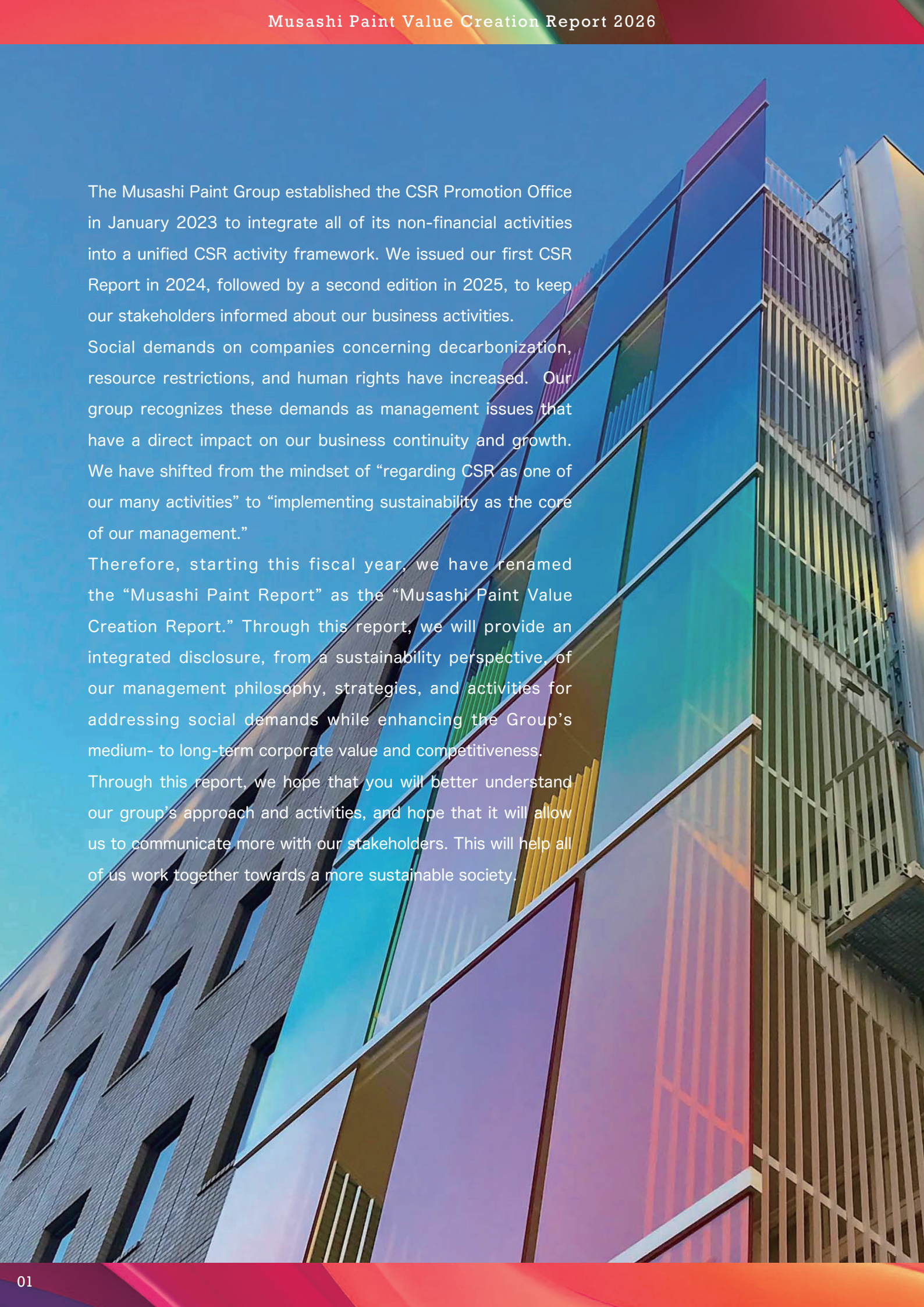


Musashi Paint Value Creation Report 2026



The Musashi Paint Group established the CSR Promotion Office in January 2023 to integrate all of its non-financial activities into a unified CSR activity framework. We issued our first CSR Report in 2024, followed by a second edition in 2025, to keep our stakeholders informed about our business activities.

Social demands on companies concerning decarbonization, resource restrictions, and human rights have increased. Our group recognizes these demands as management issues that have a direct impact on our business continuity and growth. We have shifted from the mindset of “regarding CSR as one of our many activities” to “implementing sustainability as the core of our management.”

