domestic subsidiaries	3, 6, 12, 14, 15, 17
	2	Waste management and recycling	Waste recycling rate • FY2030: 85% or more	98%	The Company and its domestic subsidiaries	Waste recycling rate • FY2030: 90% 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.(*1) (compared to FY2020) • FY2025: 5% • FY2030: 10% (*1) Toluene, xylene, benzophenone, etc. (10 substances in total)	-1.4% (1.4% increase)(*2) (*2) Notation revised from FY2024	The Company and its domestic subsidiaries	Percentage reduction in use of environmental hormones, TX, etc.(*1) (compared to FY2020) • FY2025: 5% • FY2030: 8% (*1) Toluene, xylene, benzophenone, etc. (10 substances in total)	Entire Group	
	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	3,234t	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)	50%	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	FY2024 Goals and KPIs	FY2024 Results	FY2024 Scope of goals and KPIs	From FY2025 onward Goals and KPIs	From FY2025 onward Scope of goals and KPIs	Related SDGs
Innovation and R&D	1	Development of innovative products that contribute to global environmental protection	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	72.8%	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	3, 6, 7, 12, 13, 14
	2	Development of intellectual property strategies and application to business	❶ Number of applications for patent rights related to newly developed technologies (compared to FY2022) • FY2025: 25% increase • FY2030: 50% increase	❶ 54.5% increase	Entire Group	❶ Number of applications for patent rights related to newly developed technologies (compared to FY2022) • FY2025: 25% increase • FY2030: 50% increase	Entire Group	
			❷ Introduction of business analysis through the use of IP landscapes and promotion of its use in product development strategies	❷ Ongoing		❷ 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 5.5% decrease 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 from FY2024 to FY2026	Ongoing (e-learning introduced)	The Company	Rebuild the human resource development system from FY2024 to FY2026	The Company	4, 5, 8, 10
	2	Improving employee job satisfaction	Sustainably improving employee engagement • FY2024 and beyond: Year-on-year score increases	Score improvement achieved	The Company	Sustainably improving employee engagement • FY2024 and beyond: Year-on-year score increases	The Company	
	3	Promotion of the active participation of women	❶ Percentage of female employees among new or mid-career hires • FY2024: 25% or more	❶ 33%	The Company	❶ Percentage of female employees among new or mid-career hires • FY2025: 30% or more	The Company	
			❷ Rate of taking child-care leave • FY2024: 80% or more	❷ 100%		❷ Rate of taking child-care leave • FY2025: 85% or more		
Supply chain management	1	Supplier management through CSR assessment(*)	Supplier evaluation rate based on the UN Global Compact Self-Assessment Questionnaire (SAQ) • FY2024: 75% • FY2025: 100%	98.0%	The Company	Supplier evaluation rate based on ESG questionnaires (centrally managed through a cloud-based system) • FY2025: 85% • FY2030: 100%	Entire Group	12, 17
	2	Promotion of green procurement	Percentage of suppliers certified under ISO 14001 • FY2024: 60% • FY2025: 65%	62.6%	The Company	Percentage of suppliers certified under ISO 14001 • FY2025: 60% • FY2030: 85%	Entire Group	

(*) During FY2024, as the scope of activities expanded globally, a more specialized approach became necessary. Accordingly, the system for supplier surveys and management was transitioned to ESG questionnaires managed via a cloud-based platform. In line with this transition, from FY2025 the wording of the materiality target has been revised from "Supplier management through CSR assessment" to "Establishment of a supplier management system."

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 (*1), aiming to reduce total greenhouse gas (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) (*2) and disclose information on the financial impact of climate-related risks and opportunities based on the TCFD framework.

(*1) Carbon Neutrality Declaration
https://www.cmp-chugoku.com/global/sustainability/2050carbon_neutral.html

(*2) Information Disclosure Based on TCFD Recommendations
https://www.cmp-chugoku.com/global/sustainability/environment-tcfd.html

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 Group companies, 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	FY2024		From FY2025 onward	Scope
	Goals and KPIs	Results	Goals and KPIs	
Reduction rate of greenhouse gas emissions (Scope 1 and 2; baseline: FY2021)	● FY2024: 15% reduction ● FY2030: 45% reduction ● FY2050: Carbon Neutrality	38% reduction	● FY2025: 20% reduction ● FY2030: 45% reduction ● FY2050: Carbon Neutrality	Entire Group
Reduction of energy intensity (baseline: FY2021)	● FY2024: 3.6% decrease ● FY2025: 4.8% decrease	9.0% 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-CO_2*	1,530,000 t-CO_2	● FY2025: 1.3 million t-CO_2*	Entire Group

*Data are for ocean-going vessels of 3,000 DWT or more

Climate Change

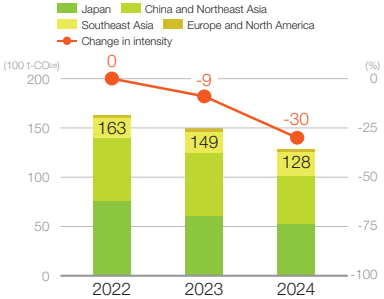
Initiatives and track record

Greenhouse gas emissions

Scope 1 and 2 emissions

The total CO_2 emissions (Scope 1 and 2) of the CMP Group amounted to 12,809 tons, a decrease of 2,064 tons from the previous fiscal year. The CO_2 emissions intensity in fiscal 2024 decreased by 30% compared with fiscal 2022, showing an improvement over the 9% reduction recorded in fiscal 2023. Contributing factors included the switch to 100% renewable electricity for purchased power at the Group's site in the Netherlands and the expanded procurement of renewable electricity by Group companies in Japan.

Scope 1 and 2 emissions (Group total)



		Unit	2022	2023	2024
Production sites	CO_2 emissions	t-CO_{2e}	14,569	13,428	11,452
	CO_2 emission intensity	kg-CO_{2e}/t	75	70	54
Non-production sites	CO_2 emissions	t-CO_{2e}	1,733	1,445	1,357
	CO_2 emission intensity	kg-CO_{2e}/m²	110	71	64

Scope 1 emissions

The CMP Group's total Scope 1 emissions decreased by 264 tons compared with fiscal 2023, representing a 6% reduction from fiscal 2023 and a 5% reduction from fiscal 2022.

Scope 1 emissions

(Unit: t-CO_{2e})

	2022	2023	2024
CO_2 (energy source)	4,168	4,205	3,941
Japan	3,006	2,840	2,976
China and Northeast Asia	1,058	1,240	813
Southeast Asia	91	111	136
Europe and North America	13	14	16
CO_2 (non-energy source)	0	0	0
N_2O	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

*To calculate Scope 1 emissions, we used emission factors in accordance with the Act on Promotion of Global Warming Countermeasures.

Scope 2 emissions

The CMP Group's total Scope 2 emissions decreased by 1,800 tons compared with fiscal 2023, representing a 17% reduction from fiscal 2023 and a 27% reduction from fiscal 2022.

Scope 2 emissions

	Unit	2022	2023	2024
Total emissions	t-CO_{2e}	12,134	10,668	8,868
Japan	t-CO_{2e}	4,601	3,244	2,611
China and Northeast Asia	t-CO_{2e}	5,360	5,146	4,175
Southeast Asia	t-CO_{2e}	1,885	1,981	1,986
Europe and North America	t-CO_{2e}	288	297	96

*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 adjusted emission factors based on those provided by each electric utility in accordance with the Act on Promotion of Global Warming Countermeasures.
For overseas bases, emission factors were based on each country's laws and regulations or on the IEA Emissions Factors.

Scope 3 emissions

The CMP Group's total Scope 3 emissions

(Unit: t-CO_{2e})

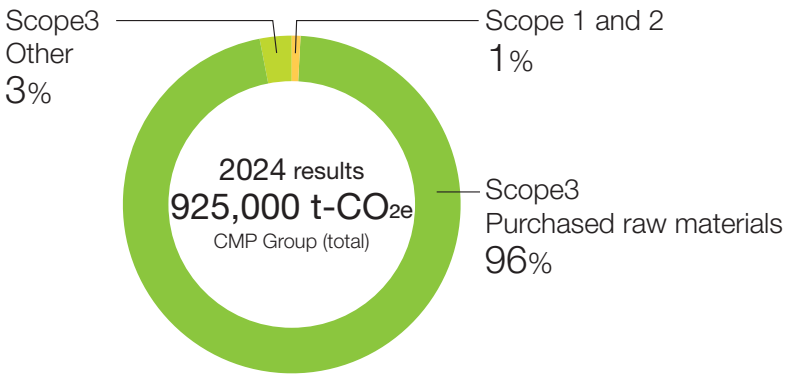
		2022	2023	2024
1	Goods and services purchased	570,921	734,560	883,650
2	Capital goods	2,562	3,664	4,016
3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	2,348	2,350	2,339
4	Transportation and distribution (upstream)	9,195	8,496	7,952
5	Waste generated in operations	3,845	3,162	3,672
6	Business travels	318	424	557
7	Employee commuting	2,145	3,163	2,904
8	Leased assets (upstream)	0	0	0
9	Transportation and distribution (downstream)	0	0	0
10	Processing of products sold	5,926	6,108	6,809
11	Use of products sold	0	0	0
12	End-of-life treatment of products sold	635	690	774
13	Leased assets (downstream)	0	0	0
14	Franchises	0	0	0
15	Investments	0	0	0
	Total	597,894	762,617	912,673

*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

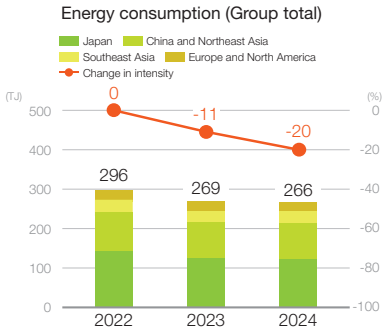
The CMP Group total produced 925,000 tons of Scope 1, 2, and 3 emissions, 96% of which were from purchased raw materials (Scope 3) and 1% from Scope 1 and 2 emissions.



Energy saving (factories and offices)

Trends in energy consumption

The CMP Group's total energy consumption in fiscal 2024 was 266 TJ, down 3 TJ from the previous fiscal year. The energy intensity improved by 20% compared with fiscal 2022. Contributing factors included replacing dispersers, compressors, and air conditioners, installing LED lighting, and implementing strict power demand management at factories and laboratories in Japan.



		Unit	2022	2023	2024
Production sites	Energy consumption	TJ	262	236	231
	Energy intensity	GJ/t	1.3	1.2	1.1
Non-production sites	Energy consumption	TJ	33	33	35
	Energy intensity	GJ/m²	2.1	1.6	1.7

Purchase of electricity and other energy sources

The CMP Group is promoting a switch to the purchase of renewable electricity. In 2024, the amount of renewable electricity purchased was 28% of the total purchased electricity. The Group has also installed solar power generation for its own consumption. In 2024, the total electricity produced by our solar power generation systems amounted to 352 MWh.

Amount of electricity, heat, and other energy sources purchased

	Unit	2022	2023	2024
Electricity	TJ	227	201	203
Heat	TJ	1	1	1
Steam	TJ	0	0	0
Cooling	TJ	0	0	0

Amount of renewable electricity purchased

	Unit	2022	2023	2024
Purchased electricity	TJ	12	41	56
Percentage of total purchased electricity	%	5	21	28

Amount of electricity produced by solar power generation

	Unit	2022	2023	2024
Hiroshima Head Office	MWh	10	11	11
CHUGOKU PAINTS B.V.	MWh	281	129	121
TOA-CHUGOKU PAINTS CO., LTD.	MWh	–	–	220

Fuel consumption

The CMP Group is actively upgrading outdated equipment to reduce fuel consumption. The Group is also working to enhance facility efficiency by improving boiler performance and reducing operating hours.

