

**Musashi Paint
Report
2025**

Purpose of Musashi Paint

Enriching the World with Our Colors and Technology

[Key Points of the Musashi Paint Report 2025]

At the Musashi Paint Group, we started the issuance of our CSR reports from 2024. This issue is our second CSR report. The main purpose of our first report “Musashi Paint Report 2024” was to share information on our non-financial activities and focused on the report of our CSR philosophy as well as how we recognized and approached each activity.

You can find “Musashi Paint Report 2024” by accessing the URL shown below or by scanning the QR code.
https://musashipaint.com/assets/pdf/csr/MusashiPaintReport_2024_2p.pdf

The key points of our second CSR report “Musashi Paint Report 2025” are as follows.

1. Enriching activity reports

This report features the approach, goals, and achievements of each non-financial activity we have been engaging in. In the “Feature Articles”, you will find an in-depth report on the activities we have especially put effort in. You will be able to see the various colors that make up the Musashi Paint spectrum.

2. ESG-based table of contents

We have compiled this report based on ESG perspectives (Environment, Social, and Governance). We hope that this ESG-based table of contents make it easier for our stakeholders to understand the initiatives we take for each aspect.

3. Enhancement of our prospective

As our next step following the CSR reports, we are considering to issue reports on sustainability in our group. We have included introductory articles on initiatives we will be taking for our prospective, including capital pillars for value creation.



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●About this report

This report is issued to communicate the corporate values of the Musashi Paint Group to our stakeholders. We created this report in accordance with the general principles of accountability and disclosure, and have disclosed the progress of our initiatives. Our first priority was to use this report to communicate with our stakeholders.

●Scope

This report is about the corporate activities of the Musashi Paint Group.

●Period

This report is primarily about activities held from January 1 to December 31, 2024 (FY2024). Note that it also covers activities in continuance and comments on activities held outside the above period.

●Referenced guidelines

GRI Sustainability Reporting Standards (2016, 2018, 2020, 2021)
Ministry of the Environment’s “Environmental Reporting Guidelines 2018”



musashi paint

Top Commitment

President & CEO : Yumiko Fukui
Research & Technical Development Division
Division General Manager : Go Yamamoto
Interview between

**Believing in the sustainable possibilities of paints
and humans to further expand our experience
and network across the world and become a company
that always take on challenges**

President & CEO

Yumiko Fukui

Research & Technical Development Division
Division General Manager

Go Yamamoto

Contributing to environmental preservation through merchandise development

F : Last year, we conducted many CSR activities, including the issuance of our group's first CSR report. What are your thoughts, reflecting back on the past year?

Y : What stood out the most for me in last year's CSR activities was the "Creating environmentally conscious merchandise" which was one of the Offensive CSR that I led as the general manager of the Research & Technical Development Division That is still in focus for this year. In 2025, we aim to have more than 75% of the products shipped by our group be environmentally-friendly merchandises. Last year, we achieved 73%. We're almost there!

More specifically speaking, we want to sell bio paints. As of today, the exhibitions at EXPO 2025 are finished with microalgae-based bio paint, which is still being developed for further improvement. I am happy to see that the project we had started about two years ago with the support from partner companies is now finally about to bear fruit.

F : Although the amount of oil that could be drawn out from algae is still small and not ready for mass production, I look forward to it too. I see that its gradually taking form to become a product. We definitely will continue to strive for development of microalgae-based bio paints!

Y : China has the best track record regarding the sales of environmentally-friendly merchandises. Manufacturing

is hot in China and many have highly recognized our water-based paints, especially from those involved in manufacture of consumer appliances. Originally, we were highly recognized for our soft feel coating. Even with the water-based soft feel coating, we were able to demonstrate the same texture and performance as the conventional solvent-based products. And so, our customers highly recognize these too.

To "enrich the world with our colors and technology" as we aim to achieve as our group's purpose with these environmentally-friendly merchandises, cooperation from raw materials manufacturers is a must. We had



members from procurement, environment management, and development share our group's policy on environmental preservation as well as the individual policies that each team had. It all started from getting our raw materials manufacturers understand and agree upon these policies.

Opening up more opportunities overseas with our technology and talent training

Y : Currently, about 75% of our group's sales is made by our sites overseas. When our customers in Japan advance into the overseas market, we, too, follow their journey and make effort to produce paints in their locality. If it has been determined to produce locally, considering costs and supply, we then start with adopting local raw materials as this leads to the regional development that our customers want to see in their country/region.

F : When adopting local raw materials, the activities that we do everyday without giving them much thought... in other words, actions taken for defensive CSR such as quality management, assurance of safety, and chemical substance management, all play an important role, don't they?

Y : Yes, that's right. We make it a rule to first check that the raw materials we sought for satisfies our group's green procurement standards as well as the laws and regulations of each country before actually registering them to our group's database. I think it is important that we take each

procedure with care to be able to meet the needs of our customers. People may first think merchandise development falls under offensive CSR, but both defensive and offensive actions must be considered for merchandise development.

We add on values on top of that to make these merchandises to be conscious. For example, bio paints developed with considerations to achieve carbon neutrality can be used to address the problem of global warming while UV curing-type paints can be used to address the conservation of energy. As of today, 2K curing-type paints is most typical. These need to be dried for about 30 minutes at 80°C. Meanwhile, UV curing-type paints can form coating films with drying of about 5 minutes at 60°C and some UV irradiation. Since we know that the electricity consumed during the drying process has an impact of the emission of CO₂, we plan to further enhance the development of UV curing-type paints. On the other hand, from perspective of factory facilities, the energy that we consume most at our group is electricity. Last year, we finished installing solar panels at our site in India. We plan to gradually reduce the ratio of fossil fuel-based power used and reduce the volume of CO₂ emission.

F : I look forward to seeing the results. Creating an environmentally-conscious merchandise is never easy as one needs to overcome many technical challenges. However, I can see the strong will and passion carried out by top-notch technical developers such as yourself, Mr. Yamamoto. I was deeply moved by everyone's stance on fighting until the end.

Y : Thank you. As you know, paints become a coating film after it has been applied and dried. Hence, the way the paint was applied has a great influence on the finished quality. That is why we make sure to allocate local employees who have met the technical support standards as part of our training program to cultivate technical talent. We want to proactively take measures to enhance regional development and training of local technicians that our customers seek our help on. For this, I think it's critical that we hire people who sympathize with our group's management philosophy rather than dwelling on the hire of a person just because he/she is Japanese. There are numerous opportunities for our group employees to demonstrate their capabilities overseas. We hope people who find such opportunities to be appealing join our company.

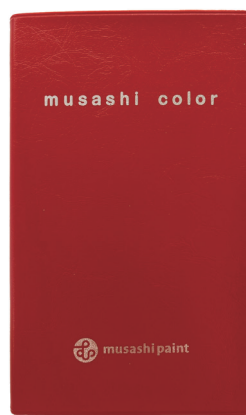
Demonstrate what we can do for the world with our services and actions

F : What is the point of doing business? My one and only answer to that is "to make society an even better place." We handle chemical substances in the form of paint. Such chemical substances could be both harmful and beneficial to our health. When pursuing sustainable management, we must think about what we need to do or must not do for eternal continuous of business. It is important to explicitly define what it means to be "sustainable" and break that down to be incorporated at each of our sites. We have created an internal educational institution known as "Musashi Academy" and have made efforts to encourage our employees to read our management philosophy in the booklet we have made as well as share with them the way I think. But I think it is important to communicate with our employees to have them deepen their understanding.

Y : The booklet you have mentioned — that must be the "musashi color." "musashi color" is no longer an extraordinary item in Japan where it was first introduced, and I frequently hear phrases used in the "musashi color" in daily conversations. I think it has disseminated quite widely at our overseas sites as well.

F : The philosophies written in that booklet are reflected upon on our assessment system, and I think it makes it easier for employees to understand the specific actions they should take because we share a common understanding. I agree that the "musashi color" has quite widely disseminated as managers of each site and department has made effort to explain the assessment of daily work with the words from "musashi color" which helps reinforce the philosophies included in it.

Y : Speaking of which, the WORLD CLEANUP DAY activities that we did together across the entire group was very impressive. All we did was briefly explain that WORLD CLEANUP DAY had become an international day and why it was declared as such, and only instructed them to do what they can



musashi color



do at their own site. I think the fact that so many of our group companies joined in this cleanup event proves the philosophies of the "musashi color" has truly disseminated.

F : It may also be because our group is formed by a group of people who were able to sympathize with our philosophies. I think our group naturally seeks for people who are willing to take some kind of action to help the world or others in need when we are hiring.

At the same time, when we are audited by our customers as suppliers, it seems our customers make their decisions based on our approach towards CSR and sustainability. Conducting corporate activities while adhering to rules regarding compliance and sustainability has become ever more important when building a relationship of trust with our business partners.

Believe in the possibilities of paints and form a network of people who share the same joy

Y : At the Technical Development department, we see that the what our customer seeks in us is what society seeks in us. I regularly tell my team that we must always think about what kind of issues our society is facing, how paint can resolve such issues, and sincerely engage in our activities. I remind them that this chain of actions shape our future.

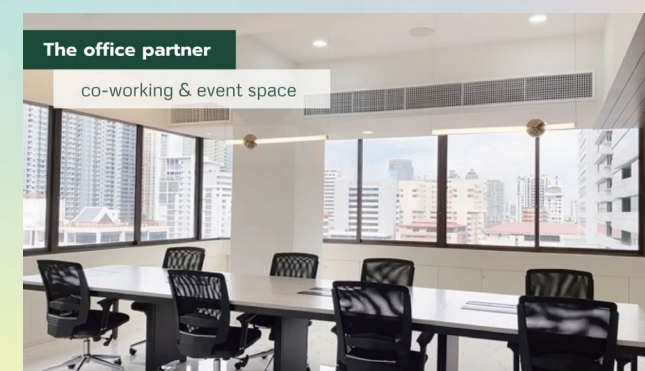
F : Because anything is possible with paint. Colors are very influential. It can make people happy and lift their moods or make them feel gloomy. By repainting items, it could change the significance of the item or lead to the resolution of an issue. So, in that sense, I think the maintenance of this technology itself is sustainable. I strongly feel that changing colors help make people realize new things, stop them from making unnecessary things or throwing things away. This could certainly make our world a better place.

Y : It should also be noted that we have already started taking actions beyond our framework to resolve issues. For example, we work with a university for further research and development, and work with a coating facility manufacturer to address environmental issues and explore creation of new values. We are beginning to see some good results and we hope to continue collaborating.

F : I would like to not only focus on merchandise development, but also take initiatives to maximize the utilization of our factory facilities, our corporate capital, and capabilities of our

employees which are another form of our company's assets. For example, we have started initiatives to share our overseas factories with another company and share the actions we are taking, such as the 5S for keeping our factories tidy and organized, with other companies online. At Thai, we bought a real estate and are operating a shared office business where corporate functions such as tax accounting and legal administration are offered as shared services. Trying to launch a business overseas, getting all of the corporate functions ready at hand by itself, is very hard. But if a company that wants to launch business outside Japan, they could use the knowledge that our employees have. We are leading this movement where we invite companies in Japan and other countries to join us to sell products that not only will sell in Japan but in the world.

Y : Very interesting. I find it exciting to think that there will be new encounters and discoveries through such initiative. It would be most relieving to know that you



Shared office

have companions on your side. They will always have someone they can rely on when they get in trouble. I think this is a wonderful idea.

F : Yes, it really is. It would be exciting for those who have joined us, but they would also be brining in new ideas for us, too.

Y : I think having connection with people outside the company is very important. And when we go out to seek for cooperation from other companies, it's necessary for us to have them know us. Explain to them who we are. So, I think it is important that we share these initiatives we are taking, whether it be to internal or external organizations.

F : To do that, I think we need to first have our employees understand what kind of initiatives the entire group is taking. For initiatives that may be hard to explain even though they may understand it, our employees could use the CSR report to show others what kind of business our company conducts.

To continue being a company that just keep on doing it!

F : To pursue sustainable management, I think it is important to first foster a culture where employees feel safe to take on challenges. To be able to help

your juniors develop skills and engage in various activities, managers/leaders must be committed to work together with their colleagues towards the same goal. As a result, it will create a work environment in which people feel safe to engage in their work. I also believe that taking on new challenges that add to your experience lead to the build up of confidence. And that's why I want everyone to be aggressive to take on challenges!

Y : I see. That's the "sustainable management" you envisage. Is the mindset underlying this year's slogan come from that same vision?

F : Yes, it does. Because if someone doesn't do it, then it will never get done. So, we should all get on to it. In other words, nothing will start unless you start. That's why this year's slogan is "Just do it." Unless otherwise absolutely impossible, we should all take on different challenges.

Y : Don't you agree that the employee training is essential for taking on challenges? At Musashi Academy, many people from different departments are offering training. I feel that participating in these study sessions not only enhances your technical skills but also enhance your people skills, which leads to greater motivation to challenge yourself. When taking on a challenge that you have never experienced before, you get help from people around you or discover new ideas within you. These help you become a better self.

F : I see that more and more people at our company are taking on challenges. At this point, no one knows what will be the "right answer" to our future. So, I think our greatest challenge is to instill in our employees that the "right answer" is to first take action. I, too, would like to continue taking on challenges while adhering to laws and regulations. And I would like to emphasize to our customers and other stakeholders that we are a truly amazing company and you will find it fun to work at Musashi. Come join me and others to continue taking on challenges!



Musashi Paint Group's strengths and global network

Musashi paint will respond to the customer expectations at 100%, and will sustain 120% of their satisfaction.

Strengths

1. Cutting-edge development capabilities

Based on our 60+ years of experience and knowledge, we are capable of accurately understanding market needs and developing innovative merchandises with our unique ideas and technologies.

2. GLOBAL NETWORK

We started globally rolling out our business more than 20 years ago, first starting from Asia and then expanding our production and sales organizations across Europe and North America. With our robust coordination among group companies, we have been able to stably and uniformly supply high-quality paints to our customers all over the world.

3. Sustainable business expansion

Bearing a strong management philosophy, we have been making sincere efforts to develop environmentally-friendly merchandises and measures to reduce environmental impact. We thrive to contribute to the realization of a sustainable society through these efforts and measures.

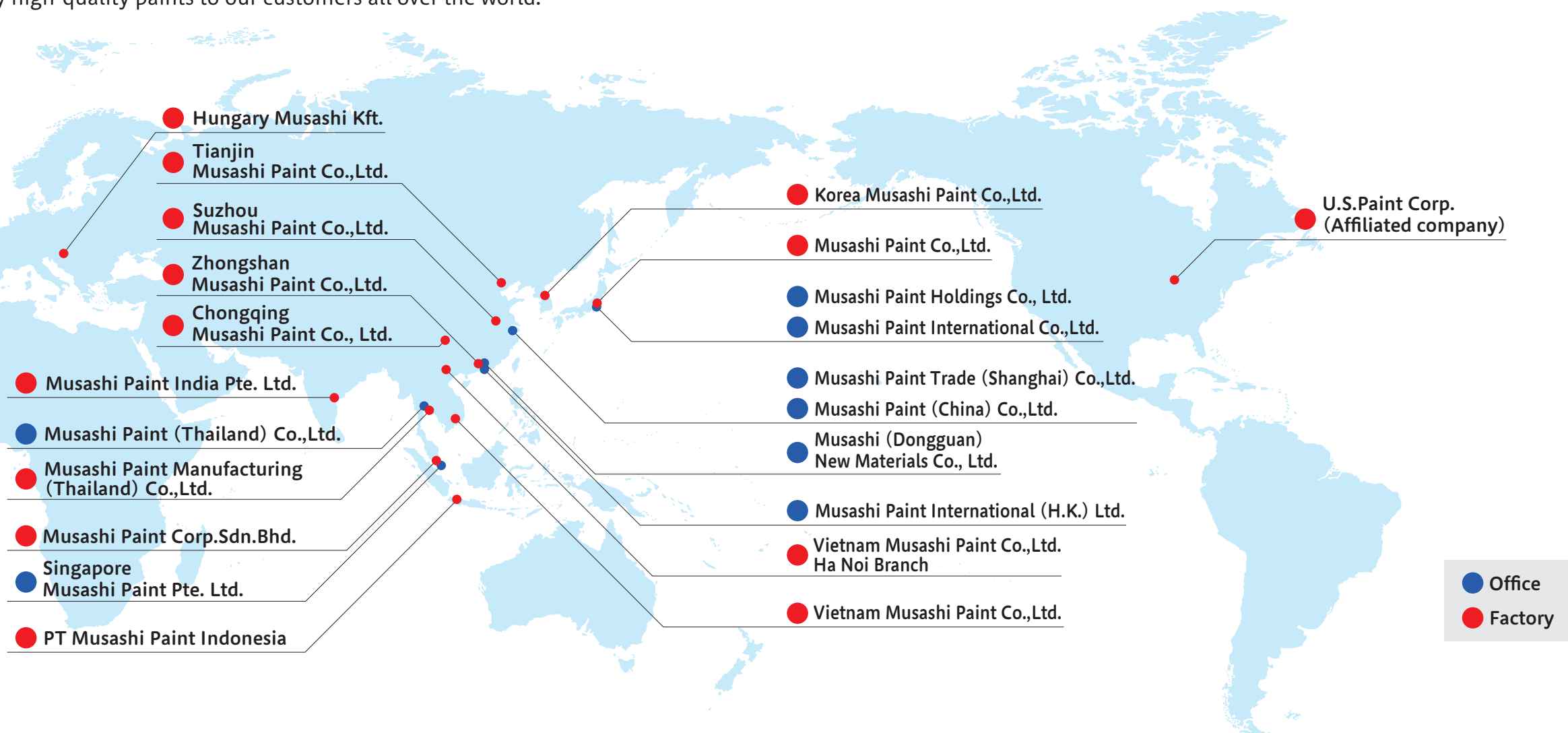
4. Customer-oriented customization and problem solving capabilities

We make effort to accurately understand and flexibly meet the various needs of our customers by full customization. We leverage our abundant experience and knowledge to offer optimized solutions that fundamentally resolves our customers' issues.