Therefore, starting this fiscal year, we have renamed the “Musashi Paint Report” as the “Musashi Paint Value Creation Report.” Through this report, we will provide an integrated disclosure, from a sustainability perspective, of our management philosophy, strategies, and activities for addressing social demands while enhancing the Group’s medium- to long-term corporate value and competitiveness.

Through this report, we hope that you will better understand our group’s approach and activities, and hope that it will allow us to communicate more with our stakeholders. This will help all of us work together towards a more sustainable society.

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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 on the business activities of the Musashi Paint Group.

● Period

It primarily covers the period from January 1 to December 31, 2025 (FY25). It also covers continuing activities and comments on those outside the target period.

● Referenced guidelines

GRI Sustainability Reporting Standards (2016, 2018, 2020, 2021) Ministry of the Environment's "Environmental Reporting Guidelines 2018"



Expanding Possibilities Through Coating Technologies

Believing in the Potential of Paint and People

Coloring the Future Through Sustainable Growth

A colorful and enriched society supported by coating technologies

Our company purpose is “Enriching the World with Our Colors and Technology,” indicating the essential roles and potentials of our coatings. When a community’s economy develops, its people start wearing colorful clothes. The towns and cities, and even the dishes served at restaurants, become bright with color. Color is related to abundance and richness and has the power to make people happy. Coatings also enhance the functions of products. For example, a coating may extend a product’s lifespan by preventing degradation and making it more resistant to scratches. It can also add a new attribute to a product. Coatings contribute to the development of society.

As a coating manufacturer, we believe it is our group’s mission to support the development and manufacture of products with both color and technology.

In our new FY26 medium-term management plan, we commit ourselves to the new vision of “Becoming a coating partner for our customers.” To become a coating partner for our customers, we shall become a global manufacturer and supplier of coating materials that understands environmental and human rights issues. We will help our customers resolve sustainability challenges by offering coating technologies that make their products environmentally-friendly and respectful of human rights, growing together as we contribute to society. The Musashi Paint Group will devote the next 3 years to make this vision come true.

Strengthening sustainability management through shared values and the power of our people

While coatings benefit society, they also generate greenhouse gases and hazardous substances throughout their lifecycle. We have been reviewing our products and manufacturing processes to minimize emissions and waste. However, reducing environmental impact while maintaining product performance requires all employees to work toward the same goals and continuously pursue improvements in their daily operations.

We issued the “musashi color,” a booklet about our company’s management philosophy and employee code of conduct. We also issued the “Musashi Sustainability Guide” to disseminate our group’s behavioral guidelines as summarized by 10 CSR activities. Through this sustainability report, we seek to articulate these efforts and communicate them clearly to both internal and external stakeholders. By doing so, we aim to raise awareness across the Group, advance sustainability management, and contribute to sustainable growth.



Musashi Paint Holdings Co., Ltd.
President & CEO

Yumiko Fukui



“musashi color” and “Musashi Sustainability Guide”

We are taking specific measures based on this new plan. We are exploring options to reduce environmental impact by using bio-based raw materials, investing in the development of microalgae-derived bio-based paint, and working toward our goal of increasing the ratio of environmentally friendly merchandise in our product lineup. At “Expo 2025 Osaka, Kansai, Japan,” we showcased a bio-based paint that uses microalgae-derived resin as part of the MATSURI Project to promote the microalgae business. We have been receiving inquiries about this bio-based paint from European companies that are highly concerned about environmental issues. We are also developing PFAS*-free products, complying with chemical substance regulations, and developing an industrial line that integrates coating and molding to conserve energy during the manufacturing process.

*PFAS: A collective term for “Per- and Polyfluoroalkyl Substances,” which are organic fluorine compounds. These compounds have become restricted substances as they are hard to decompose, accumulate easily, and have long-range migration abilities, imposing risks to humans and the environment.

We are also developing a framework to align employee awareness of sustainability through activities led by the CSR Promotion Committee across all sites and training programs offered at the Musashi Academy. CSR awareness is very high at overseas sites, and we are very proud that these sites are taking CSR actions.

The internal control team hosts an internal governance meeting with all sites every month. We have established a new EHS division to oversee Environment, Health, and Safety. We will improve management of environment, safety, and chemical substances at all sites to meet the level demanded by global companies and to enhance organizational governance.