Consumption by fuel type

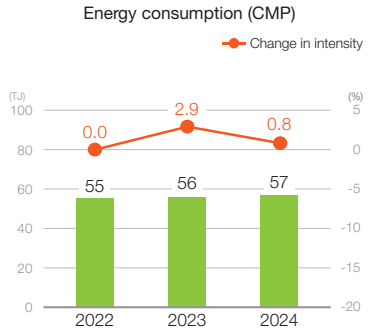
	Unit	2022	2023	2024
Natural gas	TJ	20	21	15
Class A heavy oil	TJ	38	36	38
Light oil	TJ	2	3	0
Kerosene	TJ	2	2	2
Others	TJ	4	4	6

Climate Change

Energy saving (transportation)

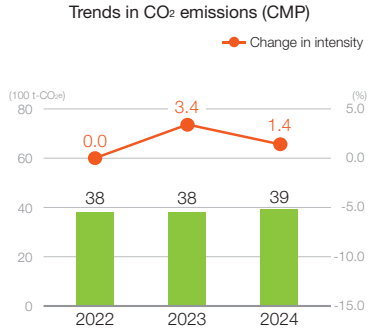
Energy consumption during transportation

The total energy consumption during transportation by CMP (parent company basis) in fiscal 2024 was 57 TJ, a 2% increase from fiscal 2023. The energy intensity (per unit of transportation volume) rose by 0.8% compared with fiscal 2022, but this represented an improvement over the 2.9% increase recorded in fiscal 2023.



CO_2 emissions during transportation

CMP's CO_2 emissions during transportation in fiscal 2024 increased slightly from fiscal 2023 to 3,900 tons. The CO_2 emissions intensity (per unit of transportation volume) rose by 1.4% compared with fiscal 2022, but this represented an improvement over the 3.4% increase recorded in fiscal 2023.



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 CO_2.

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 414 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 2024, there were no leaks of fluorocarbons of 1,000 tons of CO_2 or more.

Stakeholder engagement

Indirect engagement through the Japan Paint Manufacturers Association

CMP is a member of the Japan Paint Manufacturers Association (JPMA), which, as a corporate regular member of the Japan Chemical Industry Association (JCIA), carries out its activities in line with the JCIA's policies.

The JCIA has formulated a long-term strategy aimed at providing solutions to global warming and achieving a sustainable society toward and beyond 2050, defining the chemical industry's vision for the future and the pathways to realize it.

Following this policy, the JPMA also promotes related initiatives. Coatings support the generation of green electricity through anticorrosive coatings for offshore wind turbines and silicone coatings for solar panels. Furthermore, coatings for electric wires and cables contribute to the transmission and storage of electricity in decentralized renewable energy systems.

Through its participation in the JPMA, CMP is therefore indirectly engaged in initiatives to address climate change.

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

The Japan Paint Manufacturers Association (JPMA) is working to reduce indirect CO_2 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 CO_2 emissions by reducing VOCs.

Information Disclosure Based on TCFD Recommendations

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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)

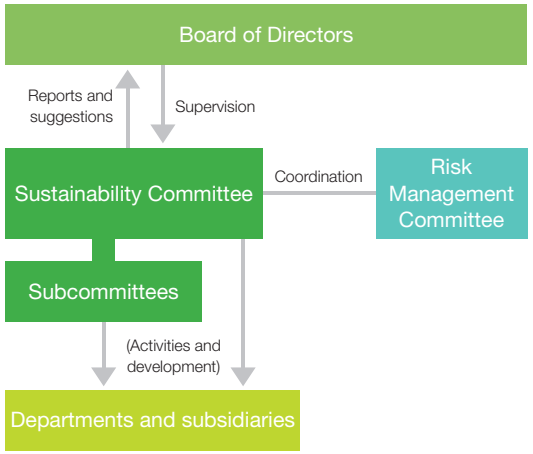
Governance

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
						Expand sales in other areas such as pleasure boats and heavy duty coatings
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
						Utilize IBC tanks
	Products and services	Expanding markets for low-emission products and services	Increase in demand for environmentally friendly products (low-friction, high-performance antifoulings, biomass coatings, etc.)	High	Medium term	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 Recommendation

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 installed solar panels at our headquarters in Hiroshima, which serves as our R&D base in Japan, as well as at overseas Group companies CHUGOKU PAINTS B.V. and TOA-CHUGOKU PAINTS CO., LTD. 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 (CO_2) emissions.

In the shipping industry, as part of climate change measures, regulations and rules concerning ship fuel consumption and CO_2 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.

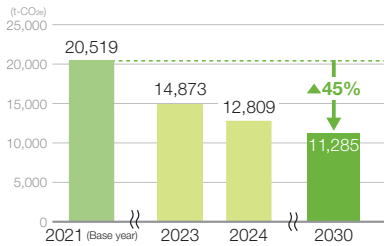
Indicators and targets used to assess climate-related risks and opportunities

Indicator	Target level
Greenhouse gas emissions: Scope 1 and 2	Base year: FY2021 ■ FY2030: Reduce GHG emissions by 45% ■ FY2050: Carbon Neutrality

Group-wide GHG emissions (t-CO_{2e})

FY	2021 (Base year)	2023	2024
Scope1	5,554	4,205	3,941
Scope2	14,965	10,668	8,868
Scope3	–	762,617	912,673

Scope 1 and 2 emissions(Group total)



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 withdrawals in our operations, aiming to maintain and improve water use efficiency. Overseas, our Group companies actively manage water withdrawals at production sites. We receive monthly reports from domestic Group companies and annual reports from overseas Group companies regarding water withdrawals.

Initiatives and track record

Water risk and water stress survey

We evaluated water risks and water stress at our production sites using the water assessment tools Aqueduct Water Risk Atlas (*1) and Water Risk Filter (*2).

Although the proportion of freshwater use in regions with high water risk or water stress is low relative to total water withdrawals at all production sites, we recognize the need to manage water use efficiently in accordance with the level of water risk and water stress at each site.

Some of our raw material suppliers are manufacturers that consume large volumes of freshwater in their production processes, and we have begun conducting supplier surveys on this matter.

(*1) A water risk assessment tool developed by the World Resources Institute (WRI)
(*2) A water risk assessment tool developed by the World Wide Fund for Nature (WWF) and Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG)

Water quality risk

Freshwater withdrawals in regions with "high" or "extremely high" water quality risk accounted for 2% of total freshwater withdrawals across all production sites, while water consumption and production volume in these regions accounted for 0% and 12%, respectively.

	Water withdrawals (1,000 m³)	Water consumption (1,000 m³)	Production volume (1,000 t)
Low	17	9	66
Low–Medium	1,156	148	74
Medium-high	35	19	47
High	5	0	7
Extremely high	15	0	19

*We referred to Physical Risks Quality of Aqueduct Water Risk Atlas.

Water quantity risk

Freshwater withdrawals in regions with "high" or "extremely high" water quantity risk accounted for 3% of total freshwater withdrawals across all production sites, while water consumption and production volume in these regions accounted for 11% and 25%, respectively.

	Water withdrawals (1,000 m³)	Water consumption (1,000 m³)	Production volume (1,000 t)
Low	0	0	0
Low–Medium	22	5	24
Medium-high	1,165	152	137
High	6	0	6
Extremely high	35	19	47

*We referred to Physical Risks Quantity of Aqueduct Water Risk Atlas.

Water stress

Freshwater withdrawals in regions with "high" or "extremely high" water stress accounted for 4% of total freshwater withdrawals across all production sites, while water consumption and production volume in these regions accounted for 11% and 42%, respectively.

	Water withdrawals (1,000 m³)	Water consumption (1,000 m³)	Production volume (1,000 t)
Low	11	5	21
Low–Medium	1,080	136	86
Medium-high	89	16	16
High	13	0	43
Extremely high	35	19	47

*We referred to Water Stress of Aqueduct Water Risk Atlas and Water Availability of Water Risk Filter.

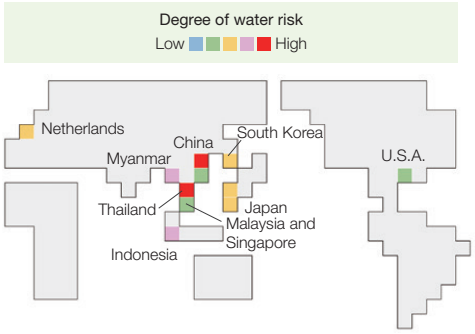
Water Resources

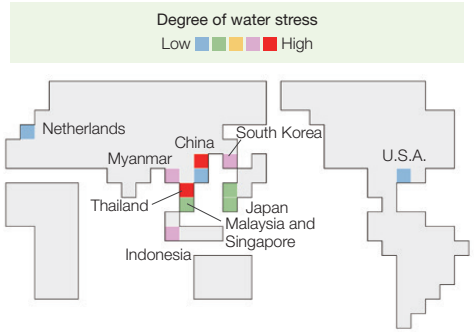
Regional distribution of water withdrawals

In fiscal 2024, freshwater withdrawals at the CMP Group's production sites totaled 1,228,000 m³. Group companies in Japan—which operate production sites for synthetic resins and chemical products requiring significant volumes of water in their production processes—accounted for the largest share, at 94% of total water withdrawals. The Group also has production sites in regions with high water stress, including China, Thailand, Indonesia, Myanmar and South Korea, which together used 48,000 m³ of water, representing 4% of total water withdrawals. The water withdrawal intensity was 0.5 m³ per ton.

	Water withdrawals (1,000 m³)	% of total
Japan	1,158	94.3
China and South Korea	40	3.3
Southeast Asia	24	2.0
North America	1	0.1
Europe	5	0.4

Water risk and stress at production sites





*The water risks shown on the map are based on the following indicators from water risk assessment tools.
*Water risk: Physical Risks Quantity from the Aqueduct Water Risk Atlas provided by WRI
*Water stress: Water Stress from the Aqueduct Water Risk Atlas and Water Availability from the WWF Water Risk Filter

Status of freshwater use

All production sites

	2022	2023	2024
Total water withdrawals (1,000 m³)	1,242	1,160	1,228
Underground water (1,000 m³)	69	64	62
Municipal water (1,000 m³)	1,172	1,096	1,166
Surface water (1,000 m³)	0	0	0
Rainwater (1,000 m³)	0	0	0
Intensity (m³/t)	6.4	6.0	5.8
Total water discharge (1,000 m³)	1,144	1,118	1,052
Ocean (1,000 m³)	1,012	985	927
River, lake, etc. (1,000 m³)	72	81	81
Sewage line (1,000 m³)	59	51	43
Underground/well (1,000 m³)	1	1	1
Others (1,000 m³)	0	0	0
Water consumption (1,000 m³)	98	42	176

Production sites with high water stress

	2022	2023	2024
Total water withdrawals (1,000 m³)	7	40	48
Underground water (1,000 m³)	0	3	3
Municipal water (1,000 m³)	7	37	45
Surface water (1,000 m³)	0	0	0
Rainwater (1,000 m³)	0	0	0
Intensity (m³/t)	0.4	0.9	0.5
Total water discharge (1,000 m³)	6	24	29
Ocean (1,000 m³)	0	0	0
River, lake, etc. (1,000 m³)	0	2	9
Sewage line (1,000 m³)	6	21	19
Underground/well (1,000 m³)	0	1	1
Others (1,000 m³)	0	0	0
Water consumption (1,000 m³)	1	16	19

*Regions with high water stress
2022: Thailand
2023: China, Thailand, and Indonesia
2024: China, Thailand, Indonesia, Myanmar, and South Korea

Pollution Prevention

Basic concept

Since the CMP 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. Factories operated by overseas Group companies 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	FY2024		From FY2025 onward	Scope
	Goals and KPIs	Results	Goals and KPIs	
Environmental incidents	Zero (yeary)	Zero environmental incidents	Zero (yeary)	The Company and its domestic subsidiaries

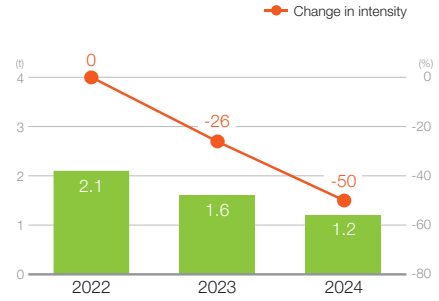
Initiatives and track record

Prevention of air pollution

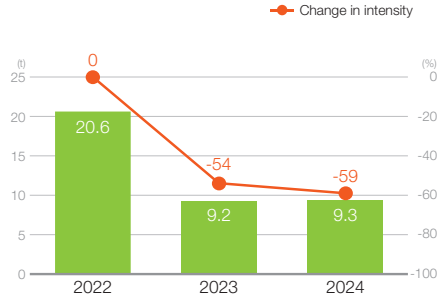
NOx and SOx emissions

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 fiscal 2024, the CMP Group's total emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) from all production sites amounted to 1 ton and 9 tons, respectively. Compared to fiscal 2022, the NOx emission intensity (per unit of production volume) decreased by 50%, while the SOx emission intensity decreased by 59%.