Musashi Paint Group

GLOBAL NETWORK

Our group conducts business across our network in 11 countries. We offer the same quality products and services to all of our customers, wherever they are around the world. At our technology sites, we develop products based on customers' needs and consider the affairs of our customers' countries.



Envisioning the future of paint with algae

A new type of bio paint - Unveiling the unknown innovators -

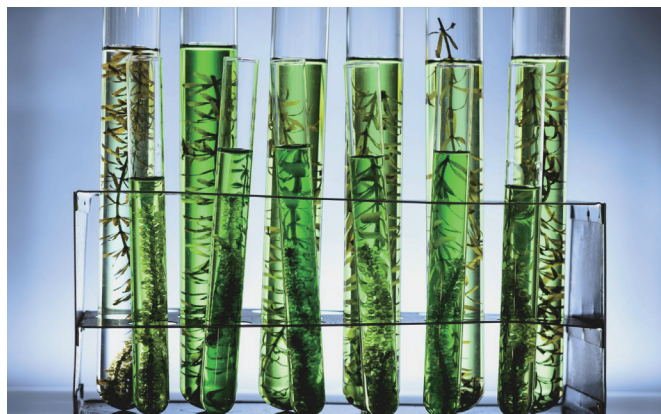
What are algae and microalgae?

Some of you may not be familiar with the term “algae”, especially “microalgae.” But you should know that microalgae has been gathering great attention from around the world as the next-generation sustainable resource that could alleviate environmental impact on Earth. There are high expectations that these could be used as a new material in replacement of fossil resources such as petroleum and natural gas.

Why microalgae?

Plants such as corn and sugar canes are also candidate replacements of fossil resources. These are already being researched in biochemical industries and are developed and implemented for various practical use. We have also developed bio paints from plant-based materials and have already made them into products.

Algae have attributes that plants do not have. Not only could they reduce CO₂ emission with their capabilities to photosynthesize, they can also be cultivated in arable land such as deserts and wasteland, thus making them effective resources. In addition, algae have significantly higher biomass production rate compared to land plants, can be cultivated with little water, and cannot be eaten. Thus, there is no competition for use as a food source. These attributes make algae a promising resource to support the sustainability of society. Generally, algae are categorized as microalgae and macroalgae. Of which, microalgae can be cultivated in cluttered areas, grow fast, and store a lot of fat. Hence, it is expected to be highly valuable for use as bio fuel. And that is why microalgae has gathered so much attention.



History of Musashi Paint Group's bio paints

In 2011, our group developed a plant-based bio paint and sold them to a European company that had predominating shares in the cell phone industry at that time. However, this company sold this business to another company and the demands for bio paints have subsided, temporarily suspending the development of bio paints.

In response to heightened awareness towards sustainability, our group has become more serious in taking initiatives for the development of bio paints. Our bio paints demonstrate the same level of quality as conventional paints when used as commercial paints for the coating of car interiors, home appliances, electronic devices, and other items which require high performance. Our bio paints are both sustainable and high functioning. We are also developing bio paints that could be applied to wooden materials and for wider range of applications. The composition ratio of plant-based materials in the coating film have now reached approximately 40%. The composition ratio of plant-based materials may potentially be increased to approximately 70%, which is of extremely high standard in this industry.

We strive to develop bio paints with a 100% composition ratio of plant-based materials, while maintaining high functionality and design quality.

The heart of Musashi Paint

The Musashi Paint Group promotes sustainable management based on the purpose of “Enriching the World with Our Colors and Technology.” As of today, the needs for bio paints is still limited, our Group representative, Yumiko Fukui, strongly believes that changes will not occur unless someone decides to take risks and jump in. That is why we aggressively take initiatives in the development of bio paints from microalgae-based materials.

One of our mission is the proactive sales and dissemination of our environmentally-friendly merchandises. All employees at Musashi Paint Group are committed to fulfill such roles and contribute to the creation of a sustainable society through the protection of Earth's nature.



A strong partnership with the CHITOSE Group - completing the development of an innovative bio paint -

Microalgae-based bio paints would never have been developed without our strong partnership with the CHITOSE Group. Musashi Paint has been participating in MATSURI, a cross-organizational collaborative project led by the CHITOSE Group, from a very early stage. As of April 2025, there are about 100 institutions participating in MATSURI to create a new industry of algae.

Earlier on in 2025, Musashi Paint has succeeded in developing a bio paint using the world's first* microalgae-based resin developed by the CHITOSE Group.

*Based on research by the CHITOSE Group.

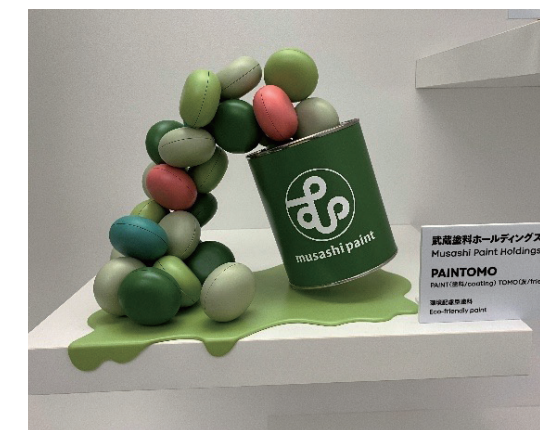
Details on the MATSURI, a project to create an industry of microalgae, can be found on the right.



Microalgae / CHITOSE Group / Challenges of Musashi Paint - Showcasing at the EXPO 2025 (at the Japan Pavilion) -

Our group will be participating in EXPO 2025, held in Osaka and Kansai region from April 13, 2025 until October 13, 2025, as part of the MATSURI team. At the Japan Pavilion, we will be showcasing an exhibit that we have made using bio paint made from microalgae-based resin. Come visit to see the innovative fruit of labor that the entire team worked together to develop. There are still issues that need to be addressed regarding microalgae-based bio paints. One is to enhance its performance and improve it so that it could fully replace all of our current commercial paints. The other issue is to increase the ratio of microalgae material used in the coating film to 100%. We believe that we will be able to resolve these issues with our formulation technologies that we have acquired through the development of plant-based bio paints.

We also firmly believe that our society will surely become a even better place to live if it becomes a society in which key terms such as “microalgae”, “CHITOSE Group”, and “Musashi Paint Group” are widely recognized. We have and will continue challenging ourselves with our teammates.



Showcased at EXPO 2025 (at the Japan Pavilion)
Exhibit name: “PAINTOMO” This is a coined word combining “PAINT” and “TOMO” (which means “friend” in Japanese). It refers to the paint of the future that we will create with our friends.

WORLD CLEANUP DAY

Our participation in World Cleanup Day

What is “WORLD CLEANUP DAY”?

WORLD CLEANUP DAY is literally “a day to cleanup the world.” At the General Assembly in 2023, the United Nations proclaimed September 20th as World Cleanup Day in the United Nations’ Calendar of International Days. In 2008, nine young Estonians led a civil movement to clean up their country. This movement has grown to become a global event joined by more than 23 million people in 191 countries and regions. The aim of this activity is to raise awareness towards waste problem and drive actions for environmental preservation and a sustainable future. This is in line with the environmental preservation initiatives taken by our group, and we participated in this global action program for the first time in 2024.

Aspirations passed down from our founder

The aspirations of our founder are written out in the booklet “musashi color” which compiles the management philosophy, company policies, and company philosophy of Musashi Paint Group. These aspirations are still passed down to our employees. Some of these aspirations mention the importance of contributing to the local community and caring for the environment.

Currently, our group executes the “NIJI project” which is a cross-regional, global project aiming to disseminate the management philosophy. Every day, we think about what we could do to disseminate this philosophy and take actions accordingly. As the WORLD CLEANUP DAY activity would be an activity to promote this international day, we pondered what we could do as one team and at all sites. That is why the NIJI project members decided to take lead.

The actions taken at each site were planned by each site according to its capabilities. For example, some sites cleaned the areas surrounding the office and factories to contribute to the local community and some sites decided to take part in local events as a company and collaborate with other companies to clean the community. Another site decided to leverage the skills that they have as a paint company, and re-painted street signs for pedestrian crossing as well as paint over the graffiti drawn on the tunnel wall.

Awarded with the Global Network Award

As a result, we were presented with the Global Network Award from a non-profit organization, WORLD CLEANUP DAY JAPAN, to recognize that we had got employees all over the world involved, not just our employees in Japan. The effort made at each site may have been small, but making the effort at numerous sites across our global network had turned this into a great movement. We are honored to have our teamwork recognized so highly.

The actions that each of us or each site could take maybe small. However, when that passion spreads and others sympathize, it could become one big action. Musashi Paint Group is committed to continue addressing social issues with people around the world with similar interests and concerns.



Musashi Paint Group's management philosophy and CSR design

All employees of our group conducts business bearing the ideals of the Musashi Paint founder embodied in our management philosophy. They are also responsible as a member of society, and we feel obligated to fulfill these responsibilities as a group. The CSR of the Musashi Paint Group is designed based on our management philosophy and are conducted by our group companies.

Management Philosophy

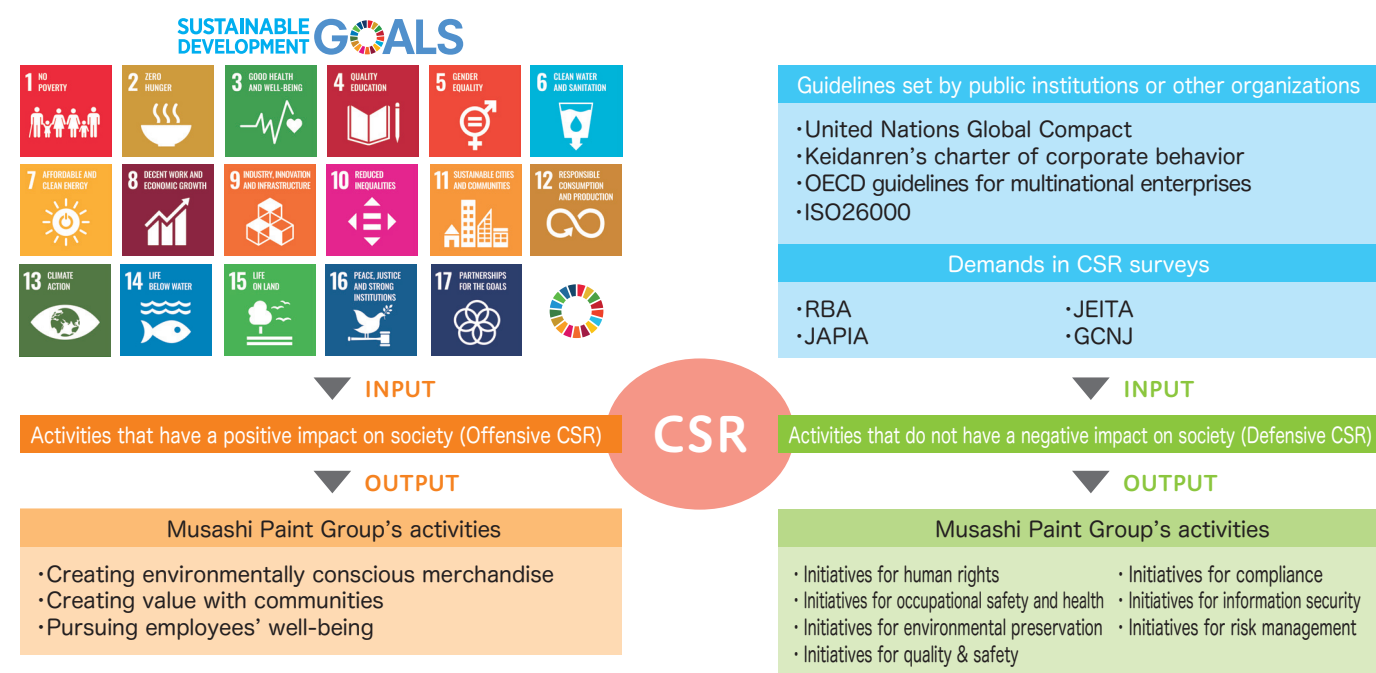
A management philosophy is the basic policy regarding a company's business activities, formulated by the business owner. It describes the ideal state of the company.

We believe that a company will grow when all employees work together to move in the same direction, regardless of their job descriptions. We practice "philosophical management" at our group.

Management Philosophy

The Musashi Paint Group will develop and supply original merchandise in an effort to contribute to society and generate benefits for customers, raw material suppliers, shareholders, and employees, as well as nurture each and every one of the employees from both an intellectual and physical perspective so that they can work together with pride.

Schematic design of our group's CSR initiatives



The CSR Promotion Office was established within our group in January 2023. We have then been proactively taking initiatives to fulfill our CSR. Up until then, we have been making effort for environmental friendliness, improvement of quality (including management of chemical substances), promoting and maintaining occupational safety and health, and contributing to local communities. However, these have all been efforts made individually and were not designed to address issues of all of our stakeholders.

Thus, we have organized and clarified what public institutions perceive as ideal state of companies as well as what our customers perceive as the ideal state of partner companies (as they have shared in the CSR survey), and determined which social issues we should address as a company based on these ideals. As shown in the figure on the bottom left, we have specifically determined three "Offensive CSR activities" (activities that help us develop a win-win relationship with society and make positive impact on society) and seven "Defensive CSR activities" (activities that prevent us from making negative impact on society).

The activities that we have set forth, the ESG category that such activities belong to, and the associated SDGs are as shown in the table below.

For details on our CSR policy, please read page 14 of "Musashi Paint Report 2024" which was issued last year.

Our CSR activities, its ESG categorization, and associated SDGs

	Activities	Page(s) in this report	ESG category	Associated SDGs
Offensive CSR activities	Creating environmentally conscious merchandise	P.19-22	E	9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
	Creating value with communities	Merchandise that will transform the industrial structure of our society P.29-30	S E	9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE, 17 PARTNERSHIPS FOR THE GOALS
		Contributing to local society P.31-34	S	1 NO POVERTY, 4 QUALITY EDUCATION, 17 PARTNERSHIPS FOR THE GOALS
	Pursuing employees' well-being	P.35-36	S	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Defensive CSR activities	Human rights	P.37-38	S	1 NO POVERTY, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
	Occupational safety and health	P.39-40	S	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH
	Environmental preservation	P.23-28	E	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
	Quality & safety	P.41-42	S E	3 GOOD HEALTH AND WELL-BEING, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Compliance	P.43-44	G S	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Information security	P.46	G	9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE
	Risk management	P.45	G	11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION

Our goals for CSR initiatives and the means to achieve them

We understand that the following factors are critical to the success of our CSR initiatives.