A new medium-term management plan for sustainable growth

The key themes of the new FY2026 Medium-Term Management Plan are “Innovation,” “Building Trust,” “DE&I,” and “Supply Chain Management.” Sustainability is now a precondition for all business management. We analyzed sustainability issues in terms of risks (regulations, reputation, and human resources) and opportunities (new markets and technological innovation), and have incorporated the results into our Medium-Term Management Plan. To embed these concepts throughout the organization, we have translated them into priority strategies based on these key themes. These four themes are not of equal priority. We place Innovation at the center of our efforts, advance technology through Building Trust, strengthen our global supply chain through Supply Chain Management, and integrate sustainability into management through DE&I to achieve sustainable growth.

We will develop products to resolve customer issues, stabilize quality, and leverage data to improve productivity. We will improve our solutions for reducing environmental impact to preserve the environment and grow our business. We will also develop a framework to ensure a supply of

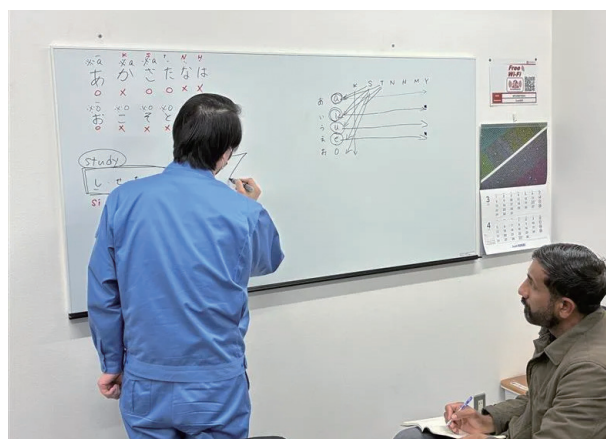


world-class paint while hedging risks, and will establish a platform that will deliver our value to any region in the world. We will also leverage our 70 years of experience to position ourselves as a preferred company and reinforce our partnership with our customers. We will cultivate a culture that respects diversity, continue to expand our lineup of environmentally friendly merchandise, and reduce electricity consumption.

Our goal is to increase the ratio of environmentally-friendly merchandise to over 80% of our offerings, attain an external sales revenue of billion yen (operating profit of 4.8 billion yen, operating profit ratio of 20%), and gain an added value of 10 million yen per employee. We are committed to achieving both growth and sustainability. We have increased the ratio of bio-based paints in our lineup up to 83% while maintaining conventional quality. We are inspired to reduce dependency on fossil resources and cut down on CO₂ emissions by exploring options during raw material procurement.

Widening our vision for a better society with employees and companies who are eager to take on challenges

I want our employees to feel that they are glad to have worked for our Group. What matters most is that they look back on the time they spent with us as a meaningful and valuable part of their lives. To achieve this, we are creating an environment where people from diverse backgrounds can work with motivation, grow, and feel fulfilled in their work.



Personal training by the factory manager to help foreign employees learn Japanese

I emphasize enabling female employees and foreign employees in our DE&I initiative. We have introduced equipment and transportation facilities that are easier for women to use and provide safety instructions in the mother tongue of foreign employees. We have defined English as our common language, encourage people at all sites to mingle, and provide everyone with equal opportunities. The workplace is where we spend

a significant portion of our lives. Therefore, we believe we have a responsibility to provide both fulfillment and happiness to our employees.

We also offer opportunities for employees to take part in eye-opening experiences. This is because it is necessary for employees to broaden their horizons and acknowledge what they must do for society. Regardless of the language proficiency level at the start, we have seen many cases where the experience of visiting overseas sites has led to improvements in their current workplaces or proposals for new businesses. If you are willing to take the challenge, don't be afraid to make mistakes and jump right in! At an organizational level, we are recruiting employees from all sites who are eager to take on challenges (regardless of age, nationality, or gender) and promoting global job rotations.

We have started factory-sharing with other companies and are starting to see wonderful results. This is an initiative to make use of our overseas factories that handle hazardous chemicals. We called similar companies in the industry to collaborate with us in OEM manufacturing services. We are currently doing this in Japan, Indonesia, Thailand, and China. This collaboration will help us use our assets and helps other Japanese companies move into the global market. This builds a win-win relationship with our partners. To shape a better society, we must work with great customers, great suppliers, and great colleagues to manufacture environmentally-friendly products that accounts for costs and observes human rights. Changes will not happen overnight. But if we share our beliefs and work diligently, we can bring about change some day.

A sustainable future shaped by paint and people

My passion to support employees and companies that are willing to take on challenges dates back to my time working in China, where I learned that many women had no choice but to leave their hometowns in search of work. While creating employment opportunities is important, I believe it is even more important to provide an environment where people can develop sound judgment and ethics, embrace innovation and environmental responsibility, and continue to grow through their work. In this sense, companies also have a role to play as educational institutions. By working with manufacturers around the world that are committed to excellence and continuously learning through their work, both employees and the company itself can achieve sustainable growth.