NOx emissions (all production sites)



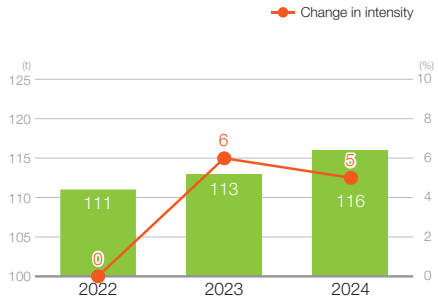
SOx emissions (all production sites)



VOC emissions

To reduce VOC emissions, we have installed deodorizing equipment and other systems in our factories. At the CMP Group's laboratories and production sites in Japan, VOC emissions to the atmosphere totaled 116 tons in fiscal 2024, with the emissions intensity (per unit of production volume) increasing by 5% compared with fiscal 2022.

VOC emissions (Japan)



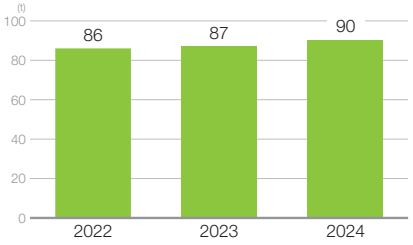
Pollution Prevention

Emissions of chemical substances subject to the PRTR Act

In fiscal 2024, 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 90 tons of emissions were released into the atmosphere.

Note that the chemical substances subject to the PRTR Act were changed in April 2023, so the emission volume in fiscal 2022 are the actual results for the substances subject to the Act before the change.

Emissions of chemical substances subject to the PRTR Act (Japan)



Emissions to the atmosphere (t)

Chemical substances	2022	2023	2024
Ethylbenzene	39.7	41.3	42.6
Xylene	33.4	31.2	32.4
Toluene	12.1	10.1	10.4
Methyl isobutyl ketone	—	3.3	3.2
Trimethylbenzene	0.5	0.7	0.7
Cumene	0.02	0.03	0.03
Styrene	—	0.006	—
Acetylacetone	—	0.006	—
Ethylcyclohexane	—	0.01	0.02
Ethylene glycol monobutyl ether	—	0.5	0.5

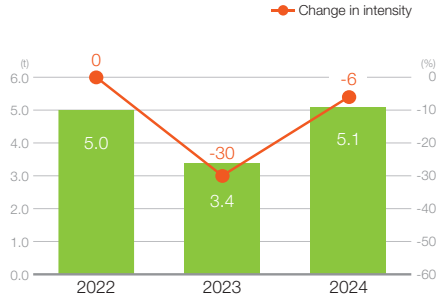
Prevention of water pollution

At sites subject to regulation under the Water Pollution Prevention Act, we monitored wastewater discharged into rivers, seas, and other bodies of water to ensure that emissions of water pollutants were properly controlled below regulatory limits, thereby preventing any violations of laws and regulations. In addition, we have put in place thorough measures to prevent the leakage of chemical substances in the event of an accident.

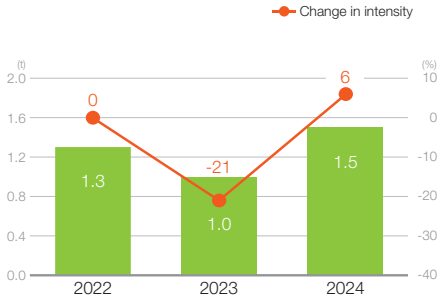
COD and BOD pollution loads

In fiscal 2024, the CMP Group reported chemical oxygen demand (COD) of 5 tons and biochemical oxygen demand (BOD) of 2 tons. Compared to fiscal 2022, the COD intensity (per unit of production volume) decreased by 6%, while the BOD intensity increased by 6%.

COD pollution load (all production sites*)



BOD pollution load (all production sites*)



*All production sites include laboratories in Japan.

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. Factories operated by overseas Group companies are proactively managed in compliance with the laws and regulations of each country. The Subcommittee receives reports on waste emissions from Group companies in Japan at least four times a year and from overseas Group companies once a year.

Goals and KPIs

Taking into consideration our past performance and future prospects, we have raised our recycling rate targets for fiscal 2025 and beyond as shown in the table below.

Issues and initiatives	FY2024		From FY2025 onward	Scope
	Goals and KPIs	Results	Goals and KPIs	
Waste recycling rate	FY2030: 85% or more	98%	FY2030: 90% or more	The Company and its domestic subsidiaries

Initiatives and track record

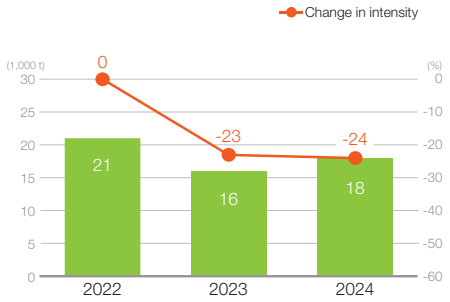
Waste

Amount of waste generated

In fiscal 2024, total waste and other materials generated at all CMP Group production sites amounted to 18,000 tons, an increase of 2,000 tons from the previous fiscal year. The waste intensity (per unit of production volume) decreased by 24% compared to fiscal 2022.

*All production sites include laboratories in Japan.

Amount of waste generated (all production sites*)



Promotion of recycling

The Group has promoted in-house recycling, such as reusing washing solvents through distillation at the Shiga Factory, while also advancing recycling at external contractors.

The recycling rate at all CMP Group production sites in fiscal 2024 remained unchanged from fiscal 2022, at 91%.

CMP Group (total)

		2022	2023	2024
Amount of waste generated (t)		21,202	15,846	17,559
Amount recycled (t)		19,591	14,064	15,961
Breakdown	Material recycling, etc. (t)	18,707	13,274	14,845
	Thermal recovery (t)	884	790	1,116
Recycling rate (%)		92	89	91
Volume reduction through incineration (without thermal recovery) (t)		406	570	532
Amount of waste with unknown disposal method (t)		841	723	708
Final disposal amount (t)		364	489	358

*We identified errors in data reported by overseas Group companies and corrected data for previous years.
*We also revised past-year data following adjustments to the calculation method for recycled volumes.
*All production sites include laboratories in Japan.

Utilization of Waste and Resources

CMP Group (Japan)

		2022	2023	2024
Amount of waste generated (t)		2,783	2,494	2,594
Amount recycled (t)		2,515	2,399	2,537
Breakdown	Material recycling, etc. (t)	1,631	1,609	1,421
	Thermal recovery (t)	884	790	1,116
Recycling rate (%)		90	96	98
Volume reduction through incineration (without thermal recovery) (t)		125	49	23
Amount of waste with unknown disposal method (t)		0	0	0
Final disposal amount (t)		143	46	34

*We revised past-year data following adjustments to the calculation method for recycled volumes.

Amount of hazardous waste generated
Of the total waste generated by Group companies in Japan, 0 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 100 tons, down from 182 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 2024, we visited seven domestic waste disposal contractors and found no instances of non-compliance during our review of their waste processing procedures.

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 CO_2 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 2024, we reused 3,913 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 CO_2 emissions associated with the purchase and disposal of the drums.

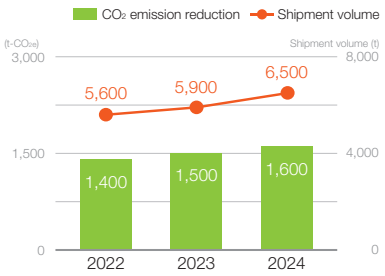
Through this initiative, we were able to reduce CO_2 emissions by 126 tons.

The decrease in the number of reused drums from the previous fiscal year was attributable to a change in the sales format—from drums to an intermediate bulk container (IBC) system—for deliveries to a business partner that had participated in this initiative until the previous year.

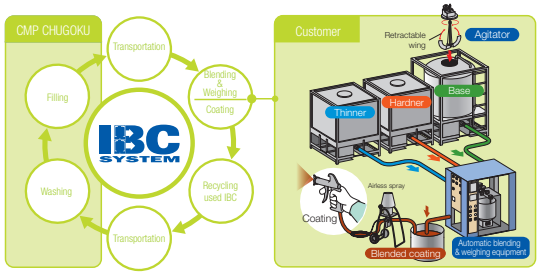
	2022	2023	2024
No. of drums reused	3,539	4,664	3,913
Reduction in CO_2 emissions (t-CO_{2e})	114	150	126

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 2024 we sold 6,500 tons of IBC tanks, reducing waste cans by the equivalent of 650,000 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 CO_2 emissions associated with the purchase and disposal of these cans. In 2024, we reduced CO_2 emissions by about 1,600 tons through IBC shipments.

CO_2 emission reduction through IBC shipments



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

From fiscal 2025 onwards, we have expanded the scope to encompass the entire group and revised the targets as shown in the table below.

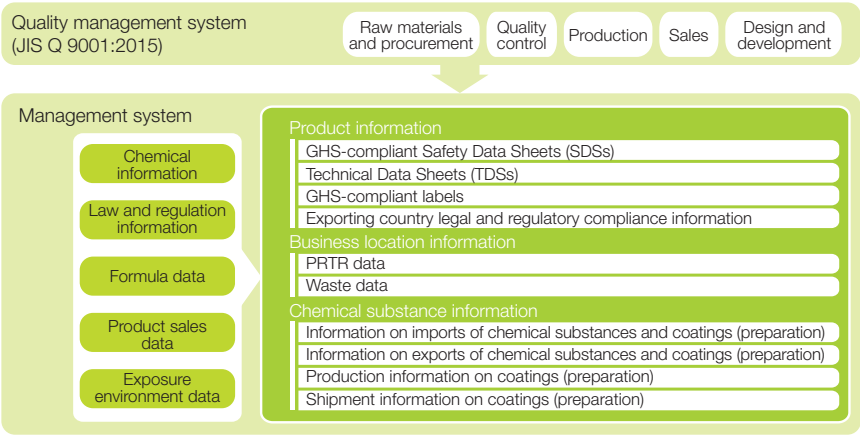
Issues and initiatives	FY2024 (Scope:The Company and its domestic subsidiaries)		From FY2025 onward (Scope:Entire Group)
	Goals and KPIs	Results	Goals and KPIs
Percentage reduction in use of environmental hormones, TX, etc.(*1) (compared to FY2020)	FY2025: 5% FY2030: 10%	-1.4%(*2) (1.4% increase)	FY2025: 5% FY2030: 8%

(*1) Toluene, xylene, benzophenone, etc. (10 substances in total)
(*2) Notation revised from FY2024

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 2024, we conducted training primarily for personnel responsible for chemical substance management, utilizing external seminars to enhance their knowledge and reaffirm the importance of chemical substance management.

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.

Biodiversity Policy
https://www.cmp-chugoku.com/global/sustainability/policies/biodiversity-policy.html

Management structure

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

Goals and KPIs

Issues and initiatives	FY2024		From FY2025 onward	Scope
	Goals and KPIs	Results	Goals and KPIs	
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	50%	FY2025: 50% or more FY2030: 60% or more	Entire Group

(*) Percentage of total antifoulings (based on the number of vessels)

Initiatives and track record

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 CO_2 emissions by minimizing frictional resistance during navigation.

CMP's high-performance antifoulings use a new antifouling agent that provides excellent resistance to barnacle adhesion even in very small quantities, while remaining environmentally friendly. In addition to delivering significant fuel-saving effects, these coatings also help address the issue of transboundary movement of marine organisms.

Product development with a focus on conserving biodiversity

Please see pages on the right.

Development and improvement of eco-friendly products
Page 11 Environmentally Friendly Products

Development and improvement of eco-friendly products
Page 38 Management of Chemical Substances Contained in Products

Minimizing impact on biodiversity through business activities

Please see pages on the right.