- All employees understand and recognize the significance of CSR initiatives and the activities conducted as part of these initiatives
- Goals of CSR activities are made clear to ensure that the entire group is facing the same direction

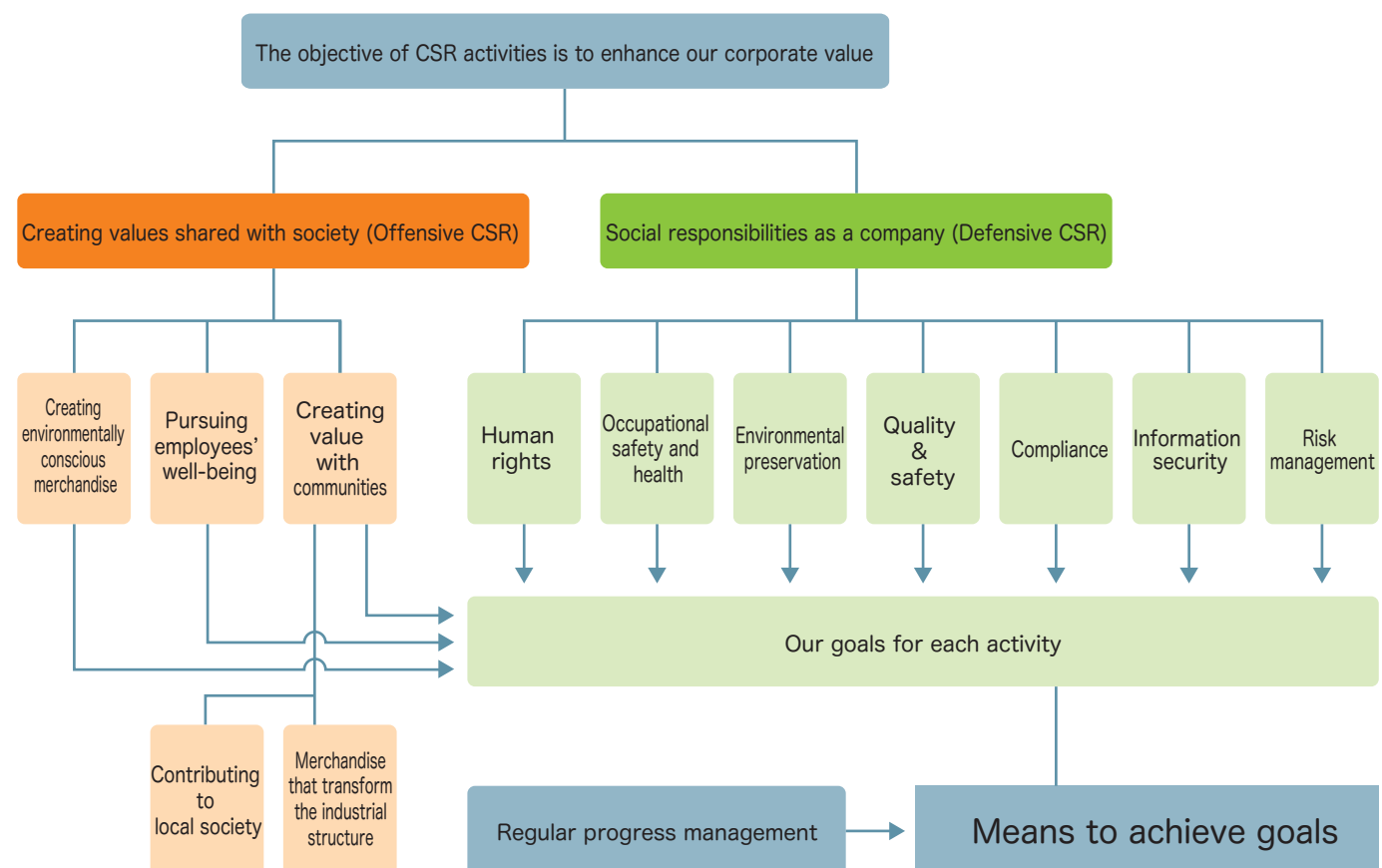
Hence, we have clearly set our goals for each CSR activity and have established means to achieve these goals.

In aim for our group to be able to effectively achieve and maximize our CSR initiative goals, we have set shared group goals for the three Offensive CSR and seven Defensive CSR activities we are conducting as part of our CSR initiative as indicated on page 14. Note, however, that merely setting goals are not sufficient for success. It is important that all employees understand why we are aiming for such goals and also just as important to employ means that best suit the situation of each site.

As it is often difficult to facilitate measures based only on a vision and without any concrete examples, we have decided to use the results of FY24 as a benchmark for all sites. As the first step to this approach, we implemented measures to achieve these goals in Japan and started our activities from there. We also set indices that would help us measure the progress of each activity and set targets to achieve by the end of 2024. We then regularly managed the progress of these activities. The details and results of these activities are summarized in the table on the right. Note that we do not think there is only one mean to achieve a goal. We will continue to closely review the effects of our activities and conduct these activities to achieve or come close to achieve the goals we have set.

In 2025, we plan to have the newly established CSR Promotion Committee roll out the measures we have taken in Japan to all other sites, have each site identify means to achieve site-unique goals, and engage in site-unique activities.

Our group's CSR



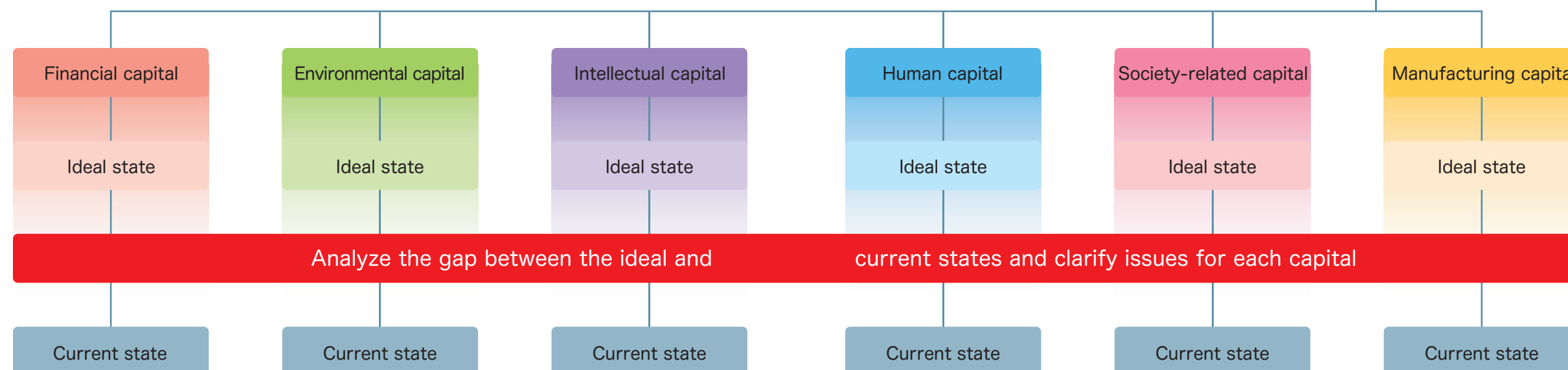
Goals of our CSR activities, means taken in Japan for achievement of these goals, target goals for this fiscal year, and current progress

Activity	Musashi Paint Group goal(s) to achieve through CSR activities	Means taken in Japan to achieve these goals	Criteria (index) to determine degree of achievement	Target goals for FY24	Results
Offensive CSR: Activities that lead to business expansion					
Creating environmentally conscious merchandise	Our products are 100% environmentally-friendly	Engage in 8 theme-based projects for environmentally-friendly development	Ratio of environmental-friendliness per development theme	100%	○:100%
	Create merchandises that alleviate environmental loads by designing, developing, and manufacturing them in completely new ways	Create more than 95% samples with environmentally-friendly merchandise	Ratio of environmentally-friendly merchandise in new sample proposals	95%	△:86%
Pursuing employees' well-being	Build a labor management system to foster a rewarding work environment	Submit the current number of paid vacations taken by each employee to each department manager on a monthly basis, and send notifications and take actions to encourage employees who have not taken much paid vacations to take paid vacations	Number of employees that have taken less than 30% of annual paid vacation	0 employees	△:3 employees
Creating value with communities	Become a company that leads societal transformation with co-creation	Proposal of environmentally-friendly merchandise	Number of proposals made	100 times/person × Number of sales persons	○:1,356 times / 11 sales persons
	Develop a win-win relationship with society	Make social (local) contributions based on our company's strengths	Number of social contribution activities which are based on common interests with society	3	○:Total of 5
Defensive CSR: Activities that lead to the strengthening of management foundation					
Human rights (labor management)	Establish a human rights due diligence organization that includes our business partners by 2030	Promote diversity Create a workplace free of discrimination and harassment	Ratio of female employees hired Number of posts made to news reporting tool which is used to thoroughly disseminate preventative measures for discrimination and harassment	25% 5 times per year	△:22.8% △:2 times
Occupational safety and health	Achieve and maintain "Zero occupational hazard & health disturbance" at our workplaces	Reduce seriously dangerous locations	Number of improvements made on "close call" incidents and proposals	30 cases per year	○:53 cases
		Share information on occupational safety and health	Number of meetings held by Safety and Health Committee	Once per month	○:Conduct one time each month
		Sustain management of work environment	Number of meetings held with group sites Assessment management category for work environment measurement (for mixed organic solvents)	Once per month All Category 1	○:Conduct one time each month △: One Category 2 at time of measurement in October
Environmental preservation	Achieve "Carbon Neutral" for Scopes 1 and 2 by 2050 Achieve "Zero Emission" by 2030	• Understand volume of electricity consumption by area • Review work operations and management rules based on energy-saving measures • Upgrade facilities to conserve more electricity, old facilities, etc.	Electricity consumption per 1 kg of production volume	Cumulative volume within 0.700kWh/kg	△:0.736kWh/kg
		Grasp the current ratio of landfill	Understand the figures of 2022 and 2023	Finish by end of July	○: Already shared with relevant organizations
		Check status of final processing	Number of cases in which the state of the final processing of wastes are recognized	All waste management companies	○: Check up on all waste management companies
Quality safety (Chemical substance management)	Minimize losses due to quality for customer satisfaction Establish and maintain a safe design/development organization that conforms to laws and regulations regarding chemical substances	Share reports on complaints made on quality and progress of the measures taken	Number of meetings held by the Environmental Quality Committee	Once per month	○:Conduct one time each month
		Update operational guideline (check work standards)	Check ratio of updates (revisions/abolition) made to procedural guidelines at each department	More than 80%	○:91%
		Establish a system to inform our customers of the chemical substances used in our products	Progress management of the update phase	100%	○:100%
Compliance	Establish an organization to ensure compliance by all group companies by 2030 Establish a management structure that prevents illicit actions (ensures governance)	Update and share criteria for green procurement	Number of internal training	7 cases per year	○:7 cases per year
		Introduction of new SDS/labeling system	Number of times information on updates were shared to external parties	50 suppliers per year	○:50 suppliers per year
		Make compliance-related items in the hiring selection process thoroughly known and ensure adherence to such items	Progress management of introduction phase	100%	△:70% Complete introduction of SDS system
Information security	Build a strong information security system that will not leak information	Make incidents thoroughly known	Ratio of briefings on matters to be cautious of during hiring selection (held to interviewers before the start of selection process)	100%	○:100%
		Strengthen access control/authentication for confidential documents	Announcement on company-wide bulletin board	100%	○:100%
Risk management	Extract management risks in accordance with changes over time and establish an organization to execute pre-defined measures	• Prohibit access to internal portal sites from a group address • Abolition of group address password (shift to individual addresses)	• Finish setting • 100% (38→0)	•○:Finish setting •○:100% (38→0)	×: Have not yet taken actions due to reduction in human resources at the department in charge
		Map sites by revenue volume and internal control risks so that risks of targeted sites are within scope of risk allowance as indicated in the risk assessment method for business sites that was conducted at the end of 2021	The degree of achievement to establish, clarify, and operate criteria for on-site decision-making authority	Establish criteria for on-site decision-making authority	○: In September, completed revisions which reflected results of the internal audit
		Aim to upgrade disaster prevention plans and business continuity plans, practice drills, and strengthen the system	Number of document review (internal audit) Number of drills practiced (testing of effectiveness)	More than once per year Once per year (for each team)	○: Check effectiveness by drills

For facilitation of sustainability

There are many environmental and social issues that our current society faces, and the Doomsday Clock of 2025 shows that we only have “89 seconds remaining.” Accompanying the great shift that society is making towards sustainability, we, too, shall engage in “sustainability-oriented” management, building upon the foundation laid down by our current CSR activities.

■ Our sustainability concept--- the next step that our group must take



■ 6 ESG-based capitals relevant to sustainability and its association to the important CSR issues addressed by our group

6 relevant capitals	ESG	Important CSR issues addressed by our group
Environmental capital	E	<ul style="list-style-type: none"> Creating environmentally conscious merchandise Initiatives for environmental preservation
Society-related capital	S E	<ul style="list-style-type: none"> Creating value with communities Initiatives for quality & safety
Human capital	S	<ul style="list-style-type: none"> Pursuing employees' well-being Initiatives for human rights Initiatives for occupational safety and health
Intellectual capital	G S	<ul style="list-style-type: none"> Initiatives for compliance
Financial capital	G	<ul style="list-style-type: none"> Initiatives for risk management
Manufacturing capital	G	<ul style="list-style-type: none"> Initiatives for information security

Musashi Paint Group is committed to comprehensively grasp the changes seen in information on corporate activities that are shared to society and aspires to take initiatives for the facilitation of sustainability as its next step following the enhancement of CSR activities.

The realization of our management philosophy is the ideal state that our group wants to pursue. The philosophy itself is not our goal. Rather we think the pursuit of this philosophy is our mission. Hence, it is necessary for us to take initiatives to facilitate sustainability and believe it is important for us to continue creating values.

The initiatives for the facilitation of sustainability will be centered around our ESG (Environmental, Social, and Governance-related) strategies, but at the same time, these are closely related to the concept of our “6 Capitals.” Integrally managing and enhancing these 6 capitals and executing our ESG strategies will lead to long-term value creation and improvement in our competitiveness. We will be identifying the ideal state for each of the 6 capitals, analyzing the gap between this ideal state and current state, and clarifying issues that we must address.

As aforementioned, we have been taking initiatives for fulfillment of CSR since January 2023. As shown in the figure on the left, these activities are already linked to the 6 capitals and thus, we understand that we need not engage in new activities. Rather, we shall adjust our perspective on CSR and further promote to realize a more robust management.

Creating environmentally conscious merchandise 1

The Musashi Paint Group conducts business activities based on the purpose of “Enriching the World with Our Colors and Technology.” These include activities that contribute to the preservation of environment, such as the creation of environmentally-friendly merchandises. In effort to contribute to the resolution of grave environmental problems such as global warming and air pollution, we have been creating merchandises with reduced CO2 emission (to slow down global warming) and merchandises with reduced VOC emission during painting (to minimize air pollution).

Our goals for “Creating environmentally conscious merchandise”

- ①Our products are 100% environmentally-friendly
- ②Create merchandises that alleviate environmental loads by designing, developing, and manufacturing them in completely new ways

Representative environmentally-friendly merchandises sold by our group company are UV curing-type paints, which could be expected to reduce the energy used (or conserve energy) during the coating film formation process, and bio paints, which could be expected to achieve carbon neutrality by formulating the paint with plant-based materials.

We also offer water-based paints and low-VOC paints, which both could be expected to reduce the emission of VOC to minimize air pollution. We aspire to develop environmentally-friendly merchandises to enrich the world with our colors and technologies and drive environmental preservation.

■VOC Regulation (GB30981-2020)

Paints	Regulatory limit (g/L)
Water-based paint	≦420
Water-based UV curing-type paint	≦400
Primer (solvent-based)	≦600
Coloring layer (solvent-based)	≦700
Clear (solvent-based)	≦650
UV curing-type paint (solvent-based)	≦550

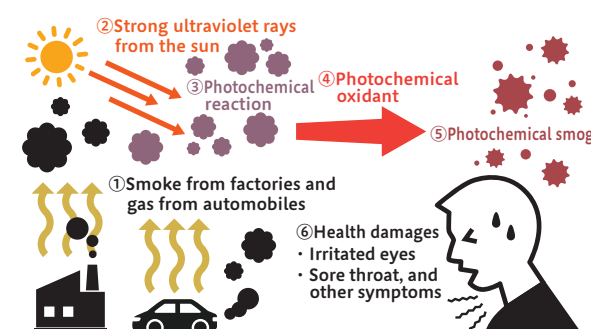
In China, where it is being globally recognized as the center of manufacturing, people are especially cautious of managing the emission of VOC so as to slow down air pollution which has become an even more serious issue. In fact, regulations on VOC emission volume are being regularly issued on a national level.

In 2020, the Mandatory National Standards (also referred to as “GB standards”) regarding volume restriction of hazardous substances such as VOC were issued in China by its Mandatory National Standards Committee. Our group has started early in taking initiatives to develop solvent-based paint with lower VOC, and have been offering merchandises that satisfy the Chinese GB standards.