Reduction in CO_2 emissions
Page 25 Climate Change

Effective use of water resources
Page 32 Water Resources

Environmental pollution prevention
Page 34 Pollution Prevention

Understanding the impact on biodiversity in the supply chain

To identify and assess potential biodiversity risks across the entire supply chain and minimize impacts on ecosystems, we have begun surveying suppliers to determine whether they have business sites in areas of high biodiversity value, to understand how they recognize the impacts of their business activities on biodiversity, and to gather information on other biodiversity-related initiatives.

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 2024, the green purchasing rate (based on purchase value) for domestic Group companies was 59%, down 20 percentage points from the previous year.

Use of FSC-certified paper
In purchasing copy paper, we actively use Forest Stewardship Council (FSC)-certified products that comply with the Act on Promoting Green Procurement, thereby supporting responsible forest management. We also promote the use of FSC-certified paper for printed materials such as reports and other documents distributed to shareholders.

Biodiversity

Biodiversity risk assessment

To assess the potential impacts of the Group's business activities on biodiversity, we conducted surveys of surrounding ecosystems and biodiversity risks at production sites in Japan and overseas, using the biodiversity assessment tools IBAT (*1) and BRF (*2), provided by WWF (*3). At sites located near key biodiversity areas, we have implemented initiatives in accordance with applicable laws and regulations.

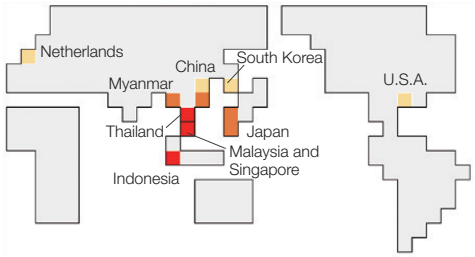
Biodiversity assessment of areas surrounding production sites using IBAT

For areas within a 50 km radius of each production site, we examined their proximity to biodiversity priority areas, including IUCN Red List species habitats, nationally designated areas, World Heritage Sites, Ramsar Wetlands, and KBAs (*4). As a result, we found regions with a high concentration of IUCN Red List species mainly in Southeast Asia, while areas with a large number of protected sites and KBAs were primarily located in Japan, South Korea, and Europe.

Region	Number of production bases	IUCN Red List of Threatened Species				Protected sites				KBAs
		CR(*5)	EN(*6)	VU(*7)	Total	Nationally designated areas	World Heritage Sites	Ramsar Wetlands	Total	
Japan	4	33	303	241	577	631	0	5	636	18
China	2	43	120	148	311	0	0	0	0	0
South Korea	1	10	45	58	113	112	0	2	114	3
Southeast Asia	5	173	1,131	719	2,023	31	0	6	37	24
North America	1	15	27	62	104	22	0	0	22	2
Europe	1	7	13	73	93	227(*8)	0	15	242	30
Total	14	281	1,639	1,301	3,221	1,023	0	28	1,051	77
		Number of species (cumulative)						Number of regions (cumulative)		

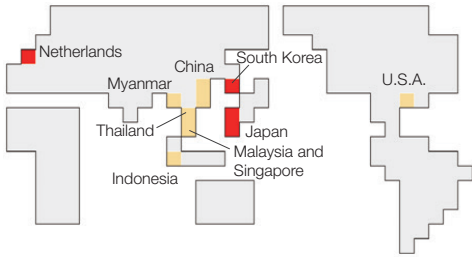
Number of IUCN Red List species

Fewer More



Number of protected sites and KBAs

Fewer More



(*1) IBAT: Integrated Biodiversity Assessment Tool (*2) BRF: Biodiversity Risk Filter (*3) WWF: World Wide Fund for Nature
(*4) KBAs: Key Biodiversity Areas (*5) CR: Critically Endangered (*6) EN: Endangered (*7) VU: Vulnerable
(*8) Including the number of Natura 2000 sites (the EU's biodiversity conservation network)

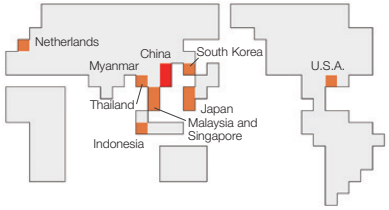
Biodiversity risk assessment of areas surrounding production sites using the WWF BRF

For each production site, we assessed 20 physical risk indicators (direct impacts or threats arising from business activities that depend on the natural environment) and 13 reputational risk indicators (risks associated with social and cultural values or the conservation status of biodiversity). As a result, China was identified as a region exhibiting both high physical and reputational risks.

Region	Number of production bases	Physical risk	Reputational risk
Japan	4	Medium	Medium
China	2	High	High
South Korea	1	Medium	Medium
Southeast Asia	5	Medium	Medium
North America	1	Medium	Medium
Europe	1	Medium	Medium

Overall risk level

Low High



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.

Response to the 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.

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.

CMP Group (total)

INPUT		Stage	OUTPUT	
Raw materials	248,000 t	Purchase of raw materials	CO_2 emissions	883,700 t
Energy consumption	266 TJ	Development and production	CO_2 emissions	12,800 t
(of which, solar power generation of	353 MWh)		NOx emissions	1 t
Total water withdrawals	1,290,000 m^3		SOx emissions	9 t
			Water discharge	1,114,000 m^3
			COD pollution load	5 t
			BOD pollution load	2 t
			Amount of waste generated	17,600 t
Energy consumption	116 TJ	Transport	CO_2 emissions	8,000 t

CMP Group (Japan)

INPUT		Stage	OUTPUT	
Raw materials	101,000 t	Purchase of raw materials	CO_2 emissions	287,900 t
Energy consumption	129 TJ	Development and production	CO_2 emissions	5,600 t
(of which, solar power generation of	11 MWh)		NOx emissions	1 t
Total water withdrawals	1,220,000 m^3		SOx emissions	1 t
			VOC emissions	117 t
			Water discharge	1,068,000 m^3
			COD pollution load	2 t
			BOD pollution load	0 t
			Amount of waste generated	2,600 t
			Final disposal amount	34 t
Energy consumption	84 TJ	Transport	CO_2 emissions	5,700 t

Environmental Accounting

FY2024 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, 2024 to March 31, 2025.

Environmental conservation costs

(Unit: million yen)

Categories		Main activities	Investments	Expenses
Business activity costs			129	54
Breakdown	Antipollution costs	Preventing air, water, noise pollution, etc.	18	8
	Global environmental conservation costs	Prevention of global warming	105	18
	Resource recycling costs		6	28
	Details	Efficient resource use	6	8
		Waste management	0	20
Administration costs		Expenses for the promotion of environmental safety, ISO certification maintenance, monitoring and measurement, etc	154	12
Research and development costs			131	1,059
Breakdown	Climate change-related	Development of products related to climate change mitigation and adaptation	22	311
	Others	Development of other environmentally friendly products	109	748
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			414	1,126

Environmental conservation effects

Effects			Reductions
Effects in business activities	Effects on invested resources	Energy usage (GJ)	-697
		Water usage (1,000 m^3)	-1
	Effects on environmental load and waste	CO_2 emissions (t-CO_2)	342
		Pollutant release (t)	0
		Waste generation (t)	-275
Other effects on environmental conservation		CO_2 emissions from transportation (t-CO_2)	-51
		Freight (products) transportation (1,000 t-km)	-1,089

* The environmental conservation effect was calculated by comparison with the production volume in FY2023.
Environmental Conservation Effect = FY2023 Environmental Load × (FY2024 Production Volume / FY2023 Production Volume) - FY2024 Environmental Load
* Chemical Substances subject to the first kind of the PRTR Law

Economic benefits

(Unit: million yen)

Effects		FY2024
Benefits	Proceeds from recycling	3.5
Cost reduction	Cost reductions from energy saving	-10.6
	Cost reductions from water saving	-0.1
Total		-7.2

* The environmental conservation effect was calculated by comparison with the production volume in FY2023.
Cost saved = Cost in FY2023 × (FY2024 Production Volume / FY2023 Production Volume) - Cost in FY2024

Initiatives

In fiscal 2024, environmental conservation spending amounted to ¥414 million in investments and ¥1,126 million in expenses.

We invested in the replacement of equipment, including LED lighting, energy-saving air conditioners, and manufacturing equipment such as compressors and dispersers.

These initiatives led to improvements in CO_2 emissions (from business activities).

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

ISO Certification Status of the CMP Group

ISO9001	CHUGOKU MARINE PAINTS, LTD.	Japan
	OHTAKE-MEISHIN CHEMICAL CO., LTD. KOBE PAINTS, LTD.	Japan
	CHUGOKU SAMHWA PAINTS., LTD.	South Korea
	TOA-CHUGOKU PAINTS CO., LTD.	Thailand
	CHUGOKU PAINTS B.V.	Netherlands
	CHUGOKU MARINE PAINTS (SHANGHAI), LTD. CHUGOKU MARINE PAINTS (GUANGDONG), LTD.	China
	CHUGOKU PAINTS (MALAYSIA) SDN. BHD.	Malaysia
	CHUGOKU MARINE PAINTS (SINGAPORE) PTE.	Singapore
	PT. CHUGOKU PAINTS INDONESIA	Indonesia

ISO14001	CHUGOKU MARINE PAINTS, LTD. (KYUSHU FACTORY, SHIGA WORKS)	Japan
	CHUGOKU SAMHWA PAINTS, LTD.	South Korea
	TOA-CHUGOKU PAINTS CO., LTD.	Thailand
	PT. CHUGOKU PAINTS INDONESIA	Indonesia

ISO45001	CHUGOKU SAMHWA PAINTS, LTD.	South Korea
	PT. CHUGOKU PAINTS INDONESIA	Indonesia

Hiroshima Head Office

Kyushu Factory

Shiga Works

Ohtake-Meishin Chemical Co., Ltd.

Netherlands

Shanghai

Guangdong

South Korea

Thailand

Indonesia

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

Issues and initiatives	FY2024		FY2025	Scope
	Goals and KPIs	Results	Goals and KPIs	
Employee skill development	Rebuild the human resource development system from FY2024 to FY2026	Ongoing (e-learning introduced)	Rebuild the human resource development system from FY2024 to FY2026	The Company
Improving employee job satisfaction	Sustainably improving employee engagement ● FY2024 and beyond: Year-on-year score increases	Score improvement achieved	Sustainably improving employee engagement ● FY2024 and beyond: Year-on-year score increases	The Company
Promotion of the active participation of women	❶ Percentage of female employees among new or mid-career hires: 25% or more	❶ 33%	❶ Percentage of female employees among new or mid-career hires: 30% or more	The Company
	❷ Rate of taking child-care leave: 80% or more	❷ 100%	❷ Rate of taking child-care leave: 85% or more	

Initiatives and track record

Implementation of a human resources (HR) strategy

In line with the basic policy of the medium-term management plan, the Group clarified its approach to human resources and, as part of its shift toward full-scale human capital management, formulated and began implementing its human resources strategy in April 2024.

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.

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, education, demonstrating full potential and rewards and recognition.

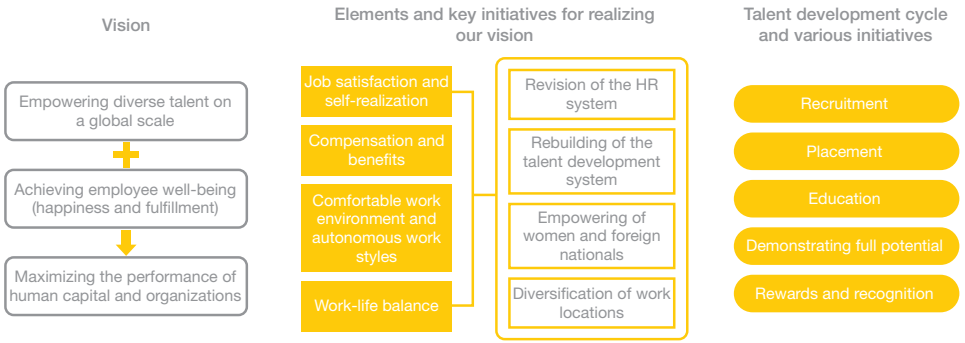
Key initiatives for realizing our vision

We have identified four key areas of focus: reforming the HR system to foster self-driven employees; rebuilding the talent development system with an emphasis on employees' career development; empowering women and non-Japanese employees; and diversifying work locations. Going forward, we will successively develop and implement specific measures for each of these initiatives.