VOC and air pollution/health damage

VOC turns into suspended particulate matter (SPM) and photochemical oxidant due to photochemical reactions which then becomes harmful to humans.

■Air pollution and health damage caused by VOC



(Based on Nagaoka City, Niigata Prefecture’s web page “Be cautious of photochemical smog”)

FY24 Activity Report

The following is an introduction of some of our environmentally-friendly merchandises and a brief technical explanation of each. For more details, please contact our sales department.

1. Solvent-free UV curing-type paint

(Keisuke Ikeda, Research & Technical Development Division, Musashi Paint Holdings Co., Ltd.)

This is one of our environmentally-friendly merchandises that has minimized the VOC emission volume as much as possible. It has the same performance level as paints used for car interiors and home appliances, and thus can be used for various applications. With this

merchandise, one can expect reduction in the emission of air pollutants (such as SPM) by reduction of VOC emission, in addition to the typical energy conservation effect (global warming countermeasure) that could be expected from UV curing-type paints.

■Effect of VOC reduction by solvent-free UV curing-type paint

Paints	Regulatory limit of VOC (g/L)	VOC content (g/L)	VOC reduction rate (%)
UV curing-type paint (general)	Excluding China	600 - 700	—
UV curing-type paint (low VOC type)	≦550	500 - 550	15 - 20
Water-based UV curing-type paint	≦400	200 - 300	60 - 70
Solvent-free UV curing-type paint	≦550	0 - 100	90 - 100

■Comparison of 2K curing-type paint and UV paint

	Condition for coating film drying	Electricity consumption	Prospective on UV curing-type paint
2K curing-type paint	30 minutes at 80°C	Electricity consumption of about 80 kW	Curing ratio of 50 - 70% Reduces electricity!! <ul style="list-style-type: none"> • With development of solvent-free paint, electricity consumption and VOC could be greatly reduced. • With further development of irradiation facilities (high pressure mercury >> LED), electricity consumption and environmental impact could be lowered. • With higher application properties, electricity consumption and coating costs could be reduced.
UV curing-type paint	5 minutes at 60°C Extra drying Irradiation of 800 mJ/cm ²	Electricity consumption of about 30 - 40 kW	

Creating environmentally conscious merchandise 2

2. Low-VOC paint

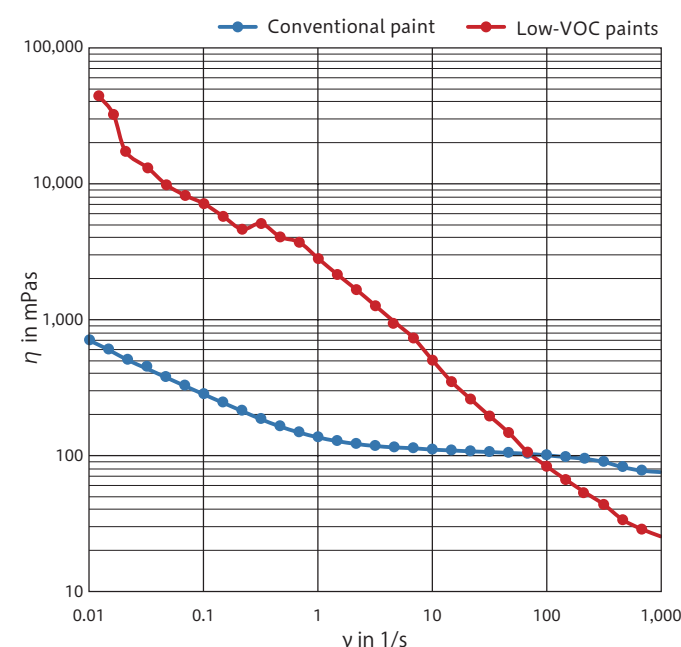
(Jiansheng He, Research & Technical Development Division, Zhongshan Musashi Paint Co.,Ltd.)

This is an environmentally-friendly merchandise that maintains the capabilities of pre-existing solvent-based paints while reducing the volume of its VOC content. We developed a low-VOC type paint for our primary merchandise so that we will be able to apply this paint to items in any domain.

For the development of low-VOC paint which needs to be made with limited amount of solvents, we invested our vast knowledge in the design of the paint, not just for the adjustment of the thinning agent. That is how we were able to maintain its capabilities.

■The relationship between share and viscosity for low-VOC paints and conventional paints

Demonstrates great coating properties as low-VOC paints are designed to lower its viscosity at higher share (in other words, when it is applied)



3. Water-based paint

(Yu Ding, Technical development department, Tianjin Musashi Paint Co.,Ltd.)

This is a type of environmentally-friendly merchandise which replaces the primary components of solvent-based paint (such as solvents and resins) with water and water-based resin.

Water-based paints had been gathering attention for its ability to reduce VOC emission, but has also gained attention due to the fact that it could contribute to resolve both the issue of air pollution and global warming as it can also reduce CO₂ emission.

■Comparison of CO₂ emission between solvent-based paints and water-based paints

Volume of CO₂ emission (unit: kgCO₂/kg) per paint type of solvent-based paints and water-based paints

Paints	Solvent-based paint (base compound)		Water-based paint (base compound)	
	2K curing-type acrylic	2K curing-type soft feel	2K curing-type acrylic	2K curing-type soft feel
Component A (resin)	1.195	1.537	1.013	1.565
Component B (pigment)	0.208	0.131	0.088	0.08
Component C (solvent)	2.104	2.473	0.29*	0.59*
Component D (additive)	0.018	0.024	0.073	0.14
Total as whole paint	3.525	4.166	1.464*	2.375*

* The volume of CO₂ emission could be drastically lowered by replacing the primary solvent with water.

4. Bio Paint

(Yusaku Tamaki, Research & Technical Development Department, Musashi Paint Co.,Ltd.)

Bio paints are a type of environmentally-friendly merchandise that could be expected to reduce the use of petroleum resources by using renewable plant-based materials. Our group aims to free ourselves from the dependency on fossil resources by utilizing plant-based materials. We are developing high quality merchandises that have the same performance as petroleum-based merchandises. Such merchandises contribute to the reduction of CO₂ (greenhouse gas) emission and realization of a sustainable society. We will strive to

establish a system for the stable supply of merchandises that will not be affected by reinforcement of regulations or limitations on resources.

In our current primary bio paint, the degree of bio mass in the coating film is about 40%, and some merchandises have been certified by the U.S. Department of Agriculture (USDA). Moreover, we have already succeeded in developing a merchandise with an even higher degree of bio mass (about 70%). We will continue to make effort to develop a merchandise made from 100% bio mass.



A case example in which a bio paint for wooden materials was adopted



■List of certified bio paints

Name of bio paint merchandise	2K curing-type acrylic VITA UREX	2K curing-type soft feel VITA RABASAN
Biomass Content (in coating)	42%	37%
USDA certification		

The table above is for the degree of biomass for clear paint that was certified by USDA.

Initiatives for environmental preservation

- Reduction of CO₂ emission -

During the manufacture of paints, environmental impact is inevitable to some extent as there will be emission of CO₂ and generation of wastes. To keep our environmental impact as minimal as possible, the Musashi Paint Group takes initiatives by creating environmentally conscious merchandises and taking actions for environmental preservation.

Our goals for “environmental preservation”

- ① Achieve “Carbon Neutral” for Scopes 1 and 2 by 2050
- ② Achieve “Zero Emission” by 2030

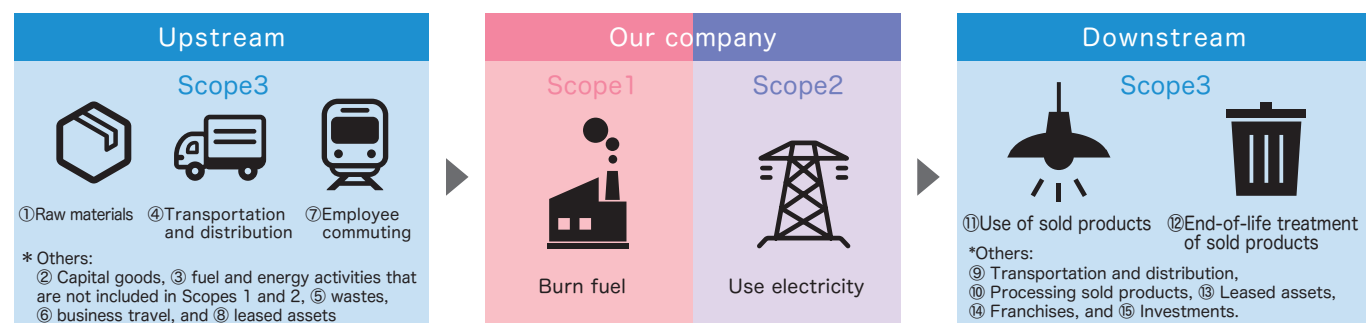
The content reported in the previous report

In the 2024 report, we have indicated our approach and way of thinking towards environmental initiatives, taking the environmental policy for the certification of ISO14001 in Japan as an example, and showed how much CO₂ were emitted through our business and countermeasures we took to reduce electricity consumption and wastes.

FY24 Activity Report

1. Calculation of CO₂ emission

The method to calculate CO₂ emission has not changed from the last fiscal year.



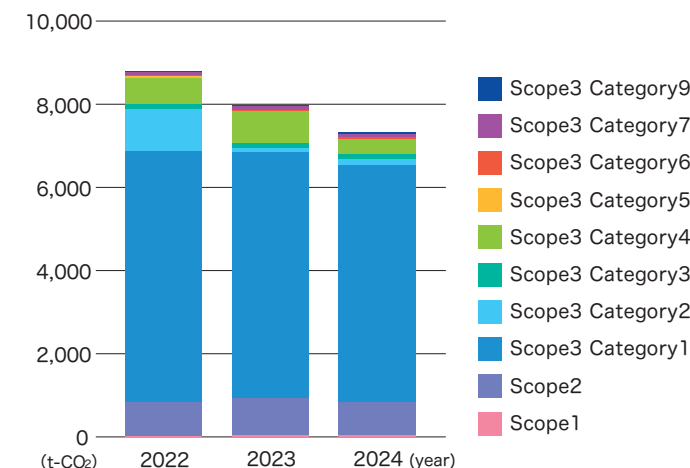
CO₂排出量算定根拠

Scope	Category	Description	Calculation method
Scope 1	—	Gasoline for company-owned cars	Volume used * DB emission factor
Scope 2	—	Electricity	Volume used * Emission factor applicable to the power company which electricity was bought from
Scope 3	Category 1	Raw materials	Volume used for each decomposed component * DB emission factor
	Category 2	Equipment investment	Invested amount of each category item * DB emission factor
	Category 3	Energy-related	Volume used in Scopes 1 and 2 * DB emission factor
	Category 4	Transportation and distribution	Apply the ton-kilometer method to the top 10 companies in each category
	Category 5	Waste	Amount of wastes of each category item * DB emission factor
	Category 6	Business travel	Number of employees * DB emission factor
	Category 7	Commute	Number of employees * DB emission factor by region and job type
	Category 8	N/A	—
	Category 9	Transportation and distribution (downstream)	Apply the ton-kilometer method to the top 10 companies
	Category 10 to 15	Not calculable or applicable	—

The CO₂ emission in Japan site from 2022 to 2024, calculated in accordance with the method shown on page 23, was as follows.

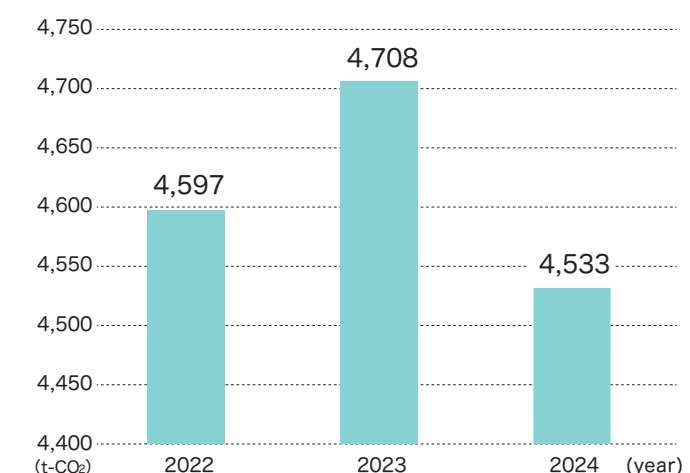
Transition of CO₂ emission in Japan site (Scopes 1 to 3)

The CO₂ emission in Japan site decreased from 8,807 t in 2022 to 7,971 t in 2023 and 7,317 t in 2024. When using the emission volume in 2022 as the base (100%), CO₂ emission was steadily reduced to 90.5% in 2023 and 83.1% in 2024. The CO₂ emission per unit (kg) by products differ depending on the product. However, the average CO₂ emission per total production volume of products decreased from 4.14kg-CO₂/kg in 2022 to 3.63 kg-CO₂/kg in 2023, and 3.50 kg-CO₂/kg in 2024. As shown in the right figure, most of the CO₂ emission were from the raw materials categorized as Scope 3 Category 1. Also note that the reduction in electricity consumption in Scope 2, which our group can discretely manage, played a key role to achieve such results. It is likely that the reduction of CO₂ emission in 2024 was made possible with this reduction and the reduction in Scope 3 Categories 4 and 9 enabled by the improvement in transportation efficiency.



CO₂ emission caused by electricity consumption (total group amount) (Scope 2)

At our group, we transfer productions among sites in accordance with our customers' needs. Hence, it is more important to understand the volume of electricity consumption by the entire group rather than by individual sites. The transition of electricity consumption accompanying CO₂ emission at our group from 2022 to 2024 was as shown on the right figure. (For details on electricity consumption, see page 25) We think the cause of the results observed in 2024 is the heightened awareness in our group that the volume of electricity consumption has impact on CO₂ emission.



2. Initiatives taken for CO₂ absorption

At our group, we not only take initiatives to reduce CO₂ emission, but also take initiatives to absorb CO₂. Namely, we continue to make effort in planting and organizing trees and bushes at each site as reported in page 39 of last year's issue of “Musashi Paint Report

2024.” The highlight of 2024 was the tree-planting program “Plant Green Hope” hosted for the children of employees working at the Zhongshan site. Together, they planted 60 saplings.



Initiatives for environmental preservation

- Reduction of electricity consumption -

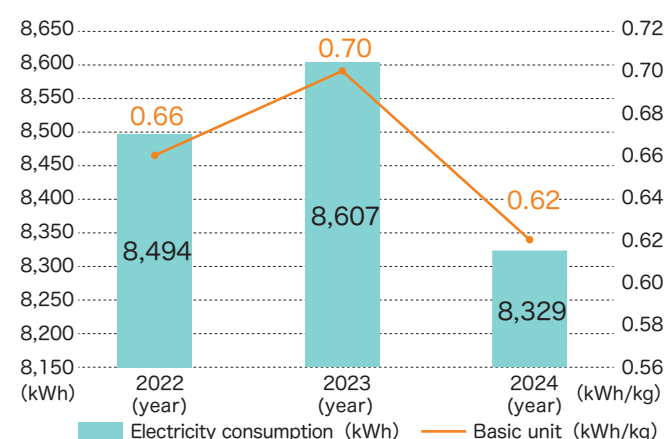
Of the CO₂ emitted through our business, the electricity consumption categorized as Scope 2 is a factor that we can discretely manage and is closely related to the day-to-day work of all our employees. Hence, we have made it our goal to make effort to reduce electricity consumption as one team.

The transition of electricity consumed by our entire group from 2022 to 2024 as well as the basic unit of electricity consumption against production volume are as summarized in the following table and figure.