The HR system reforms described above are scheduled for implementation in April 2026.

Human Resource Management

Outline of the HR strategy



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 2024, 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.

As a new initiative and as part of rebuilding the talent development system, we introduced an e-learning platform that provides employees with opportunities to learn a wide range of content at their own pace, based on their individual interests and awareness of issues. This initiative has enabled employees to voluntarily acquire the skills required in their respective departments and is expected to help strengthen the overall capabilities of the CMP Group.

In addition, we have made information security training mandatory. By deepening employees' understanding of information security management and risk management for information assets, we worked to enhance information security awareness across the Group.

Qualification support and self-development programs

To encourage employees to take ownership of their career development, we have established programs that provide financial assistance for obtaining qualifications. For national, public, and private qualifications recognized by the Company, we offer support covering tuition and examination fees, as well as transportation and accommodation expenses.

In addition, under our self-development support program, we have entered into corporate agreements for the use of external English learning tools and the TOEIC IP test, thereby creating an environment that enables employees to study English independently with only minimal personal expense.

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.

	2022	2023	2024
Number of employees taking child-care leave (Total)	8	7	14
Male	7	5	12
Female	1	2	2
Percentage of employees taking child-care leave	57.1%	70.0%	100%
Male	53.8%	62.5%	100%
Female	100%	100%	100%
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.

Systems to support flexible work styles

At CMP, in addition to taking paid leave on a full-day or half-day basis, employees can also take annual leave on an hourly basis. Furthermore, through various systems such as staggered working hours and telecommuting arrangements available to eligible employees, we support a balance between work and family responsibilities, including childcare and nursing care. We will continue to further enhance these systems to help employees achieve a better work-life balance.

Human Resource Management

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 2025, the employment rate of people with disabilities at the Company, including those engaged in agricultural work, was about 3.2%, meeting the statutory employment rate. We will continue to strive to fulfill our social responsibilities.

	2022	2023	2024
Employment rate of disabled persons	Approximately 1.6%	Approximately 1.8%	Approximately 3.2%

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.

Average length of service and 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 2024 was approximately 1.0%.

	2022	2023	2024
Average length of service (years)	16.9	16.6	15.9
The voluntary turnover rate	Approximately 3.9%	Approximately 1.8%	Approximately 1.0%

Prevention of harassment

To prevent various types of harassment, including sexual and power harassment, we have established relevant provisions in our standards of conduct, which are set out in the work regulations, and have conducted awareness-raising and educational activities. We also provide 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.

Improvement of office environment

CMP has been working to improve the office environment to ensure that employees can work energetically and comfortably. Recently, we relocated our Tokyo Headquarters and Imabari Sales Office to new premises. At the Tokyo Headquarters, offices that had previously been located on two separate floors were consolidated onto a single floor, and a refreshment space was newly created for use during meetings and breaks. This new layout has enhanced communication among employees and transformed the office into a more vibrant and engaging workspace.

At the Imabari Sales Office, the relocation enabled a new office layout and the addition of a conference room, facilitating smoother communication. In addition, facilities were upgraded to create a workplace environment where women can work more comfortably.

We will continue striving to provide a comfortable and supportive working environment for all employees.

Refreshment space at Tokyo Headquarters

Exterior view of Imabari Sales Office

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

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.

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 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 2024, 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.

Occupational Health and Safety

Number of occupational injuries

			2022	2023	2024
Non-lost time injuries	CMP Group		5	5	3
	CMP		1	3	0
		Full-time employees	0	2	0
		Contract employees	1	1	0
Lost time injuries	CMP Group		5	2	3
	CMP		0	0	1
		Full-time employees	0	0	1
		Contract employees	0	0	0
Fatal accidents	CMP Group		0	0	0
	CMP		0	0	0
		Full-time employees	0	0	0
		Contract employees	0	0	0

Frequency rate (CMP)

	2022	2023	2024
Lost time injuries	0.00	0.00	2.23
Non-lost time injuries	1.14	3.47	0.00
Total	1.14	3.47	2.23

Severity rate (CMP)

	2022	2023	2024
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	FY2024 (Scope:The Company)		From FY2025 onward (Scope:Entire Group)
	Goals and KPIs	Results	Goals and KPIs
Supplier management through CSR assessment	Supplier evaluation rate based on the UN Global Compact Self-Assessment Questionnaire (SAQ) ● FY2024: 75% ● FY2025: 100%	98.0%	Supplier evaluation rate based on ESG questionnaires (centrally managed through a cloud-based system) ● FY2025: 85% ● FY2030: 100%
Promotion of green procurement	Percentage of suppliers certified under ISO 14001 ● FY2024: 60% ● FY2025: 65%	62.6%	Percentage of suppliers certified under ISO 14001 ● FY2025: 60% ● FY2030: 85%

* During FY2024, as the scope of activities expanded globally, a more specialized approach became necessary. Accordingly, the system for supplier surveys and management was transitioned to ESG questionnaires managed via a cloud-based platform. In line with this transition, from FY2025 the wording of the materiality target has been revised from "Supplier management through CSR assessment" to "Establishment of a supplier management system."

Initiatives and track record

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

Sustainable procurement strategy for co-creating a sustainable future

To build a sustainable future, CMP actively promotes procurement activities that create social value across the entire supply chain in line with its Procurement Policy, which is grounded in the Basic Sustainability Policy. When selecting suppliers, we conduct rigorous and strategic evaluations from three perspectives:

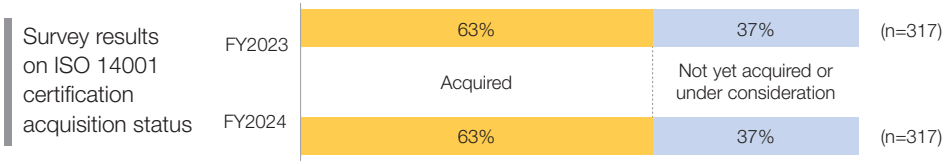
1. Supplier surveys to assess corporate information, and quality and supply systems
2. Evaluation of environmental, social, and governance (ESG) initiatives through ESG questionnaires
3. Verification of international management system certifications such as ISO 9001 and ISO 14001

Based on these criteria, CMP evaluates suppliers and asks them to confirm their understanding of the Procurement Policy at the time of contract. We place importance on relationships with partners who share our vision of co-creating a sustainable future and work to build a supply chain founded on trust and co-creation. Members of the Supply Chain Subcommittee are assigned not only at headquarters but also across all manufacturing and procurement sites. By establishing a framework that facilitates regular dialogue with suppliers on ESG-related topics, we aim to ensure consistency and advance responsible procurement throughout the Group.

Supplier assessment

Survey of suppliers' green procurement (CMP)

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. For suppliers that have not yet obtained relevant certifications, we encourage them to do so and support their efforts to reduce environmental impact.



ESG questionnaires

The implementation rate of supplier evaluations conducted using the UN Global Compact SAQ reached 96.1% in fiscal 2023, significantly exceeding the fiscal 2024 target of 75%. Accordingly, from mid-fiscal 2024, we began expanding these activities globally and transitioned to conducting ESG questionnaires for suppliers via an external cloud-based platform. The questionnaire items include, in addition to basic information, assessments of environmental initiatives—covering environmental policies and greenhouse gas emission calculations; social initiatives—covering employee health and safety and human rights; governance—covering fair corporate practices and information security; and supply chain management—covering legal compliance and conflict minerals.

While the target response rate was set at 60–70%, in fiscal 2024 we received responses from 428 of the 600 suppliers surveyed, achieving a response rate of 71%.

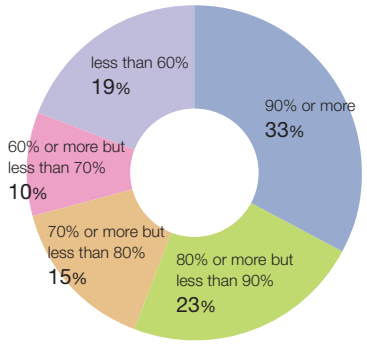
We will continue to conduct this survey annually. When concerns are identified through the evaluation results, we share our policies with the relevant suppliers and work collaboratively to promote initiatives that mitigate supply chain risks and strengthen business operations.

Survey results for FY2024 *A total of 428 companies responded to the questionnaire.

Status by item

Score and % of companies	Environment	Society	Governance	Supply Chain	Total score
Average score	60.24	87.56	80.76	82.13	76.44
90% or more	16.36	60.05	48.36	72.90	33.18
80% or more but less than 90%	15.19	17.99	19.63	0.00	22.43
70% or more but less than 80%	13.79	9.58	8.64	9.58	15.42
60% or more but less than 70%	11.21	5.14	4.44	0.00	9.81
less than 60%	43.46	7.24	18.93	17.52	19.16

Distribution of suppliers by score



Supply Chain Management

Response to suppliers with identified issues

In fiscal 2024, we took the following actions for suppliers identified as having issues through the ESG questionnaire.

- Based on the evaluation results of the ESG questionnaire, we distributed a summary of the sustainability questionnaire findings to our business partners to help them reaffirm the importance of ESG initiatives and conduct objective self-assessments.
- For items requiring improvement identified through the ESG questionnaire, we asked suppliers to establish improvement plans and developed a framework to monitor their progress.
- As part of our supplier management efforts, we also conducted on-site inspections and held discussions based on both ESG questionnaire results and internal objective evaluations to confirm issues and agree on improvement measures.
  In fiscal 2024, on-site inspections were carried out at a total of 10 suppliers.

Inspection results for five key suppliers

Supplier	Purpose of inspection	Inspection results and CMP's response
A	We conducted the inspection due to concerns regarding business downsizing and the stability of supply. The items that had been rated relatively low in the 2023 CSR assessment—supply chain, labor, and human rights—showed significant improvement in the 2024 ESG evaluation, and we confirmed the supplier's ongoing efforts in these areas.	As the supplier's manufacturing facilities were aging and the shipping bases and inventory locations were limited, there were concerns that supply could be disrupted in the event of damage caused by natural disasters. However, we confirmed that the supplier had implemented appropriate countermeasures. We also confirmed that the supplier had established a sustainability promotion committee and other relevant bodies, and was promoting CSR-related initiatives.
B	We conducted the inspection as a countermeasure following the occurrence of an information security incident.	The internal system for protecting against external cyberattacks was in place; however, both CMP and the supplier recognized that addressing issues such as erroneous transmissions from within the company to external parties requires employees' individual awareness and skills, and that continuous internal training is necessary. We encouraged the supplier to issue renewed internal reminders and confirmed its future training plans.
C	We conducted the inspection because the supplier's corporate governance, human rights, and supply chain management had received low evaluations in the 2023 CSR assessment.	The CSR promotion framework and the basic approach to supply chain management had been established to some extent. We found no issues with the production or supply systems. By transferring part of production to overseas facilities, production capacity had doubled, and we confirmed that a stable supply system was in place. The supplier was also found to be conducting its operations with a sufficient understanding of human rights issues in overseas locations.
D	This major overseas supplier received a high CSR assessment score of 99%. We conducted the inspection due to concerns regarding potential supply instability under tight market conditions, a high employee turnover rate, information security risks, and incidents of product misdelivery.	We found no issues with production capacity or supply, as production had been expanded. Although the supplier, being a large enterprise, is subject to external cyberattacks, it has established a robust cybersecurity system. We provided guidance using an example of a labeling error that could potentially lead to a serious accident. As the supplier's turnover rate was high and the ratio of female employees was low, we will continue to monitor improvements through ongoing efforts to raise awareness of working conditions and human rights.
E	We conducted the inspection of this major overseas supplier to determine whether to continue business with it following a fire accident that resulted in the suspension of its production and supply, which in turn affected CMP's own product manufacturing and supply.	The supplier received approval from the authorities to resume production and supply in just under a month after the fire. The supplier explained that operations were permitted to restart after the authorities confirmed the cause of the fire and assessed that the corrective measures implemented were sufficient. The post-recovery measures were found to be adequate, and as the company is a key supplier with broad influence across the industry, we decided to resume business transactions.

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, 98% of our business sites, weighted by production volume, 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.

Social Contribution Activities

Basic concept

In October 2024, the CMP Group established the Social Contribution Activity Policy to address community issues in regions closely connected to its business activities and to contribute to realizing a sustainable society through various community-oriented initiatives. We will continue to carry out activities in line with this policy.

Social Contribution Activity Policy

The CMP Group recognizes the critical importance of contributing to society through both its core business activities and engagement with local communities. Guided by our Basic Sustainability Policy, we are committed to ensuring a harmonious coexistence with the communities surrounding our business sites, supporting regional development, and promoting environmental, educational, and cultural initiatives.

We will pursue efforts aimed at benefiting local communities in accordance with the following policies.

1. Contributing to Local Communities
   We will honor the cultures and traditions of local communities while contributing to regional development through locally grounded initiatives. Meanwhile, we will strive to foster a corporate culture that encourages and supports volunteer activities and other forms of societal participation among our employees.
2. Environmental Conservation
   We will continue to undertake activities aimed at protecting and nurturing our natural environment, with the goal of establishing a society in which humans and nature can peacefully coexist.
3. Social Welfare
   We will facilitate the achievement of a health-oriented society by supporting child development and the improvement of local social welfare systems.

Management structure

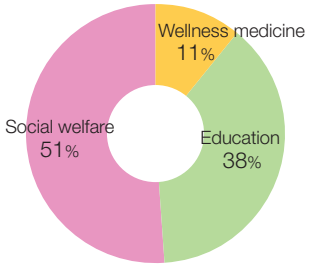
The Coexistence with Local Communities Subcommittee of the Sustainability Committee is working with related departments in Japan to promote initiatives. Overseas, each subsidiary is proactively engaged in social contribution activities that are closely connected to their local communities. Once a year,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

Initiatives and track record

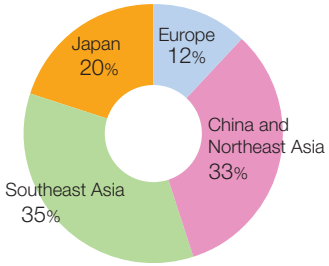
Social contribution cost

In 2024, the social contribution cost was 2.55 million yen.

Breakdown by field of activity



Breakdown by region



Supporting employees' social contribution activities

Charity vending machine installation

We have installed charity vending machines at our 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.

School education support

Scholarships

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

Social Contribution Activities

Social welfare

Participation in Wheel The Ground, an initiative to share barrier-free information for wheelchair users

The Group company in Singapore organizes team-building events, including off-site activities and games, aimed at strengthening teamwork, communication, and unity within the workplace.

At an event held on May 31, 2024, in cooperation with organizations for people with disabilities and SmartBFA, the company participated in Wheel The Ground. Teams assembled wheelchairs and, together with three Inclusion Ambassadors, explored wheelchair-accessible routes in the central business district areas of Raffles Place, Tanjong Pagar, Downtown Core, Bayfront, and Suntec City, creating maps of these routes. The data collected through the map-making process was shared by Wheel The Ground with urban planners and others, and is being utilized to promote barrier-free access throughout Singapore.

Provision of vegetables grown at the Kashiwa Farm to children's cafeterias

At the Tokyo Headquarters, we donate vegetables harvested at the Kashiwa Farm—where our employees with disabilities work—to a children's cafeteria in Ryugasaki, Ibaraki Prefecture, through the NPO Mirai no Kodomo Network. In fiscal 2024, we made 14 donations.

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.

Volunteer participation in the National Sports Festival SAGA 2024

We participated as volunteers in the volleyball competition at the 78th National Sports Festival SAGA 2024, held in Saga Prefecture from October 5 to 15, 2024.

Support for medical institutions and patients

Crowdfunding donation for replacing the doctor car of Saiseikai Shiga Hospital

The doctor car operated by Saiseikai Shiga Hospital plays a vital role in saving the lives of local residents and providing prompt medical assistance in emergencies. As the vehicle had been in use for 10 years, the Shiga Factory made a donation through a crowdfunding campaign to support its replacement.

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.

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

Factory tour for Kuba Junior High School students

In response to the comprehensive learning program of Kuba Junior High School, titled "What kind of town is our town, Kuba? Let's proudly talk about what makes Kuba special," we provided explanations about our products and organized a tour of our laboratory and other facilities.

Dispatch of instructors

We dispatched a lecturer to a class on marine coatings for elementary and junior high school students hosted by the Cooperative Association of Japan Shipbuilders.

Provision of supplies

On March 23, 2024, our Group company in Thailand donated coatings to paint the fence of a local school.

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 carry out daily safety and disaster-prevention activities through the health and safety committees at each business site and the Central Safety & Health Committee, which serves as their overarching organization and is composed of the heads of each business site, subsidiaries with factories, and labor union officers. 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 2024, no accidents occurred that affected the environment or the surrounding community. However, there were 23 minor accidents. We have analyzed the causes of these incidents and implemented appropriate measures to prevent similar occurrences in the future.

Number of accidents

	2022	2023	2024
CMP Group	15	16	23
CMP	6	9	11

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 2024, the Committee inspected the Kyushu Factory and the Shiga 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 emergency evacuation shelters to prepare for potential tsunamis caused by a Nankai Trough earthquake.

External Evaluation and Certification

MSCI Nihonkabu ESG Select Leaders Index

We have been selected as a constituent of the MSCI Nihonkabu ESG Select Leaders Index, which is one of the ESG indices adopted by the Government Pension Investment Fund (GPIF). The MSCI Nihonkabu ESG Select Leaders Index is an ESG investment index provided by Morgan Stanley Capital International, Inc. (MSCI) of the US, which selects companies with relatively high ESG ratings within their respective industries.

We obtained an A rating in the latest MSCI ESG ratings.

*THE INCLUSION OF Chugoku Marine Paints, Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Chugoku Marine Paints, Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index

We have been selected as a constituent of the S&P /JPX Carbon Efficient Index, which is one of the ESG indices adopted by the Government Pension Investment Fund (GPIF). Using TOPIX, a representative stock price index indicative of market trends in Japan, as its universe, the S&P/JPX Carbon Efficient Index determines the weighting of constituent stocks based on the status of environmental information disclosure and the level of carbon efficiency (carbon emissions per unit of revenue).

CDP

CDP is a UK-based international environmental NGO that, at the request of institutional investors and purchaser corporations around the world, asks companies to answer questionnaires regarding their environmental activities and scores them based on their responses.

In the fiscal 2024 survey conducted by CDP, we obtained a score of B (management level) in the climate change field.

JRECO Fluorocarbon Countermeasure Rating

We have been selected as an A-ranked company—the top rank—in the Fluorocarbon Countermeasure Rating 2024 conducted by the Japan Refrigerants and Environment Conservation Organization (JRECO). This survey targeted 1,641 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, 94 companies were selected as A-ranked companies.

Corporate Governance

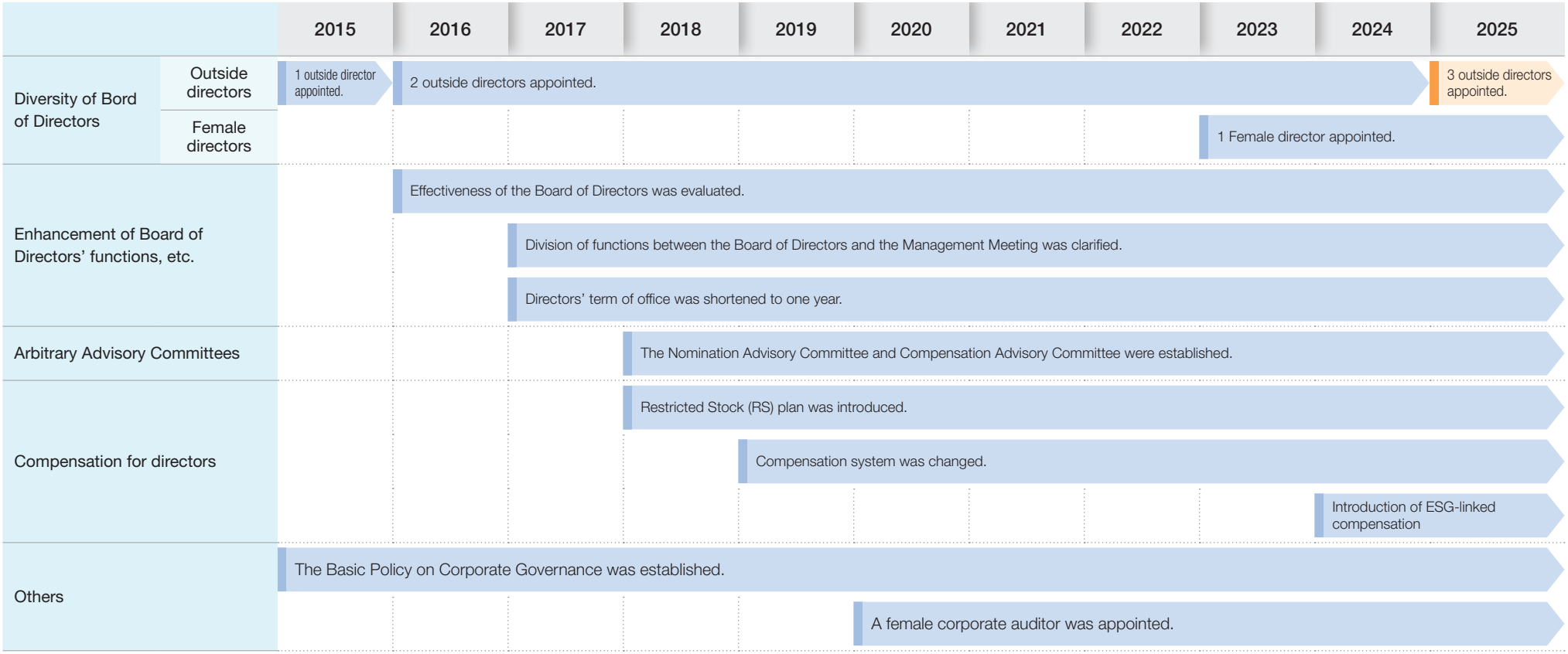
Corporate governance

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. In choosing director candidates, we take into consideration diversity in gender, experience, and other attributes, and make selections following deliberation by the Board of Directors.

For details, please refer to the Basic Policy on Corporate Governance available on our corporate website.