■Basic unit against the group’s electricity consumption and production volume

Site name	Fiscal year	Amount of electricity consumption (kWh)	Amount of production (kg)	Basic unit (kWh/kg)
Japan (Iruma)	2022	1,608,425	2,126,065	0.76
	2023	1,570,076	2,194,590	0.72
	2024	1,540,562	2,089,754	0.74
Zhongshan	2022	1,904,804	1,481,206	1.29
	2023	1,760,371	1,391,017	1.27
	2024	1,563,857	1,143,118	1.37
Tianjin	2022	621,620	2,126,270	0.29
	2023	637,000	1,608,420	0.40
	2024	580,130	2,022,919	0.29
Suzhou	2022	1,684,472	2,535,012	0.66
	2023	1,749,840	1,929,569	0.91
	2024	1,773,030	2,313,964	0.77
Chongqing	2022	348,060	195,768	1.78
	2023	497,224	339,883	1.46
	2024	474,720	818,058	0.58
South Korea	2022	686,109	1,250,358	0.55
	2023	663,275	1,108,414	0.60
	2024	552,861	1,121,641	0.49
Malaysia	2022	144,539	326,928	0.44
	2023	156,471	381,074	0.41
	2024	171,841	393,179	0.44
Thailand	2022	380,752	1,062,408	0.36
	2023	442,544	1,341,073	0.33
	2024	472,352	1,339,631	0.35
Ha Noi	2022	215,183	333,048	0.65
	2023	222,161	398,084	0.56
	2024	230,672	561,982	0.41

Site name	Fiscal year	Amount of electricity consumption (kWh)	Amount of production (kg)	Basic unit (kWh/kg)
Ho Chi Minh	2022	303,906	669,547	0.45
	2023	303,247	598,807	0.51
	2024	311,423	617,930	0.50
India	2022	280,532	466,395	0.60
	2023	350,169	644,428	0.54
	2024	378,477	754,307	0.50
Indonesia	2022	21,490	14,098	1.52
	2023	20,362	20,886	0.97
	2024	22,506	30,369	0.74
Hungary	2022	294,355	368,865	0.80
	2023	233,941	292,976	0.80
	2024	256,794	260,954	0.98



In 2023, we observed an increase in electricity consumption, despite the slight decrease in production volume compared to the previous year. In 2024, we observed the opposite- a decrease in electricity consumption, despite the increase in production volume. The reason why drastic improvements were made in 2024 is because the medium-term management plan was reviewed and a new goal was set across the entire group to reduce electricity consumption by 1%* compared to the previous year, regardless of increase or decrease in production volume and actions were taken accordingly. It can be said that this was a result of all

employees being keenly aware of preventing “incessant, imprudent, and inconsistent” use of electricity. Achieving carbon neutrality is a big goal that could be approached in various ways. At our group, we aim to achieve carbon neutrality for scopes 1 and 2 by 2050 in a sequential manner as indicated below.

- 1) Conserve energy in day-to-day business activities.
- 2) Introduce energy-saving equipment when equipment and facilities need to be upgraded.
- 3) Make effort to introduce renewable energy.
- 4) Make effort to use carbon credits.

* In the Energy Conservation Act in Japan, companies are required to reduce the basic unit of energy that they have set by more than 1% each year. However, our group aims to reduce the total amount of electricity consumption rather than by basic units as companies are assessed by the total amount of CO₂ emission.

Case examples of initiatives for reduction of electricity consumption

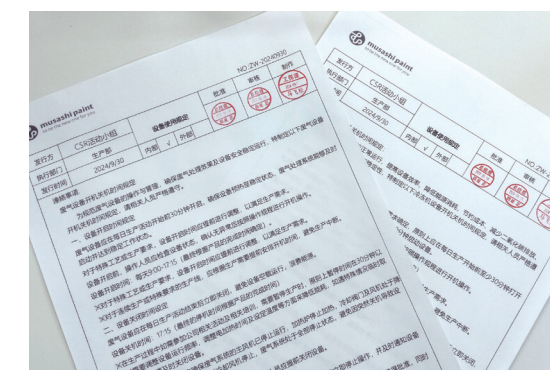
Created work standards (Chongqing site)

In China, air pollution is a serious problem and there are demands for appropriate treatment of organic solvents (VOC) released in the atmosphere. Therefore, sites like Chongqing have installed VOC treatment equipment such as that shown in this photo. However, such equipment consumes a lot of



VOC treatment equipment

electricity. The group company in Chongqing have created and manages work standards to abide by when using facilities and equipment that consumes a lot of electricity. The work standards have proven to be effective, resulting in 95.5% of electricity consumption compared to the previous year, despite that the production volume has increased by 240% in 2024.



Work standards (Chongqing)

Responded to fulfill governmental requests (Suzhou site)

At the site in Suzhou, the group company took actions for “Green Production” in response to the requests made by the Chinese government, and passed the governmental audit. There were primarily 6 activity items, of which this group company took actions for (1) Exchange with high energy-consuming motors, (2) Improve air conditioning system of the lab, and (3) Improve automation of the

1 Exchange with high energy-consuming motors

2 Improve air conditioning system of the lab

3 Improve automation of the raw material feeder

raw material feeder. Note that the company succeeded in the reduction of 67,200 kWh over an year, especially by actions (2) and (3), with an investment of 423,000 yuan (approximately 8,750,000 yen).

The “Green Production” action program is a program that requires factories to introduce clean energy such as renewable energy and efficient energy management systems in aim to satisfy energy-related requirements set for green factories. The measures taken in Suzhou were based on efficient use of energy. Green production efforts will continue to be made.

Replaced with energy-saving equipment (Japan site)

In Japan site, actions to conserve energy were promoted from two approaches. One was to approach it from hard infrastructure, where it was encourage to introduce energy-saving equipment when an upgrade of equipment and facility became necessary. The other was to approach it from soft infrastructure, encouraging employees to stop incessant use of electricity. In 2024, the group company renewed some of its old facilities and replaced them with energy-saving facilities such

as an air conditioning system for all floors of the quality management building, compressors for quality management, and chiller on the first floor of the quality management building.

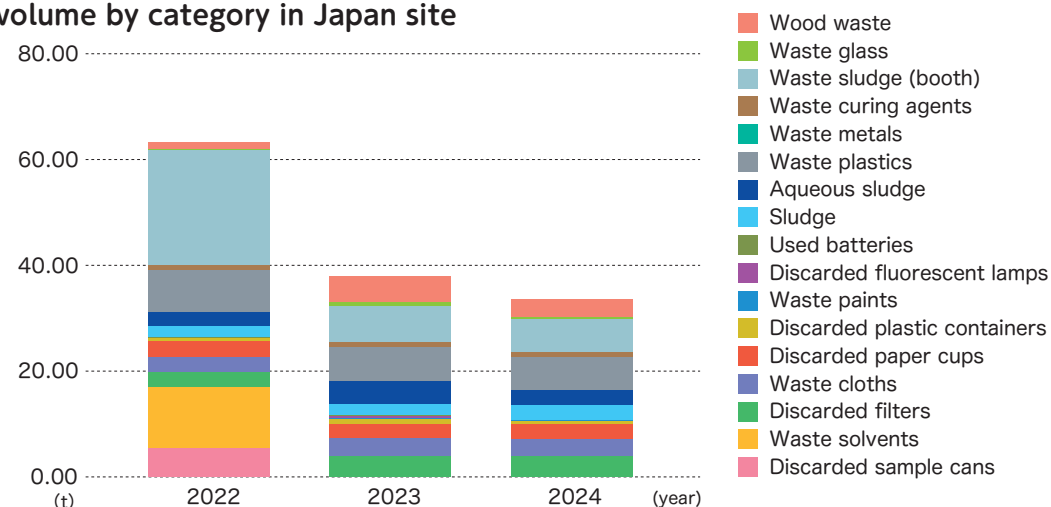
Furthermore, members from each department were selected to regularly monitor their work areas to check for any air conditioners and light fixtures that were left on when not in use or sequentially check that the defined conditions were met to prevent “imprudent” use of power. This monitoring activity has been adopted again in 2025. Other extra efforts, such as setting the activation/deactivation of the air conditioner on timer, will be reinforced.

Initiatives for environmental preservation

- Reduction of wastes -

In addition to the reduction of electricity consumption, the reduction of wastes is another significant theme addressed as part of our environmental preservation initiatives.

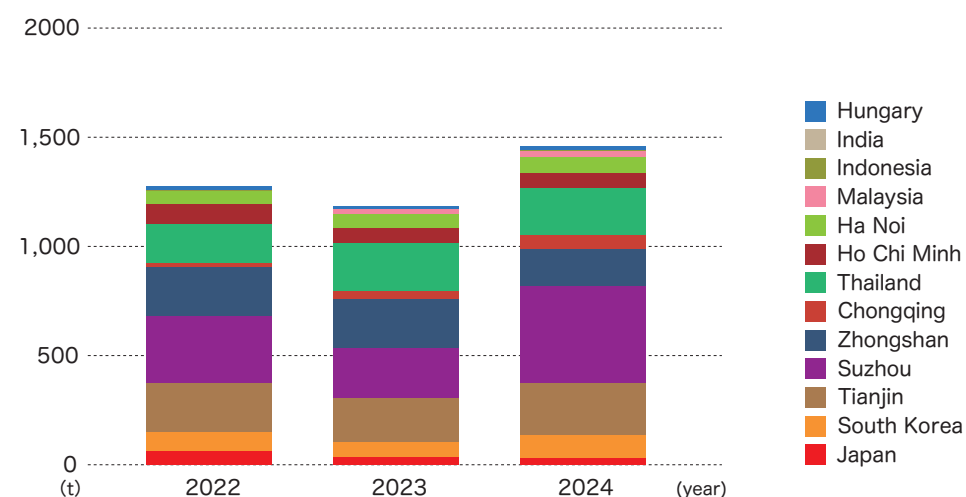
Transition of waste volume by category in Japan site



In Japan site, we have been taking measures to address this issue, categorizing wastes to 17 categories and requesting selected agents for each category to appropriately treat these wastes. Along with the categorization and waste treatment by categorization,

we have also made effort to consider how some of these wastes could be reused. As a result, the total volume of annual wastes in Japan over the past three years are decreasing from 63 t (2022), 38 t (2023), to 34 t (2024).

Transition of waste volume



In 2025, a CSR Promotion Committee was established. The participation in this committee is open to all members at any group company. The foundation of this committee has made sharing of information among sites easier and thus, the first activity this committee conducted was the investigation of wastes generated at each site. As a result, it became apparent that the way wastes are collected and treated are different depending

on the country that the site is located. It also became apparent that there weren't any other sites that finely categorized wastes as done in Japan site. Therefore, significant difference in the volume of wastes was observed. To address this problem that the committee has identified, the first action that will be taken by this committee is to "define wastes" so that all group companies can manage wastes from the same viewpoint.

For the reduction of wastes

For the reduction of waste paints

Our paints are not offered to general consumers, but are primarily sold based on BtoB transactions. Hence, most of our paints are designed to meet specific purposes of use and needs of our customers. The design quality and functions as well the type of paints used differ among customers. Paints that once met the needs of our customers could turn into waste paint if

specification change, even if the product is still within quality assurance expiration. In addition, such paints are manufactured in excess assuming manufacturing loss. Hence, these excessive paints become stored in inventory. This is how our paints become waste paints. At our group, we discuss how we could effectively use our waste paints to enrich the world with our colors and technology. Here are some case examples of our activities.

① Repainting of playground sets at parks and nurseries (Japan site)

While this may be redundant with the article introduced in the section on contributions to local societies, we repainted playground sets in parks and nursery near the factory in Iruma based on discussion with the city of Iruma.



② Repainting items surrounding the factory (Zhongshan site)

The repainting of fences and walls of the factory and office renovations were done using waste paints. This reduced 53 kg of waste paints.

About reuse of waste by-products

Wooden pallets are used for the loading of raw materials and shipping of products. Wooden pallets prove to be effective to prevent static electricity in areas that handle organic solvents. However, wooden pallets need to

be frequently discarded as they have poor durability. In addition to wooden pallets, metallic drums and oil cans used to carry liquid raw materials also become waste by-products after its use. Since these are precious resources, we took initiatives to recycle them with added values rather than simply discarding them.

① Furniture made from metallic drums and wooden pallets (Japan site)

We created tables and chairs like the ones shown in this photo using the metallic drums and wooden pallets. By painting these tables and chairs with waste paints, the waste by-products have transformed into stylish furniture. These were displayed at the "livingloop Special Market" held in Ikebukuro in November 2024. Many have shown their interests to these furniture.



Reuse of wooden pallets and drums

② A bookshelf made from a wooden pallet (Chongqing site)

At the site in Chongqing, wooden pallets were dissembled and then re-assembled as bookshelves, which were then later painted with waste paints, as shown in this photo.



A bookshelf made from a wooden pallet

The Musashi Paint Group is committed to continue taking initiatives for the reduction of wastes, along with other CSR activities, to enrich the world with our colors and technology.

Creating value with communities

- Products that will transform the industrial structure of our society -

As a member of society, our group is committed to creating a sustainable society leveraging our products and technologies. Sadly, there are limitations to what one company could realize by itself. However, through partnership with companies of other industries or even competitors in the same industry that share common aspirations, we are certain that we can bring about a wide variety of changes. We will strive to change the current system while developing and offering paint products that could accommodate to such changes.

2. Paint for intramold coating (Junpei Hashimoto, Sales department, Musashi Paint Co.,Ltd.)

Intramold coating is a method to create a coating film by applying paint to resins made from plastics such as ABS and polycarbonates, and molded in a metal mold. Since the coating process finishes within the metal mold, there is no need for a coating booth or an extra process for drying as seen in the conventional coating method. Intramold coating shortens the process from molding to coating and reduces CO₂ emission. This method also contributes to the reduction of VOC as it uses solvent-free paint. At our group, we use the paint of Ruehl, a company known for the solid sales of its chemical products in the

European and Chinese market, as the base paint and make improvements to it, when necessary, to sell in the Japanese market. For the enablement of intramold coating, it is essential to have an equipment which could inject paints to the metal mold and the metal mold for such use as well as expertise on these facilities. At our group, we not only have reliable partners to supply paint, but also partners knowledgeable in intramold coating equipment and molds that work with us to make customer proposals and address social issues.



In the background is the intramold molding/coating device.



Product coated with intramold coating (shiny part of the top area)

Our goals for “creating value with communities”

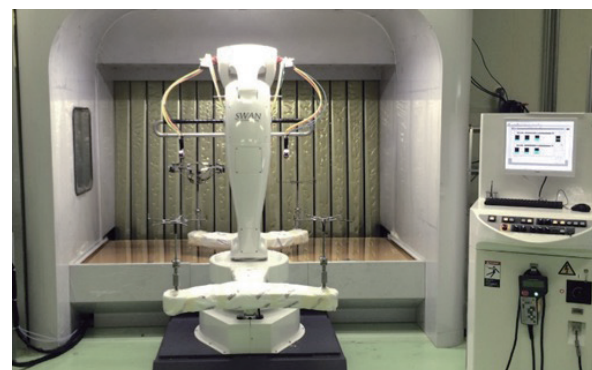
- ① Become a company that leads societal transformation with co-creation
- ② Develop a win-win relationship with society

FY24 Activity Report

1. Mirror coating system in replacement of plating (Yukio Kubo, Technical development department, Musashi Paint Co., Ltd.)

Collaborating with Takubo Engineering Co., Ltd., we have succeeded in mirror coating using Takubo's coating robot SWAN and our indium coating system ECO MIRRO 49. This method using these systems have high homogeneity, excellent coating adherence, and immensely reduced environmental impact compared to the conventional plating method, while demonstrating great durability and outstanding mirror properties. The coating robot SWAN enables precise coating. It

can apply uniform coating to parts with complex form, promising use for various applications such as optical parts, electronic devices, and decorative ornaments. With further technological collaboration with Takubo Engineering, we will surely create a new and innovative surface finishing technology and add more advanced functions and values to our products and services. We have also installed SWAN at our company and will continue to create values through our paints and coating using this new coating robot.



Coating robot SWAN



Coated exterior of the ECO MIRRO 49

3. “Development of high transfer efficiency paint application & coating technology that realized an application efficiency of 85% with atomization”, a Go-Tech project funded by the Ministry of Economy, Trade and Industry (Kosuke Kaneda, Technical development, Musashi Paint Co., Ltd.)

In 2022, we started this Go-Tech project with KUBOI Coating Works Co.,Ltd., Tokyo Metropolitan University, and Meiji Machine Co.,Ltd. in aim to develop a low air-type coating system with an application efficiency of 85%. We wanted to explore ways to achieve carbon neutrality and address the issue of depleting petroleum resources. We approached the suppression of CO₂ emission and reduction of excessive petroleum resources use by reduction of excessive paint. KUBOI Coating Works worked on the development of a coating device and coating control system, while Tokyo Metropolitan University focused on the monitoring

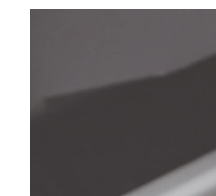
and control of air pressure and flow volume, and Meiji Machine developed the nozzle for the coating device. Our group worked on the optimization of the paint formula. After 3 years of hard work, we succeeded in developing a coating system with an application efficiency of more than 85% which could finish the coating of items in representative colors (such as metallic, piano black, and matte black) with sufficient coating film performance. In the next phase of this project, this system will be used at KUBOI Coating Works for coating of actual products. Ultimately, this coating system will be sold in the market.