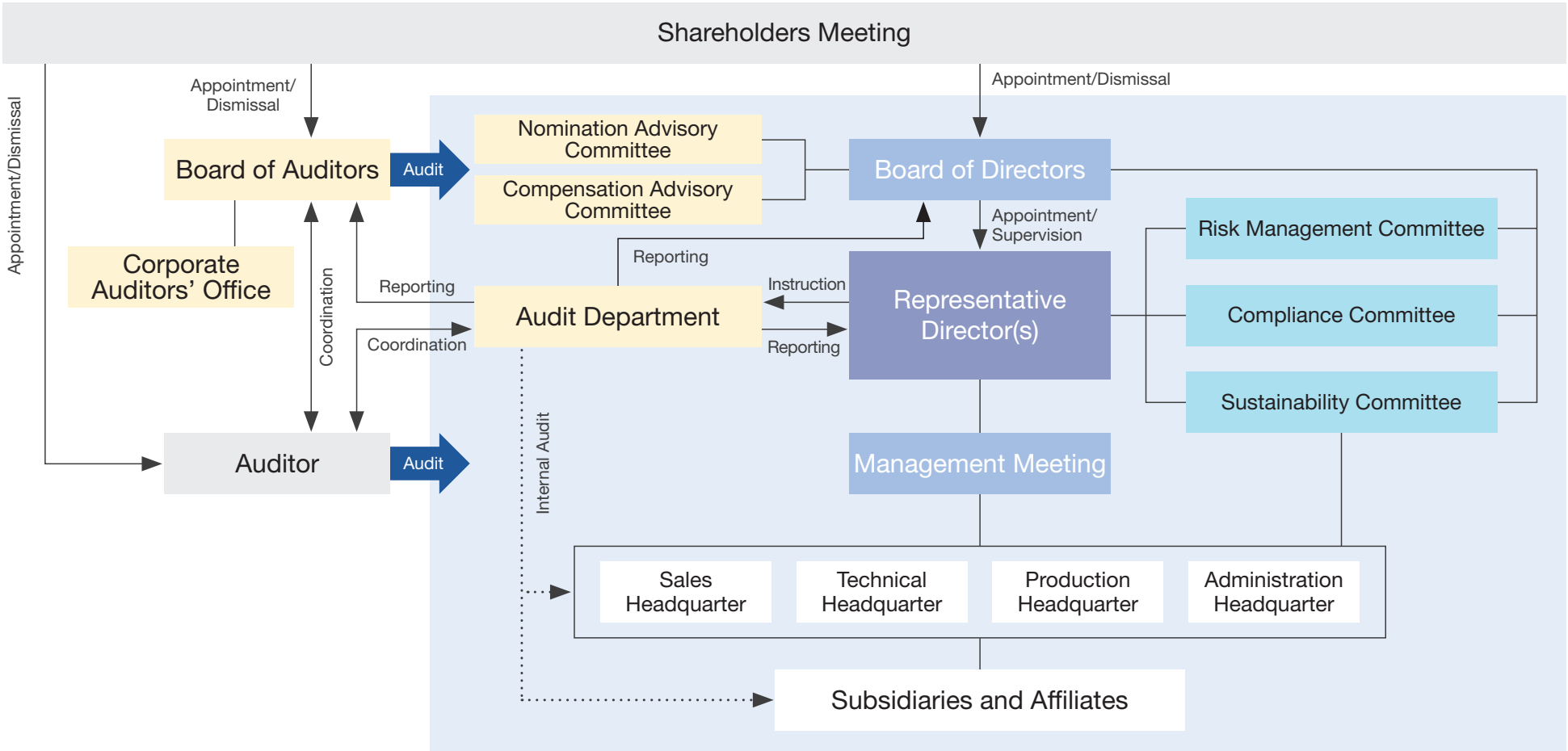
Corporate Governance https://www.cmp.co.jp/ir/governance.html

History of improving corporate governance



Corporate Governance

Organization chart for corporate governance



Corporate Governance

Governing bodies

- The CMP Group has adopted the governance structure of a company with a Board of Auditors.
- As an important decision-making body following the Board of Directors, a Management Meeting—composed of executive directors and executive officers—has been established to deliberate key matters related to business execution.
- To enhance the independence and objectivity of the Board of Directors in relation to the selection and dismissal of directors and the determination of their remuneration, the Group has voluntarily established a Nomination Advisory Committee and a Compensation Advisory Committee, each chaired by an outside director and composed of a majority of outside directors.
- The composition of the main governing bodies is as follows: all five outside officers are independent officers as defined by the Tokyo Stock Exchange.

Board of Directors

Three of seven members are outside directors, one of whom is a female. (As of September 30, 2025)

Title	Name	Responsibilities (primary and concurrent)
President	Kenshi Date	
Senior Managing Director	Hideyuki Tanaka	In charge of Technology and Production
Managing Director	Katsunori Kobayashi	In charge of Administration and Compliance
Director	Takao Shimizu	In charge of Corporate Strategy
Outside Director	Toshifumi Inami	Independent Director of KYOEI TANKER CO.,LTD.
Outside Director	Akiko Monden	Lawyer
Outside Director	Takumi Kudo	Executive Advisor, Wholesale Business Planning Department, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.

Board of Corporate Auditors

Two of four members are outside auditors,one of whom is a female. (As of September 30, 2025)

Title	Name	Concurrent positions
Standing Corporate auditor	Junichi Yokozeki	
Standing Corporate auditor	Tatsuro Enomoto	
Outside Auditor	Kie Yamada	Certified public accountant
Outside Auditor	Tetsuji Nakamura	Certified public tax accountant

Directors' remuneration

To enhance the independence and objectivity of the decision-making process, the policy for determining directors' remuneration, as well as the specific remuneration amounts for each director based on that policy, are decided by resolution of the Board of Directors, which has the final decision-making authority, following deliberation and recommendations by the Compensation Advisory Committee, chaired by an outside director and composed of a majority of outside directors.

The total amount of directors' remuneration has been approved by resolution at the General Meeting of Shareholders as up to ¥450 million per year, including remuneration for restricted stock (RS) grants of up to ¥100 million per year.

Basic policy

- Remuneration is structured in accordance with the roles and contributions of each director to ensure transparency and fairness.
- It also serves as an incentive for the sustainable enhancement of corporate value and promotes the sharing of value with shareholders.
- To ensure objectivity and rationality in determining the remuneration structure and level, deliberations are conducted by the Compensation Advisory Committee, chaired by an outside director and composed of a majority of outside directors.

Remuneration structure

In accordance with the above basic policy, remuneration consists of the following three components.

Outside directors receive only basic remuneration, in consideration of the nature of their duties.

Category	Classification	Form of compensation	Percentage of total compensation(*1)	Notes
Basic compensation	Fixed	Cash	About 62%	
Annual incentives	Performance-etc. linked	Cash	About 20%	Linked to single year profit and ESG (GHG reduction rate) indicators
Medium- to long-term incentives(*2)	Performance-linked	Stocks	About 18%	Restricted stock compensation (enrollment and performance requirements)

(*1) The component ratio excludes outside directors and represents the total amount ratio when annual incentives are paid at 100%. (FY2025 forecast)

(*2) The medium- to long-term incentive includes the portion recognized in the current fiscal year for performance-based restricted stock (RS) granted in past years.

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

The CMP Group's Code of Conduct—which promotes compliance with laws and regulations, management with a medium- to long-term perspective, and mutual understanding with stakeholders—is displayed together with its management policies at all affiliated companies and disclosed on the Group's website. In fiscal 2024, there were no cases of corruption or discriminatory acts in violation of the Code.

CMP Group's Code of Conduct
https://www.cmp-chugoku.com/global/about-us/management-philosophy.html

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. The Group strives to ensure full compliance with laws and regulations and to uphold fair and sound corporate ethics through its management policies and Code of Conduct. We are committed to prohibiting all forms of discrimination or harassment, including those based on race, gender, creed, age, sexual orientation, or any other attribute. We are 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.

CMP Group Human Rights Policy
https://www.cmp-chugoku.com/global/sustainability/policies/human-rights-policy.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.

Furthermore, we will continue to collaborate with stakeholders to prevent human rights issues related to our business activities.

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.

Modern Slavery and Human Trafficking Transparency Statement
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.

In fiscal 2024, no reports concerning violations of laws or regulations were received through the internal whistleblowing hotline.

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

Environmental Data

Greenhouse gas

	Unit	Scope of calculation	2022	2023	2024
Scope1	t-CO_2e	CMP	382	352	362
		Group companies (Japan)	2,623	2,488	2,614
		Group companies (overseas)	1,163	1,365	965
		CMP Group total	**4,168**	**4,205**	**3,941**
Energy-related CO_2	t-CO_2e	CMP	382	352	362
		Group companies (Japan)	2,623	2,488	2,614
		Group companies (overseas)	1,163	1,365	965
		CMP Group total	**4,168**	**4,205**	**3,941**
Non-energy-related CO_2	t-CO_2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
CH_4	t-CO_2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
N_2O	t-CO_2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
HFCs	t-CO_2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
PFCs	t-CO_2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
SF_6	t-CO_2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
NF_3	t-CO_2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**

	Unit	Scope of calculation	2022	2023	2024
Scope2	t-CO_2e	CMP	3,126	2,082	1,631
		Group companies (Japan)	1,475	1,162	980
		Group companies (overseas)	7,533	7,424	6,257
		CMP Group total	**12,134**	**10,668**	**8,868**
Scope3	t-CO_2e	CMP	184,989	220,540	220,644
		Group companies (Japan)	76,915	71,074	80,948
		Group companies (overseas)	335,990	471,003	611,081
		CMP Group total	**597,894**	**762,617**	**912,673**
Cat.1: Goods and services purchased	t-CO_2e	CMP	173,721	210,374	209,744
		Group companies (Japan)	73,942	67,950	78,157
		Group companies (overseas)	323,258	456,236	595,749
		CMP Group total	**570,921**	**734,560**	**883,650**
Cat.2: Capital goods	t-CO_2e	CMP	709	472	1,191
		Group companies (Japan)	330	1,066	574
		Group companies (overseas)	1,523	2,126	2,251
		CMP Group total	**2,562**	**3,664**	**4,016**
Cat.3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	t-CO_2e	CMP	572	547	584
		Group companies (Japan)	632	588	609
		Group companies (overseas)	1,144	1,215	1,146
		CMP Group total	**2,348**	**2,350**	**2,339**
Cat.4: Transportation and distribution (upstream)	t-CO_2e	CMP	6,202	5,842	5,683
		Group companies (Japan)	26	51	57
		Group companies (overseas)	2,967	2,603	2,212
		CMP Group total	**9,195**	**8,496**	**7,952**
Cat.5: Waste generated in operations	t-CO_2e	CMP	671	364	510
		Group companies (Japan)	1,679	1,122	1,206
		Group companies (overseas)	1,495	1,676	1,956
		CMP Group total	**3,845**	**3,162**	**3,672**
Cat.6: Business travels	t-CO_2e	CMP	214	277	303
		Group companies (Japan)	61	61	72
		Group companies (overseas)	43	86	182
		CMP Group total	**318**	**424**	**557**
Cat.7: Employee commuting	t-CO_2e	CMP	67	65	76
		Group companies (Japan)	29	25	27
		Group companies (overseas)	2,049	3,073	2,801
		CMP Group total	**2,145**	**3,163**	**2,904**

Environmental Data

Greenhouse gas

	Unit	Scope of calculation	2022	2023	2024
Cat.8: Leased assets (upstream)	t-CO2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
Cat.9: Transportation and distribution (downstream)	t-CO2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
Cat.10: Processing of products sold	t-CO2e	CMP	2,624	2,397	2,348
		Group companies (Japan)	150	150	176
		Group companies (overseas)	3,152	3,561	4,285
		CMP Group total	**5,926**	**6,108**	**6,809**
Cat.11: Use of products sold	t-CO2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
Cat.12: End-of-life treatment of products sold	t-CO2e	CMP	209	202	205
		Group companies (Japan)	66	61	70
		Group companies (overseas)	359	427	499
		CMP Group total	**634**	**690**	**774**
Cat.13: Leased assets (downstream)	t-CO2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
Cat.14: Franchises	t-CO2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
Cat.15: Investments	t-CO2e	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
Scope1+2	t-CO2e	CMP	3,508	2,434	1,993
		Group companies (Japan)	4,098	3,650	3,594
		Group companies (overseas)	8,696	8,789	7,222
		CMP Group total	**16,302**	**14,873**	**12,809**

	Unit	Scope of calculation	2022	2023	2024
Scope 1 and 2 emissions intensity per unit of sales	t-CO2e / billions of yen	**CMP Group total**	**1.6**	**1.3**	**1.0**
Change in Scope 1 and 2 emissions intensity (compared with FY2021)	%	**CMP Group total**	**-21**	**-28**	**-38**
Scope 1 and 2 emissions during production	t-CO2e	CMP	1,775	1,274	931
		Group companies (Japan)	4,099	3,513	3,440
		Group companies (overseas)	8,695	8,641	7,081
		CMP Group total	**14,569**	**13,428**	**11,452**
Scope 1 and 2 emissions intensity during production	kg-CO2e/t	CMP	26	20	14
		Group companies (Japan)	209	194	165
		Group companies (overseas)	81	80	56
		CMP Group total	**75**	**70**	**54**
Scope1+2+3	t-CO2e	CMP	188,497	222,974	222,637
		Group companies (Japan)	81,013	74,724	84,542
		Group companies (overseas)	344,686	479,792	618,303
		CMP Group total	**614,196**	**777,490**	**925,482**

*Scope 1, 2, and 3 follow the GHG Protocol definition.
*To calculate Scope 1 emissions, we used emission factors in accordance with the Act on Promotion of Global Warming Countermeasures.
*To calculate Scope 2 emissions from our domestic bases, we used adjusted emission factors based on those provided by each electric utility in accordance with the Act on Promotion of Global Warming Countermeasures. For our overseas bases, we used emission factors based on each country's laws and regulations or the IEA Emissions Factors. For overseas bases, emission factors were based on each country's laws and regulations or on the IEA Emissions Factors.