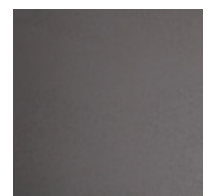
Spraying by the high transfer efficiency paint application & coating system (left) and by a typical coating system (right)



Metallic



Piano black



Matte black

Creating value with communities

- Contributing to local society ① -

We think it is the role of companies to contribute to the country and region that it conducts its business to enrich its society and bring about high added-values, not just offer merchandises to its market. The Musashi Paint Group has long been engaging in activities that contribute to the local society as a member of such society in hope that it continues to be a company trusted and loved by all.

2. Made donations to local girls' school (India site)

In India, companies are mandated by law to give back to the local society as part of its CSR activities. Our group company in India supports a girls' school in its local community. This particular school is a Catholic school where 2,532 girls from age 10 to 17 study. Students are from low-income families. Our group company in India donated the following goods, a total worth of 1.8 million yen, to this school.

Until recently, education for girls have not been taken seriously in India. However, more people are beginning to recognize that this is an important element for the development of the country. Our group company in India will continue to work with the local society and contribute to the development of India and improvement of the quality of life of its people.

Classroom desks

72 sets

Energy-saving fans

50 sets

Light fixtures

60 sets



3. Brought smiles with recycling of unwanted items (Chongqing site)

Knowing that the children living in the mountainous areas need to endure severe coldness, the group company in Chongqing organized a clothes drive to donate to a support group. While the number of clothes that were collected at the Chongqing site was 39 sets, they were able to deliver

clothes and bring smiles to approximately 800 children, along with the donations made from other organizations.

The recycling of unwanted items at home not only reduce waste, but can also bring happiness to those who receive these items. The group company is committed to continue contributing to the local society even if the efforts made be small.



FY24 Activity Report

1. Repainting of playground sets at parks and nurseries (Japan site)

As aforementioned in page 28, the Japan site discussed with the city of Iruma, where one of our factory plants is located, and have been approved to repaint the playground sets at local parks and nurseries. This activity started when one of our employee's family noticed that their child seemed very sad to see the paint on the park's playground set was chipping away. In hope to bring smiles to this child's face, we met with a representative from the municipal office in the city of Iruma. After many discussions, we repainted playground sets at two parks and one nursery in 2024. This activity not only enabled us to contribute to environmental preservation by utilizing waste paint,

but also gave us the opportunity to contribute to the local community and bring smiles to its residents. The playground sets that once looked shabby with chipping and fading paint now look bright and shiny, repainted with our waste paint. The child of the employee that we wanted to cheer up as well as the municipal office and the residents of the city of Iruma were all very happy with this repainting.

It is also to be noted that this activity was inspired by the report in the last issue, "Improving the community environment by painting a bus stop (South Korea)" on page 25. We would love to see this positive movement become an inspiration to another site in our group and contribute to the local society that it belongs to.



Creating value with communities

- Contributing to local society ② -

FY24 Activity Report

4. Paid visits to a senior home (Zhongshan site)

The Zongshan site conducted activities for elderly care based on the theme of “情深武藏·愛在頤康” (meaning “Musashi, overflowing with affection, give its deep love to YiKang*”). September 9th in the old Chinese calendar is the “Day of the Elderly”, a day especially designated to practice the tradition of caring for the elderly. Thus, the Zhongshan site makes a visit to a senior home every September. This year was the third time they made their visit. 60 residents of this senior home interacted with 30 employees from our group company in Zhongshan.

* “YiKang” is the name of the senior home.



Together, they did light exercises to enhance physical strength and promote health. They also enjoyed making traditional health items. All participants found joy in handcrafting and also learned practical knowledge to maintain health.

This activity not only demonstrated our will to fulfill social responsibilities, but also showcased how much we were involved in the local society. Furthermore, the hands-on experience strengthened teamwork among the employees who participated as well as increased their sense of social responsibilities and sense of belonging to the company.



5. Company tour (Ho Chi Minh site in Vietnam)

The Ho Chi Minh site in Vietnam hosts the “Company Tour for Kids” every October on the Sports Day holiday to offer an opportunity for the children of the employees to learn about what their parents do for work and where they work at. This understanding will lead to the fostering of love and pride towards their parents as well as strengthening of the bond between the company and the employees families.



The third annual tour was hosted in 2024. Each time has been a great learning experience for the children who participated. The program is reviewed and improved every year. The tour in 2024 especially focused on fostering an awareness towards sustainability.

The Ho Chi Minh site perceives the children of its employees as the closest local residents, and will continue to contribute to the local society through these children.



6. Continuous donation of blood (Malaysia site)

At the Malaysia site, there is an employee who has continuously been making blood donations. He is currently 52 years old, and have made a total of 112 blood donations since the first time he donated blood at 18 years old. Why do you think he's so committed to making blood donations? He shared with us that he is making blood donations because...

“I can contribute to create a sense of unity in the community and help those in need.”

He once worked as a paramedic and often witnessed victims of various accidents. Oftentimes, there were not enough blood stored in the blood bank of the hospitals. That was why he decided to start donating blood. He has been continuously donating blood since then and have also been encouraging his colleagues to join him to contribute to the local society. The great love he has for those in need have made great changes to the local society.



Tarikh	No. Siri Darah	Amalan	Hospital	Tandatangan
108 8/4/24	720194157	450ml	HS13B	Next
109 4/7/24	720198080	450ml	HS13B	13/10/24
110 3/10/24	720201748	450ml	HS13B	12/11/25
111 12.1.25	720205138	450	HS13B	
112 18/4/25	720208873	450	HS13B	
113				
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Pursuing employees' well-being

Over recent years, the social demands for disclosure of information concerning human capital have risen. From financial closing ending March 2023, it has been mandated for publicly listed companies and other major firms to disclose information on human capital. One of the elements required to be included in initiatives for human capital is well-being. We believe that our employees are the group's most important stakeholders and without their growth, our business will not be able to grow either. At the Musashi Paint Group, we are taking measures to ensure that our employees can work energetically.

Our goals for "pursuing employees' well-being"

Build a labor management system to foster a rewarding work environment

The content reported in the previous report

As initiatives to enhance the motivation of our employees, we created three awards--- (1) Continuous Service Award, (2) 5S Activity Award, and (3) Musashi Global Awards. We celebrated the winning of these awards across the group. We have also reported that we have (1) started trials of combined use of flexible work hours and the working-from-home program, (2) introduced taking of paid leaves by the hour, and (3) expanded the scope of shortened work hours for child care as measures to enable employees to work more comfortably.

FY24 Activity Report

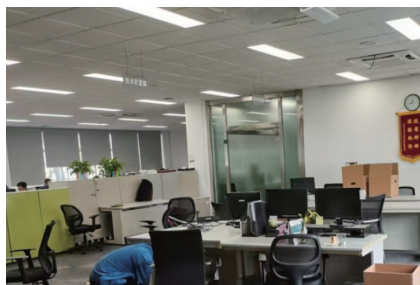
Initiatives to help employees feel work to be rewarding and comfort towards work

1. Conducted employee satisfaction survey to all employees and improved workplace (Suzhou site)

The objective for conducting employee satisfaction survey at the Suzhou site was to understand the current state of employees' satisfaction towards the workplace, gather opinions, and run PDCA cycles to improve employee satisfaction. Through these measures, the Suzhou site aimed to "realize a workplace at which everyone, regardless of gender, feels comfortable to work" which is one of the important strategies our group wants to achieve. They believed that the achievement of this strategy will

ultimately lead to the realization of our company's vision of "Providing great happiness and contributing to our customers, society, and colleagues!"

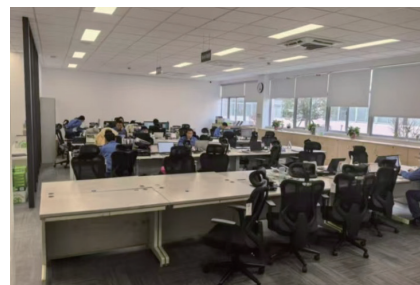
First, Suzhou Musashi started by conducting an anonymous survey on internal needs in June 2024. The results were categorized into "Improvement of company and office environment", "Installing additional office facilities", "Corporate events", and "Consideration for employees" and improvement measures were taken for each category.



Before improvement measures

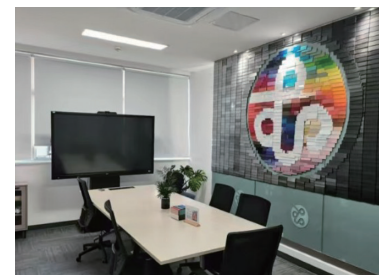


While taking improvement measures

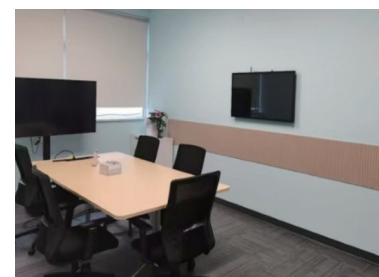


After improvement measures

In December of that year, the Suzhou site conducted its second employee satisfaction survey. On a scale of 1 to 5, with 5 being the highest, the overall average of the entire survey was 4.15, a relatively high score. The survey items "Company culture and workplace atmosphere" and "Company environment and installation of office facilities", which were both items that the office had focused on

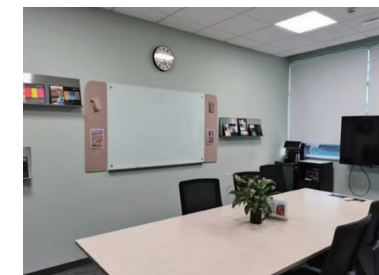


After improvement measures

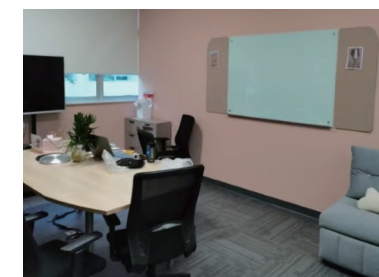


After improvement measures

improving, had the top two highest scores, indicating that the improvement measures taken were effective. Meanwhile, the Suzhou site also observed that there was a great variance among the scores for other survey items. They were able to extract points of issue and are continuing to take improvement measures for these issues.



After improvement measures



After improvement measures

2. Conducted employee satisfaction survey to female employees and took improvement measures (Japan site)

In our group's medium-term management plan, one of our goals is to achieve a 40% ratio of female employees. Initiatives are taken at all of our sites in aim to achieve this goal. In Japan, a project to promote the advancement of females (Female Advancement Promotion Project) was launched in 2024, and as part of this project, an employee survey was conducted to female employees. 27 female employees responded to this survey. While results show that their satisfaction towards most survey items were fairly high, their satisfaction towards welfare

and benefits as well as career programs were low. It should also be noted that "improvement of workplace environment, including resting areas" was the most selected answer in response to the survey question "What is most important to create a workplace in which women can make advancements?"

In response to this survey result, the Female Advancement Promotion Project changed the cafeteria to a cafe-like setting so that female employees can relax and refresh. This improvement measure was highly recognized by our employees.



Before improvement measures



After improvement measures

3. Established programs for working-from-home, flexible work hours, and staggered work hours (Japan site)

Last year, we reported that we were conducting trials for combined use of flexible work hours and working-from-home program for Musashi Paint Holdings employees working at the headquarter office in Ikebukuro. At this phase, we have heard complaints on how it was unfair that this program was only available at some sites and not available at other sites. We had operational issues that originated from different interpretations of this program at various sites. One cause of these issues was the fact that the details of this program were not documented (no defined regulations). In aim

to resolve this cause and to expand the scope of application of this program to all employees in Japan, the department managers held discussions numerous times to meticulously design this program. Furthermore, for workplaces at which both programs (flexible work hours and working-from-home) were difficult to apply, we have newly created the staggered work hour program to offer new options for employees at such workplaces. Now, we plan to take more improvement measures to resolve issues that we have drawn from operations, and will enhance employees' working comfort.

Initiatives for human rights

Behaviors that may violate other's human rights in corporate activities may jeopardize the continuance of today's business. Oftentimes, the impact that such behaviors may have are not limited to the company itself but also spread to the entire supply chain. Our group takes initiatives for human rights issues along with our business partners.

Our goals for "human rights"

Establish a human rights due diligence organization that includes our business partners by 2030

The content reported in the previous report

In 2023, our group formulated a human rights policy which clarified our stance and way of thinking towards our initiatives for human rights. We have held briefings and shared this policy at all of our group sites. For details on our human rights policy, please read pages 31 and 32 of "Musashi Paint Report 2024" which was issued last year.

FY24 Activity Report

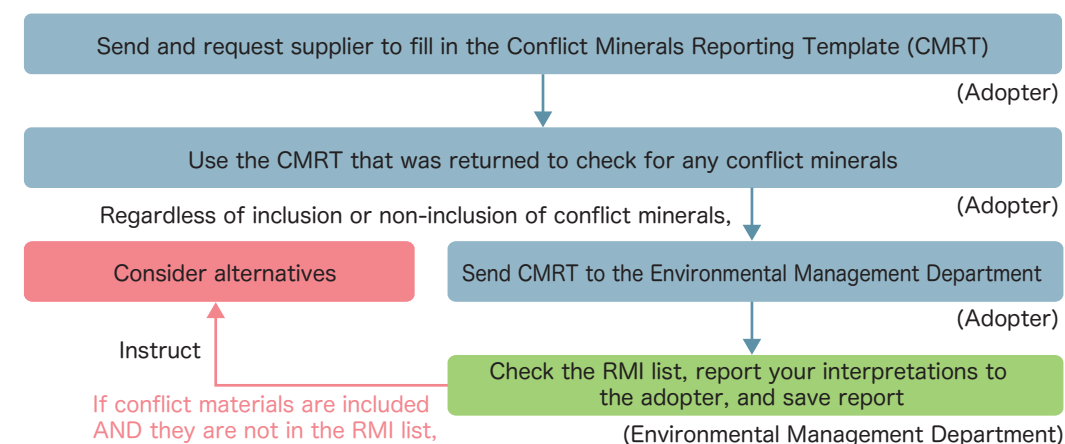
1. Created a secondary document "Operational Procedures for Conflict Minerals Management" for reinforcement of our human rights policy

We created a secondary document "Operational Procedures for Conflict Minerals Management" which concretize "Appropriate management of raw materials that violate human rights" (Article 6 section 9) of our human rights policy. In 2024, we held briefings at all of our group sites to educate our employees on conflict minerals management and to disseminate this secondary document. At these briefings on the "Operational Procedures for Conflict Minerals Management" we explained how to adopt new raw materials and check up on materials already used with the flowchart shown on the right.

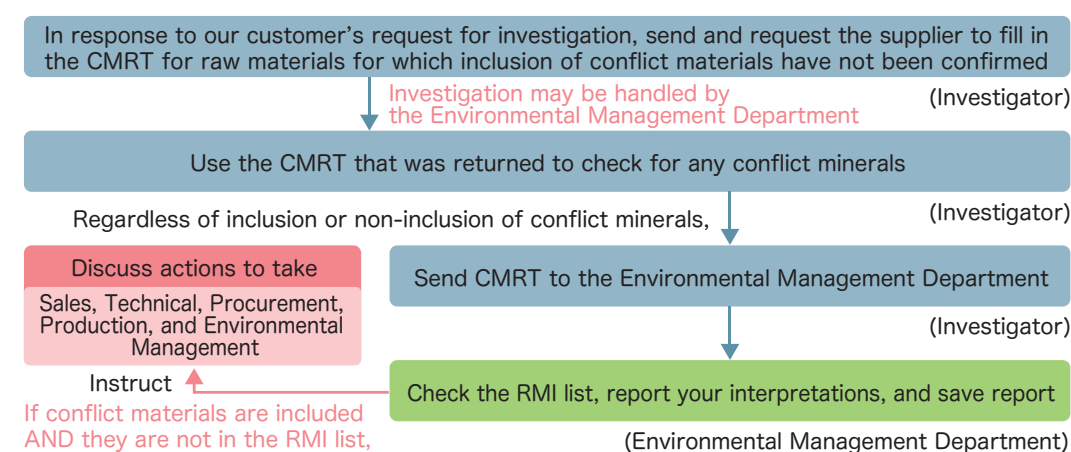
In the "Operational Procedures for Conflict Minerals Management" and briefings of this guideline, we limited the scope of conflict minerals to 3TG (tin, tantalum, tungsten, and gold), which are

often extracted and refined from conflict-affected areas. However, there are minerals other than 3TG (such as natural mica and cobalt) and other areas in which conflict areas are extracted or refined which violate human rights in its process. The aim to manage conflict materials is to ensure that the money used to procure such substances mined in conflict-affected areas do not become source of capital for armed forces as well as to suppress actions that violate human rights such as forced or child labor. The ultimate goal is to maintain the transparency of the supply chain. The Musashi Paint Group will continue to take initiatives for the appropriate management of raw materials that violate human rights and develop a human rights due diligence system.

■ Flowchart to check whether conflict minerals are included during the selection of new raw materials



■ Flowchart to check whether conflict minerals are included in raw materials already used



2. Initiatives taken for responsible procurement

Our group promotes responsible procurement based on the Responsible Minerals Initiative (RMI).

1) Investigation of supplier

At our group, we regularly conduct investigations to our suppliers based on uniformed templates (CMRT^{*1} and EMRT^{*2}) to check up on raw materials we procure, and sometimes request suppliers to disclose information. We analyze the response received from our suppliers and evaluate that conflict minerals are not included in the raw materials they supply us. We regard minerals that were not refined in refineries certified by RMI (RMAP) as conflict minerals. However, for minerals subject for EMRT reviews, it has been difficult to identify where the minerals have been refined because most have replied with "unable to disclose" in the EMRT. Note that we do check that suppliers abide to the principles of responsible mineral procurement. To be prepared in case it becomes evident that conflict minerals were used, we have corrective measures

already planned out. We are also determined to clarify transaction restrictions and suspension criteria and take appropriate actions to violating suppliers. From 2025, we plan to include extended minerals (natural mica and cobalt) as target for restriction in addition to conflict minerals, based on our group's green procurement standards. Furthermore, we will be implementing a stricter management system when adopting new raw materials by mandating the acquisition of CMRT and EMRT reports. Last year, we briefed on this new policy along with explanations of our green procurement standards to the Technical Development departments in Japan.

2) Report to customer

We report to our customers based on the information we gather. As of today, we are not regularly using AMRT^{*3} in our operations. However, we have had some customers to investigate on the inclusion of metals subject to AMRT review.

We are determined to continue practicing responsible mineral procurement as well as maintaining and enhancing an appropriate management system.

* 1 : CMRT Abbreviation for Conflict Minerals Reporting Template; Target minerals are tin, tantalum, tungsten, and gold.
* 2 : EMRT Abbreviation for Extended Minerals Reporting Template; Current target minerals are natural mica and cobalt.
* 3 : AMRT Abbreviation for Additional Minerals Reporting Template; Target minerals are those not covered by CMRT and EMRT.

Initiatives for occupational safety and health

Musashi Paint Group has been sincerely engaging in the improvement of work environment to ensure that all of our employees are able to perform their daily work safely and in good health, long before we have started taking our CSR initiatives. We are committed to further improve the quality of the work environment in terms of both hard infrastructure (such as facilities and equipment) and soft infrastructure (such as mindset) to prevent unforeseen incidents from happening.

Our goals for “occupational safety and health”

Achieve and maintain “Zero occupational hazard & health disturbance” at our workplaces

The content reported in the previous report

In 2023, our group formulated an occupational safety and health policy which clarified our stance and way of thinking towards our initiatives for occupational safety and health. We have held briefings and shared this policy at all of our group sites. For details on our occupational safety and health policy, please read page 33 of “Musashi Paint Report 2024” which was issued last year.

FY24 Activity Report

1. Recognized the number of industrial accidents that occurred within our group

Until today, the interpretation of incidents as “industrial accidents” differed among sites and we were not able to determine an accurate aggregated value. Last year, we defined industrial accidents that were common to all sites based on whether the incidents were manageable or non-manageable by the company, and have started tallying up the numbers.

Our group’s definition of “industrial accident”

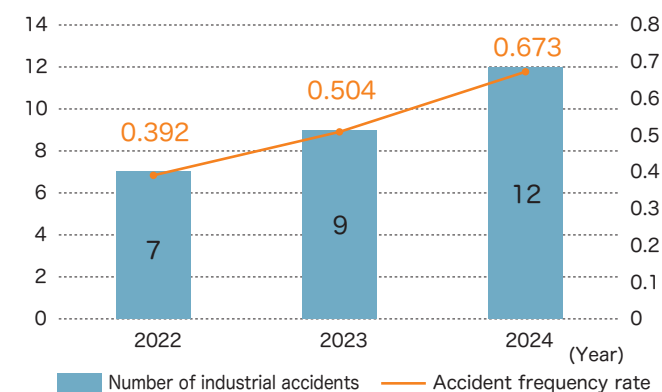
1. Occurred at a site of our group
2. During work hours
3. Due to work-related reasons
4. Injuries and illnesses diagnosed by a physician

The number of industrial accidents that occurred within our group based on this new definition was as shown in the table below.

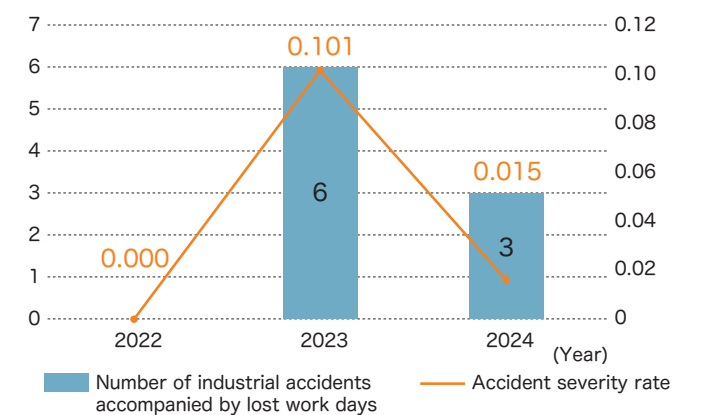
■Number of industrial accidents within our group

Year	2022			2023			2024		
Site name	Total number of industrial accidents	Industrial accidents accompanied by lost work days	Number of work days lost	Total number of industrial accidents	Industrial accidents accompanied by lost work days	Number of work days lost	Total number of industrial accidents	Industrial accidents accompanied by lost work days	Number of work days lost
Japan	1	0	0	1	0	0	3	0	0
South Korea	0	0	0	0	0	0	0	0	0
Tianjin	0	0	0	1	1	19	1	0	0
Suzhou	1	0	0	2	2	62	1	1	19
Zhongshan	0	0	0	2	2	26	0	0	0
Chongqing	0	0	0	0	0	0	0	0	0
Thailand	3	0	0	1	0	0	4	1	3
Malaysia	0	0	0	0	0	0	0	0	0
Ho Chi Minh	0	0	0	1	0	0	0	0	0
Ha Noi	0	0	0	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0	0
Hungary	2	0	0	1	1	73	3	1	4
Total at 13 sites	7	0	0	9	6	180	12	3	26

■ Number of industrial accidents and accident frequency rate



■ Number of industrial accidents accompanied by lost work days and accident severity rate



The accident frequency rate and severity rate at our group (except for the accident severity rate in 2023*) were all below the average rates in Japan’s manufacturing industry (Accident frequency rate of 1.29 and severity rate of 0.08 in FY23). However, it also became evident

* An accident where an employee’s arm got sucked into the shaft of a mixing machine which resulted in a compound fracture occurred at Hungary.

that the accident frequency rate has been increasing in the past three years. While we have been taking measures for occupational safety and health at all sites, we are determined to eradicate all industrial accidents by sharing information among the group.

2. Specific measures taken for occupational safety and health

1) Sharing of information via online meetings with overseas sites (All sites)

Once a month, “Regular HD production meeting” is held among all sites in aim to raise the group’s awareness towards safety by sharing the overview and cause of disasters that occurred and the measures taken in response to such disasters. The information shared at these meetings are then reported at the Safety and Health Committee meeting held on a monthly basis. Sharing these reports to all departments have helped raise the general awareness regarding safety. We hope that the sharing of information among sites overseas and in Japan will contribute to the reduction of risks and prevention of accidents.

2) Appointed a person at each floor to be in charge of protective equipment (Japan site)

Effective April 1, 2024, it has been mandated to appoint a person to be responsible for the management of protective equipment at each work place where laborers are required to wear protective equipment. This was a countermeasure taken in response to a risk assessment, and members were promptly appointed. With this countermeasure, we aim to promptly clarify the scope of application and responsibilities in accordance with the law revisions made, reinforce the selection, supply, and wearing of appropriate protective equipment, and reinforce record management. We are determined to ensure the safety of laborers and prevent industrial accidents.



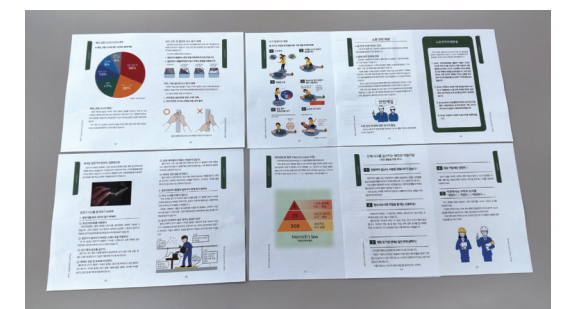
Example of protective equipment

3) Submission of report on “close call” incidents and improvement proposals (Japan site)

In FY24, there were 52 cases in which proposals were made or reports have been submitted for “close call” incidents. Of which, 3 cases are currently being handled and 49 cases have been closed with improvements made to the situation. This has led to the enhancement of safety and quality as well as improvement in operational efficiency. Keep in mind that risks of accidents, injuries, and deterioration of quality are always present even in daily tasks that one may be familiar with. We are determined to continue making improvements so that we could maintain a work environment that everyone feels safe and reassured to work at.

4) Raising awareness towards safety with the Musashi Sustainability Guide (South Korea site)

The Musashi Sustainability Guide is written on page 16 of “Musashi Paint Report 2024” which was issued last year. At this time, this Guide was only available in Japanese, but now it has been translated to the local language of our overseas sites. At the South Korea site, we had employees who could read Japanese carefully translate each article of the Musashi Sustainability Guide. The translation process not only helped employees to gain a better understanding on this guide, but were also used for recitation during morning assemblies (especially the page on occupational safety and health).



Korean translation of the Musashi Sustainability Guide

Initiatives for quality & safety (chemical substances management)

Quality & safety (chemical substance management) is a management system that is essential to enable our customers to feel safe using our group's products. The primary measure taken for quality assurance is to realize requests made by our customers while the primary measure taken for chemical substance management is preventing contamination by substances that may be hazardous to humans and the environment. However, it could be said that these measures also play a vital role in environmental preservation.

Our goals for "quality"

Minimize losses due to quality for customer satisfaction

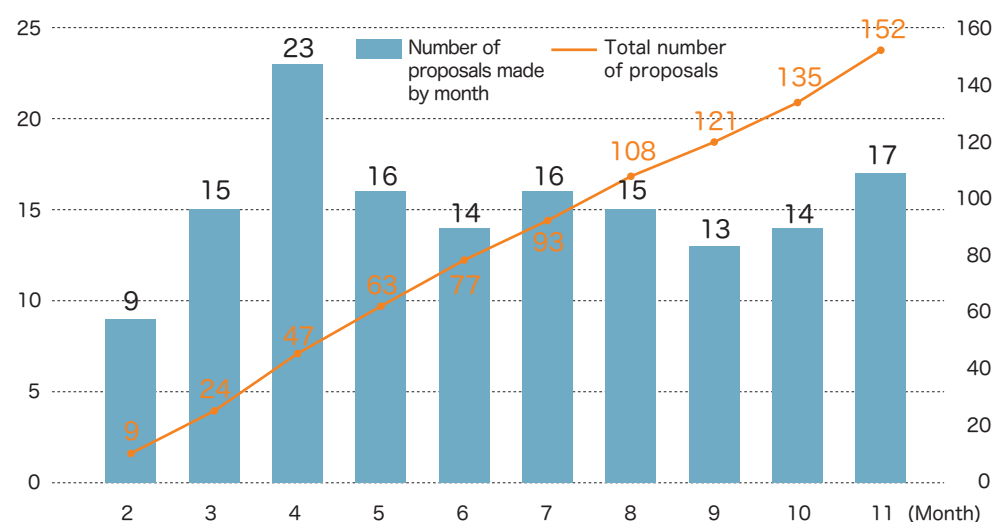
The content reported in the previous report

To enhance our customers' satisfaction, it is necessary to offer them products that match their requests. Products that do not fulfill these requests become defective products, which are represented in the amount of quality loss. At our group, we make effort to minimize this amount of quality loss and enhance the level of quality by developing a quality management system at each site, getting it certified and maintaining such certifications.

FY24 Activity Report

To prevent the generation of defective products, we have taken global preventative measures. More than 150 proposals were made at 12 factories of our group. One factory made as many as 29 proposals. In addition, we picked up about 50 case examples which seemed to be representative complaints, and shared the lessons learned from these complaints among sites. As for training, internal rules on coding, knowledge on raw materials and paints, knowledge on inspections, knowledge on facilities, and other content were compiled into a training document. The progress of training at each site were managed. We plan to continue hosting these trainings.

■ Number of proposals made regarding preventative measures in our group
(Activity period: February 2024 to November 2024)



Our goals for "safety (chemical substances management)"

- ① Establish and maintain a safe design/development organization that conforms to laws and regulations regarding chemical substances
- ② Establish a system to inform our customers of the chemical substances used in our products

The content reported in the previous report

In 2023, our group formulated a chemical substance management policy which clarified our stance and way of thinking towards our initiatives for the management of chemical substances. We have held briefings and shared this policy at all of our group sites. For details on our chemical substance management policy, please read page 42 of "Musashi Paint Report 2024" which was issued last year. We explained the overview of our group's chemical substance management system using a diagram.

FY24 Activity Report

In September 2024, our group issued the 10th version of our green procurement standards. The revisions made in this version were as follows.

- 1) Korean translations have been added, enabling use in a wider region.
- 2) The operational procedures in the green procurement standards have been reviewed and updated according to actual procedures taken.
- 3) 499 substances were added as targets for investigation on inclusion of chemical substances. The total number of chemical substances subject to management has now grown to become 18,881 across 25 chemical substance groups. The addition of these chemical substances were made based on the green procurement standards set forth by our customers and updates made to laws and regulations. These additions were necessary for the appropriate management of chemical substances.

Briefings were held as shown below to explain the revisions made.

- 1) In addition to briefings to Japan's Technical Development department, briefings were also held for relative departments in China.
- 2) Briefings were held to five trade companies which supplies voluminous amount of raw materials. We explained in detail on the revisions made.

We also informed them that we may ask for additional investigation on chemical substances used as some customers have requirements and regulations that are more severe than stipulated laws and regulations.



Briefing sessions to suppliers on the revisions made to our green procurement standards

Initiatives for compliance

Over the decade, “Compliance” has become one of the most important issues that need to be addressed by companies. In fact, there are many case examples in which the continuance of an organization has been jeopardized because of its lack of initiatives for compliance. At our group, we are responsibly taking measures to enforce the adherence to compliance to continue being a reliable and trustable organization in society.

Our goals for “compliance”

- ① Establish an organization to ensure compliance by all group companies by 2030
- ② Establish a management structure that prevents illicit actions (ensures governance)

The content reported in the previous report

In 2023, our group formulated our compliance policy which clarified our stance and way of thinking towards our initiatives for compliance. We have held briefings and shared this policy at all of our group sites. For details on our compliance policy, please read page 43 of “Musashi Paint Report 2024” which was issued last year.

FY24 Activity Report

We have also compiled secondary documents that concretize our compliance policy. Namely, we have complied the “Operational Guideline for Internal Reporting”, “Operational Guidelines on Fair Transactions”, and “Documentation on Intellectual Property Rights Training.” We have held briefings at all of our group sites to educate our employees on these documents.