Environmental Data

Energy

	Unit	Scope of calculation	2022	2023	2024
Energy consumption	TJ	CMP	74	63	66
		Group companies (Japan)	68	60	63
		Group companies (overseas)	154	146	137
		CMP Group total	**296**	**269**	**266**
Electricity (non-renewable)	TJ	CMP	66	37	30
		Group companies (Japan)	30	19	16
		Group companies (overseas)	119	104	100
		CMP Group total	**215**	**160**	**146**
Electricity (renewable)	TJ	CMP	0	19	28
		Group companies (Japan)	0	7	10
		Group companies (overseas)	13	16	20
		CMP Group total	**13**	**42**	**58**
Heat	TJ	CMP	1	1	1
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**1**	**1**	**1**
Natural gas	TJ	CMP	2	2	2
		Group companies (Japan)	0	0	0
		Group companies (overseas)	18	19	13
		CMP Group total	**20**	**21**	**15**
Class A heavy oil	TJ	CMP	0	0	0
		Group companies (Japan)	37	34	36
		Group companies (overseas)	1	2	2
		CMP Group total	**38**	**36**	**38**
Light oil	TJ	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	2	3	0
		CMP Group total	**2**	**3**	**0**
Kerosene	TJ	CMP	1	1	1
		Group companies (Japan)	1	0	1
		Group companies (overseas)	0	1	0
		CMP Group total	**2**	**2**	**2**
Other fuels	TJ	CMP	4	3	4
		Group companies (Japan)	0	0	0
		Group companies (overseas)	1	1	2
		CMP Group total	**5**	**4**	**6**

	Unit	Scope of calculation	2022	2023	2024
Ratio of renewable electricity use	%	CMP	0	34	49
		Group companies (Japan)	0	27	38
		Group companies (overseas)	9	13	15
		CMP Group total	**5**	**21**	**28**
Energy intensity (per unit of sales)	GJ / billions of yen	**CMP Group total**	**29.7**	**23.1**	**20.3**
Energy consumption during production	TJ	CMP	40	35	36
		Group companies (Japan)	68	59	61
		Group companies (overseas)	154	141	134
		CMP Group total	**262**	**235**	**231**
Energy intensity during production	MJ/t	CMP	598	537	543
		Group companies (Japan)	3,462	3,277	2,928
		Group companies (overseas)	1,436	1,309	1,061
		CMP Group total	**1,348**	**1,229**	**1,082**

Environmental Data

Waste

	Unit	Scope of calculation	2022	2023	2024
Amount of waste generated	t	CMP	1,565	1,536	1,609
		Group companies (Japan)	1,218	958	985
		Group companies (overseas)	18,419	13,352	14,965
		CMP Group total	**21,202**	**15,846**	**17,559**
Amount recycled	t	CMP	1,326	1,469	1,571
		Group companies (Japan)	1,189	929	965
		Group companies (overseas)	17,076	11,665	13,424
		CMP Group total	**19,591**	**14,064**	**15,961**
Amount of thermal recovery	t	CMP	318	165	442
		Group companies (Japan)	566	625	674
		Group companies (overseas)	0	0	0
		CMP Group total	**884**	**790**	**1,116**
Recycling rate	%	CMP	85	96	98
		Group companies (Japan)	98	97	98
		Group companies (overseas)	93	87	90
		CMP Group total	**92**	**89**	**91**
Amount of waste with unknown disposal method	t	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	841	723	708
		CMP Group total	**841**	**723**	**708**
Final disposal amount	t	CMP	126	29	18
		Group companies (Japan)	17	17	16
		Group companies (overseas)	221	443	324
		CMP Group total	**364**	**489**	**358**
Amount of hazardous waste generated	t	CMP	0	0	0
		Group companies (Japan)	0	5	0

*We identified errors in data reported by overseas Group companies and corrected data for previous years.
*We also revised past-year data following adjustments to the calculation method for recycled volumes.

PRTR

	Unit	Scope of calculation	2022	2023	2024
Total emissions of substances subject to the PRTR Act	t	CMP	79	81	82
		Group companies (Japan)	6	6	8
Emissions to the atmosphere	t	CMP	79	81	82
		Group companies (Japan)	6	6	8
Discharge into public waters	t	CMP	0	0	0
		Group companies (Japan)	0	0	0

Water pollutants

	Unit	Scope of calculation	2022	2023	2024
COD emissions	t	CMP	0.3	0.3	0.4
		Group companies (Japan)	1.1	1.1	1.4
		Group companies (overseas)	3.6	2.0	3.3
		CMP Group total	**5.0**	**3.4**	**5.1**
BOD emissions	t	CMP	0.3	0.4	0.3
		Group companies (Japan)	0.0	0.0	0.0
		Group companies (overseas)	1.0	0.6	1.2
		CMP Group total	**1.3**	**1.0**	**1.5**
Total nitrogen emissions	t	CMP	0.0	0.0	0.0
		Group companies (Japan)	0.8	0.7	0.7
Total phosphorus emissions	t	CMP	0.0	0.0	0.0
		Group companies (Japan)	0.0	0.0	0.0

Air pollutants

	Unit	Scope of calculation	2022	2023	2024
NOx emissions	t	CMP	0	0	0
		Group companies (Japan)	1	1	1
		Group companies (overseas)	1	0	0
		CMP Group total	**2**	**1**	**1**
SOx emissions	t	CMP	0	0	0
		Group companies (Japan)	1	1	1
		Group companies (overseas)	20	8	8
		CMP Group total	**21**	**9**	**9**
Volatile organic compound (VOC) emissions	t	CMP	102	106	107
		Group companies (Japan)	9	8	10

Environmental Data

Water Resources

	Unit	Scope of calculation	2022	2023	2024
Total water withdrawals	1,000 m³	CMP	160	161	160
		Group companies (Japan)	1,054	987	1,060
		Group companies (overseas)	89	73	70
		CMP Group total	**1,303**	**1,221**	**1,290**
Seawater	1,000 m³	CMP	47	47	47
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**47**	**47**	**47**
Underground water	1,000 m³	CMP	65	61	59
		Group companies (Japan)	0	0	0
		Group companies (overseas)	4	3	3
		CMP Group total	**69**	**64**	**62**
Municipal water	1,000 m³	CMP	48	53	54
		Group companies (Japan)	1,054	987	1,060
		Group companies (overseas)	85	70	67
		CMP Group total	**1,187**	**1,110**	**1,181**
Surface water	1,000 m³	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
Rainwater	1,000 m³	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
Total water discharge	1,000 m³	CMP	128	140	140
		Group companies (Japan)	1,013	986	928
		Group companies (overseas)	65	53	46
		CMP Group total	**1,206**	**1,179**	**1,114**
Ocean	1,000 m³	CMP	56	55	56
		Group companies (Japan)	1,012	985	927
		Group companies (overseas)	0	0	0
		CMP Group total	**1,068**	**1,040**	**983**
River, lake, etc.	1,000 m³	CMP	67	79	79
		Group companies (Japan)	0	0	0
		Group companies (overseas)	10	8	9
		CMP Group total	**77**	**87**	**88**
Sewage line	1,000 m³	CMP	5	6	5
		Group companies (Japan)	1	1	1
		Group companies (overseas)	54	44	36
		CMP Group total	**60**	**51**	**42**
Underground/well	1,000 m³	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	1	1	1
		CMP Group total	**1**	**1**	**1**

	Unit	Scope of calculation	2022	2023	2024
Others	1,000 m³	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	0	0
		CMP Group total	**0**	**0**	**0**
Freshwater discharge volume	1,000 m³	CMP	81	93	93
		Group companies (Japan)	1,013	986	928
		Group companies (overseas)	65	53	46
		CMP Group total	**1,159**	**1,132**	**1,067**
Water consumption	1,000 m³	CMP	32	21	20
		Group companies (Japan)	41	1	132
		Group companies (overseas)	24	20	24
		CMP Group total	**98**	**42**	**176**
Freshwater consumption volume in water-stressed regions	1,000 m³	**CMP Group total**	**1**	**16**	**19**

Other data

	Unit	Scope of calculation	2022	2023	2024
Environmental accidents	Incidents	CMP	0	0	0
		Group companies (Japan)	0	0	0
		Group companies (overseas)	0	1	0
		CMP Group total	**0**	**1**	**0**
Purchased raw materials	1,000 t	CMP	76	69	77
		Group companies (Japan)	18	20	24
		Group companies (overseas)	109	109	147
		CMP Group total	**203**	**198**	**248**
Volatile organic compounds (VOCs)	1,000 t	CMP	16	12	17
		Group companies (Japan)	7	5	5
		Group companies (overseas)	19	22	24
		CMP Group total	**42**	**39**	**46**
Inorganic pigments	1,000 t	CMP	7	7	8
		Group companies (Japan)	1	1	1
		Group companies (overseas)	16	16	20
		CMP Group total	**24**	**24**	**29**
Others	1,000 t	CMP	53	50	53
		Group companies (Japan)	10	14	18
		Group companies (overseas)	74	71	103
		CMP Group total	**137**	**135**	**174**
Production volume	1,000 t	CMP	68	66	66
		Group companies (Japan)	20	18	21
		Group companies (overseas)	107	108	126
		CMP Group total	**195**	**192**	**213**

*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.

Social Data

Employees

		2022	2023	2024
CMP	Number of employees (Total)	460 (30)	459 (38)	479 (47)
	Male	376	378	385
	Female	84	81	94
	Average age	45.6	45.4	44.9
	Male	45.5	45.2	45.0
	Female	46.1	46.0	44.5
	Average annual salary (thousands of yen)	6,759	7,176	7,510
CMP Group	Number of employees (Total)	2,199 (178)	2,104 (200)	2,137 (224)
	Japan	650 (78)	642 (87)	651 (89)
	China	582 (3)	478 (12)	490 (14)
	South Korea	168 (29)	178 (27)	189 (52)
	Southeast Asia	649 (22)	642 (24)	636 (26)
	Europe and the United States	150 (46)	164 (50)	171 (44)

* The number of employees refers to the number of working personnel (excluding those seconded from the CMP Group to external organizations, and including those seconded from external organizations to the CMP Group). The number of temporary employees (including part-time workers, employees dispatched from staffing agencies, and seasonal workers) is shown in parentheses as the average number during the year.
* The average annual salary includes bonuses and non-base wages.

Number of hires

		2022	2023	2024
CMP	New graduates	3	9	6
	Male	2	9	4
	Female	1	0	2
	Mid-career hires	2	13	26
	Male	2	10	17
	Female	0	3	9
	New graduates and Mid-career hires (Total)	5	22	32

Work-Life Balance

		2022	2023	2024
CMP	Annual paid leave utilization rate * Full-time employees, including managerial staff	63.2%	66.3%	65.7%
	Average total annual working hours * For non-managerial employees only	1,944.8	1,941.8	1,943.2
	Average monthly overtime hours * For non-managerial employees only	12.0	11.7	11.8

Governance Data

Directors

	2022	2023	2024
Average age	65.3	58.2	59.2
Average length of service (years)	6.0	1.7	2.7
Number of Board of Directors meetings held	13	11	11
Average attendance rate of Board of Directors	98.7%	100%	100%

Corporate Auditors

	2022	2023	2024
Average age	61.3	61.3	60.3
Average length of service (years)	3.5	3.5	2.5
Number of Board of Corporate Auditors meetings held	10	10	10
Average attendance rate of Board of Corporate Auditors	100%	100%	100%

Total remuneration by officer category

(Millions of yen)

	2022	2023	2024
Directors (of which, outside directors)	256 (15)	246 (15)	271 (15)
Corporate auditors (of which, outside corporate auditors)	50 (15)	50 (15)	50 (15)
Total (of which, outside officers)	306 (31)	297 (31)	321 (31)

Sustainability Report 2025

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