1. Operational Guideline for Internal Reporting

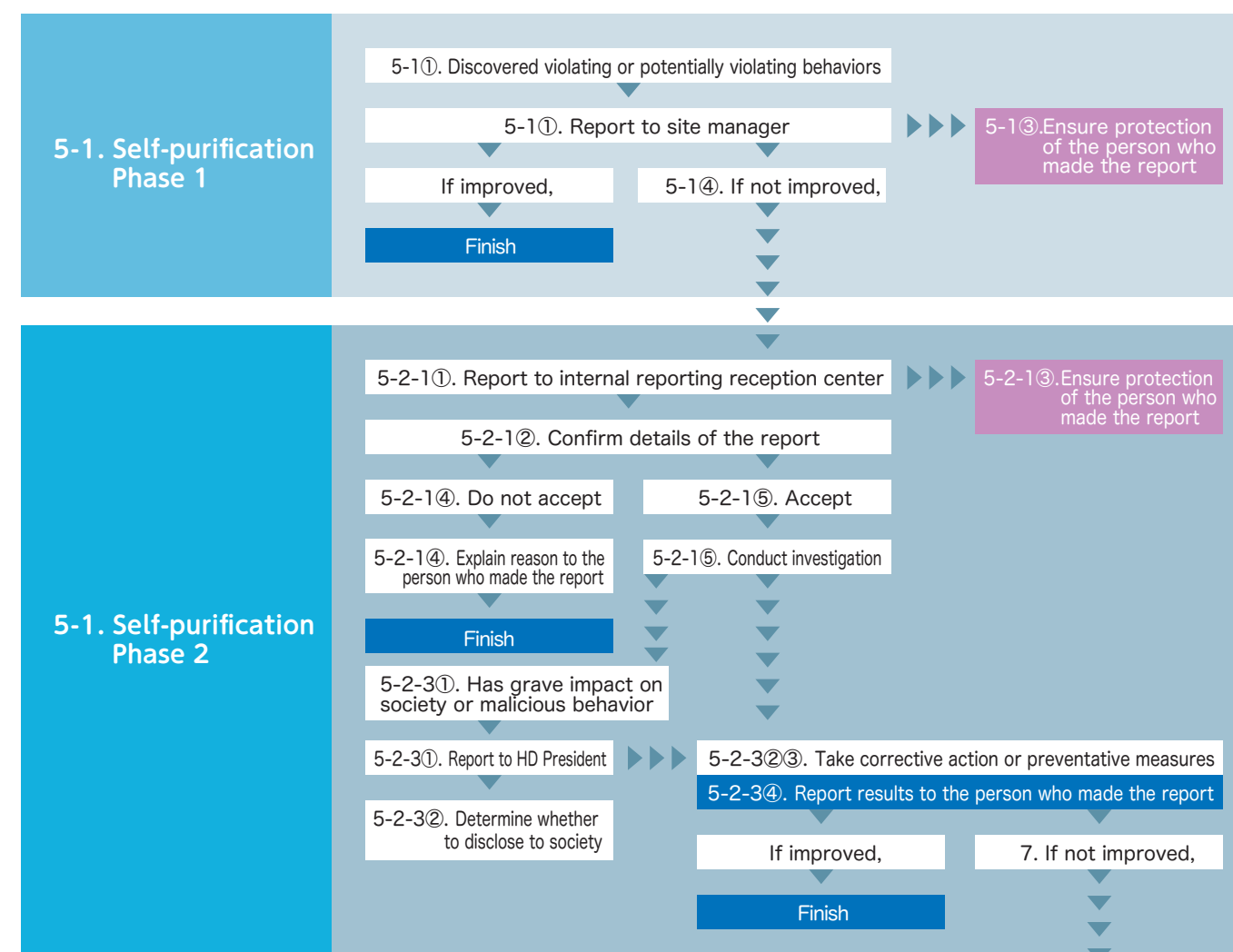
We believe that the internal reporting system is an important governance measure to prevent fraudulent activities. We have held briefings on the “Operational Guideline for Internal Reporting” to explain this guideline to all employees.

Violations that are subject to reporting are “acts that are not in adherence to the compliance policy”, “acts that violate our human rights policy”, “making false reports to external organizations, data alteration, etc.”, “personal use of company assets including intellectual properties”, and “intentional leaking of the company’s information assets.”

This guideline clearly indicates where to contact in case one wants to make an internal report. The email address for this support desk is also posted on the message board shared across the entire group. The procedures to take for internal reporting are organized as a flow chart. We have especially focused on the protection of the whistleblower so that he/she may feel safe to make internal reports. Operations of this system has started in 2025, and there has already been two internal reports made. One was handled at the site in subject. As for the other case, site employees have led the improvement solutions as instructed by the contact liaison for internal reporting.

Operational Guideline for Internal Reporting flow chart

* Numbers correspond to the numbers indicated in the Operational Guideline for Internal Reporting.



Briefing session at the Hungary site



Briefing session at the Malaysia site

2. Operational Guidelines on Fair Transactions

It is hard to define what is fair and until what extent will that be determined as fair with only laws and regulations to abide by. The briefing sessions on the “Operational Guidelines on Fair Transactions” were held for the sales department, procurement department, and the finance & accounting department. This guideline denotes the social demands, operational guideline, locale of responsibilities, and relevant laws and regulations for “Prevention of corruption”, “Prohibition of unfair competition”, “Appropriate disclosure of information”, and “Adherence to laws, regulations, and social norms.”

3. Documentation on Intellectual Property Rights Training

We think that it is not only important to protect our own rights but also not to tolerate infringement of rights of other people (parties). We held briefing sessions on the “Documentation on Intellectual Property Rights Training” for the technical development department, sales department, and department in charge of ISO. It is denoted in the document that one needs to first understand which types of intellectual properties are relevant to our group and what kind of rights protect these properties, and then determine when and what should be done by whom (which department).

Initiatives for risk management

When conducting corporate activities, it is necessary for us to constantly assume management risks that may impact our business performance. There are many types of management risks, all differing in the magnitude of impact as well as which department it should be dealt by. Furthermore, the risks are diversifying year by year. Our group engages in risk management from three perspectives: extraction of risks, estimation of impact when risks become apparent, and execution of actions.

Our goals for “risk management”

- ① Extract management risks in accordance with changes over time and establish an organization to execute pre-defined measures
- ② Strengthen the corporate disaster prevention organization

The content reported in the previous report

We reported on management-related risks that our group faces and the approach we will take towards such risks.

We have also reported that we have created an action manual assuming the occurrence of an earthquake, fire disaster, and pandemic in Japan site as our Business Continuity Plan (BCP), which was one of the actions we took as part of the initiative for developing a disaster prevention system.

FY24 Activity Report

1. Conducted BCP drills (Japan site)

In April 2024, a BCP drill assuming an earthquake with seismic intensity of 5+ was conducted.

At this drill, the director of the Disaster Control team called out to gather the Disaster Control team members and followed the procedures, such as “establish a disaster control team”, “execute safety confirmation”, “recognize damage, and “determine execution of BCP” as indicated in the formulated flowchart.

2. Assessment of effectiveness of the action manual (Japan site)

Role play-based validation tests assuming an earthquake, fire disaster, and pandemic were conducted to confirm the effectiveness of the action manual we created last year. Other teams acted as internal auditors to enhance the effectiveness of the manual.

3. Internal enlightenment training (Japan site)

In June 2024, group training on BCP was held for all employees in Japan. The internal social media was regularly updated

with posts on BCP to further raise awareness and disseminate among employees.

Our group has 13 manufacturing sites around the world, including Japan. Although the possible risks vary among sites, we believe that the initiatives taken in Japan can be applied to other sites. We plan to create BCP for other sites.



Initiatives for information security

For information security initiatives at our group, we approach both hard and soft infrastructures. No matter how well the security system may be designed and implemented, if the people handling it lacks awareness, then it is more than likely that information may get leaked to external entities. Thus, we especially focus on educating each employee to always be careful when handling information.

Our goals for “information security”

Build a strong information security system that will not leak information

The content reported in the previous report

In 2023, our group formulated an information security policy which clarified our stance and way of thinking towards our initiatives for information security. We have held briefings and shared this policy at all of our group sites. For details on our information security policy, please read page 45 of “Musashi Paint Report 2024” which was issued last year.

FY24 Activity Report

1. Created a secondary document “Operational Procedures for Information Security” which concretize our information security policy

The table shown below indicates the risks we assume regarding information security.

We created a secondary document “Operational Procedures for Information Security” which concretize our information security policy in aim to prevent the emergence of these risks and held briefings at all sites to raise awareness towards these risks.

2. To workaround information security risks

Note that our group itself is also vulnerable to various information security risks. Across our group we have multiple tools that allow us to share information among employees. The Information Security Division takes lead to notify information security incidents, if and when they should happen, via the internal portal (online bulletin board) to call for attention on information security risks.

Information security risks

Risks	Specific examples
Leaking of confidential information	• Confidential information that are critical for the company's competitive advantage, such as information on sales and technologies, gets leaked to an external entity. • An employee hands over the company's customer list and other information such as the paint formula to a competitor.
Leaking of personal information	• Important information such as the customer list and personal information of employees get leaked due to cyber attacks, internal fraudulent behavior, leakage of managers' IDs, and other reasons. • A third party gains access to customer information stored in a USB flash drive which got lost outside the company's property.
Alteration of website	• An attacker intentionally alters our company's website, posts irrelevant texts and images, or embeds a mechanism so that visitors get infected with a computer virus.
Suspension of business & services	• Servers and customer PCs get encrypted and operations get suspended due to ransomware. • Cloud systems and emails become unusable due to Cloud service failures.
Spread of viral infection	• An employee opens a file attached to an email triggers the spread of a virus across the company network. • A personal computer gets infected with a virus from a virus-infected USB flash drive and further spreads via the company network.

Governance by the Musashi Paint Group

At our group, the divisions work closely with each site to establish a reliable governance system. We focus on initiatives to promote management with emphasis on transparency and sustainability, leveraging local attributes and diverse perspectives, and fulfill our responsibilities to shape the future.

The following activities are other global activities conducted at all sites.

5S GLOBAL

All sites have been engaging in the 5S activities based on the activity vision of “Having all employees execute 5S activities under self-direction to realize ‘safety’, ‘efficiency’, and ‘convenience’ and support the stability of business management.”

CSR Promotion Office

All sites have been engaging in CSR activities based on the activity vision of “Having all employees understand the demands that the society has towards the company, conducts corporate and business activities in response to these demands, and as a result, the disclosure of these activity results enhances our company’s corporate values.”

NIJI project

All sites have been engaging in the dissemination of the management philosophy at all sites based on the activity vision of “Fostering a company culture in which employees may naturally make decisions or take actions during work based on proactive practice of what’s written in the ‘musashi color’ (philosophy booklet).”

As of 12/31/2024

		 Musashi Paint Co.,Ltd. Yumiko Fukui	 Zhongshan Musashi Paint Co.,Ltd. Ryo Tanimoto	 Suzhou Musashi Paint Co.,Ltd. Yoji Kasuga	 Tianjin Musashi Paint Co.,Ltd. Yasunori Takegawa	 Chongqing Musashi Paint Co.,Ltd. Tadashi Nishinami		 Korea Musashi Paint Co.,Ltd. Kozo Tomita	 Musashi Paint Corp. Sdn.Bhd. Fuminao Suzuki	 Musashi Paint Manufacturing (Thailand) Co.,Ltd. Tetsuya Asada	 Vietnam Musashi Paint Co.,Ltd. Fusao Otsuka	 PT Musashi Paint Indonesia Gaku Kobayashi	 Musashi Paint India Pte. Ltd. Mahesh Somu	 Hungary Musashi Kft. Janos Harangozo
 Business Development Division Kiyohiro Ozawa	Vision of the Business Development Division					Resolve social issues that our customers are facing with our colors and technologies to maintain our relationships with our pre-existing customers and develop new relationships with prospective customers as well as achieve our sales goals.								
 Research & Technical Development Division Go Yamamoto	Vision of the Research & Technical Development Division					Develop products and offer merchandises that contribute to the achievement of sales goals and sustainable growth.								
 Production Division Masaru Inagaki	Vision of the Production Division					Enable each site to proactively manage and improve safety criteria so that our customers may continue to use our paints with assurance.								
 Quality Assurance Division Masaru Inagaki	Vision of the Quality Assurance Division					Offer our paints to customers all around the world with Musashi quality.								
 Procurement Logistics Division Yasuhiro Yatabe	Vision of the Procurement Logistics Division					Ensure that a stable procurement logistics platform is established based on management regulations and development of procurement skills, be able to purchase raw materials at appropriate prices and stably supply them to our group companies.								
 Business Administration Division Junya Yamada	Vision of the Business Administration Division					(Finance department) Contribute to further development of business at each site through progress management of business operation indices defined to facilitate the achievement of our group's higher priority strategies. (Information system department) Ensure that all employees use the company's groupware to understand the company policies, initiatives, and other measures, and that each team (sales, manufacturing, and corporate functions) can leverage operational system data to execute work to fulfill their role.								
 Human Resources & General Affairs Division Yumiko Fukui	Vision of the Human Resources & General Affairs Division					Help employees practicing the company's management philosophy and other philosophies written in the musashi color always feel it is fun to work at Musashi.								

Medium-term management plan

At Musashi Paint Group, we have formulated a medium-term management plan and are currently taking initiatives to achieve the following goals by the end of 2025. We are also formulating a new medium-term management plan to start from 2026 with the goal to become a coating partner for all of the world's leading brand companies.

Basic approach toward the medium-term management plan (until FY25)

Dissemination of the management philosophy	Roll-out of products and services by region	Expansion of business domains	Strengthening of management foundation
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Medium-term management plan KGI (until FY25)

Consolidated net sales	200 billion yen	Ratio of environmentally-friendly merchandise	75%
Operating profit	20 billion yen (10%)	Electricity consumption	▲ 1%
Net sales of co-creation projects	10 billion yen	Ratio of female employees	40%



Afterword from the Editor

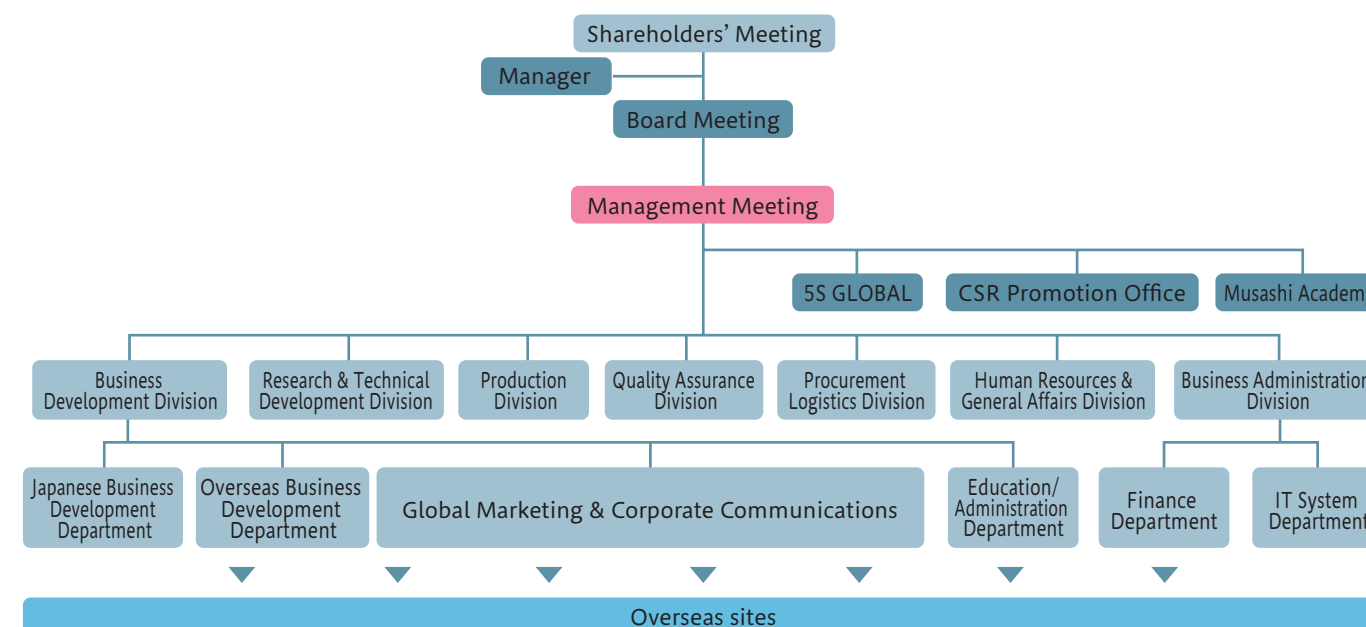
The social responsibilities of companies (CSR) are becoming ever more important in this time of accelerating changes. CSR is not just an obligation that we must fulfill, but it is also a guideline for us to build a sustainable and enriching future. We are aspired to further strengthen our sustainability measures and continue to challenge ourselves to create a better tomorrow with the help from all who have taken interest in this report. Please look forward to our future reports.

CSR Promotion Office Tomomi Mitsuo



Company profile

■Organization structure



■Company profile

Trade name	Musashi Paint Holdings Co., Ltd.
Executive	President & CEO : Yumiko Fukui
Founded on	June 30, 1958
Initial capital	23 million yen
No. of employees	209 (Group total: 1,016) *As of March 31, 2025
No. of sites	22
HQ location	2-30-16, Minami-Ikebukuro, Toshima-ku, Tokyo 171-0022, Japan HQ main phone: +81-3-3985-8118 Fax: +81-3-3985-0947
Main banks	Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd.
Lines of business	Manufacture and sales of synthetic-resin paint used in goods such as cars, home appliances, AV/OA appliances, cellular phones, and personal computers.
Primary industrial/affiliations	Japan Paint Manufacturers Association and Kanto Paint Manufacturers' Association



musashi paint

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