I am also committed to resolving sustainability issues for the continuous growth of our business. I plan to promote the group to resolve social

issues and facilitate business growth by developing environmentally-friendly merchandise as the core of our growth strategy. FY26 is the year for us to “Hop” in our three-year “Hop, Step and Jump!” strategy to execute our new medium-term management plan. We intend to pursue sustainability and are determined to take strong strides forward, always immediately putting our thoughts to action.

The Musashi Paint Group will continue to “enrich the world with our colors and technology.” We promise that the time and energy you will spend with us, whether you be a fellow employee of our group or a potential customer, will be time of great value. We invite you to stand with us to create a sustainable future of paint and people. Join us to paint a colorful future together.



Musashi Paint Group's strengths and businesses

GLOBAL NETWORK

■ Musashi Paint Group's Manufacturing Sites



Our Strengths



1. Cutting-edge development capabilities

Our 60+ years of experience and knowledge allow us to accurately understand market needs and continuously develop innovative merchandise through unique ideas and technologies.



2. Global network

For more than 20 years, the Musashi Paint Group has expanded its global operations, building production and sales networks from Asia to Europe and North America. Through strong collaboration across the group, we provide customers worldwide with a stable supply of consistently high-quality coatings.

Our Business

1. Customized industrial coatings

We develop, manufacture, and sell industrial paints that are customized to meet the needs of our customers.

■ Key industries



(1) Automobiles and transportation devices (Mobility)



(2) Electronics Devices



(3) Home & Leisure

2. Contract manufacturing of chemical liquids (both hazardous and non-hazardous)

We offer contract manufacturing of chemicals such as paints and other relevant products with OEM.

3. Global co-creation

We engage in collaboration with companies and research institutes around the world to co-create paints and coatings.



3. Sustainable business expansion

Guided by a strong management philosophy, we sincerely engage in the development of environmentally-friendly merchandise and the reduction of environmental impact. Through our contributing to society, we strive to help realize a sustainable society.



4. Customer-oriented customization and problem solving capabilities

We make efforts 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 address the root causes of our customers' challenges.

Approach to sustainability

Sustainability policy

To clarify our approach to sustainability management, we discussed these matters at Management meetings held in October and November 2025 and compiled our “Basic policy on sustainability.”

Under our purpose, “Enriching the World with Our Colors and Technology,” we strive to contribute to social development and environmental conservation through the development, manufacturing, and sale of coatings. Building on the foundation of our CSR activities, we will continue to incorporate sustainability into all aspects of our business and work toward realizing a sustainable future in harmony with the global environment and local communities.

1. Environmental responsibilities

As a company that handles chemical substances, we consider “keeping environmental impact minimal” a high-priority issue and will promote the following initiatives.

- Develop products that contribute to reducing environmental impact (Low VOC paint, water-based paint, bio-based paint, solvent-free UV curing-type paint, paint for in-mold coating, etc.)
- Improve energy consumption during our manufacturing processes and reduce CO₂ emissions
- Properly manage and safely handle chemical substances
- Reduce waste and promote recycling
- Provide appropriate responses and thorough compliance with environmental controls in each country

2. Contributions to society

As a global company, we will respect diverse cultures and core values and will maintain harmony with society.

- Provide a safe and healthy workplace environment
- Promote diversity, equity, and inclusion to allow diverse talent to perform their best
- Contribute to the local community
- Develop a fair and transparent supply chain
- Facilitate employee training and raise their awareness on sustainability

3. Governance and transparency

To create sustainable value and earn the trust of stakeholders, we will establish a transparent governance structure and ensure that our corporate conduct is always in accordance with ethical principles, laws, and regulations.

- Have management exert their leadership for sustainability
- Manage risks and reinforce internal control
- Disclose information accurately and in a timely manner

4. Sustainability and continuous improvement

To realize a sustainable society, we will fulfill our corporate responsibilities through the development of a sustainability management framework and continuous improvement based on the PDCA cycle.

- Develop a structure for uniform promotion by having all group sites work together
- Reinforce measures in response to international sustainability standards (such as SDGs, TCFD, and ISSB)
- Set goals, monitor achievement progress, and ensure transparency with regular reporting

The above policy will be shared throughout the group to enhance the effectiveness of our sustainability activities. This will help us achieve our goals of “sustainable growth” and “creation of social value.”

November 28, 2025

Musashi Paint Holdings Co., Ltd.

President & CEO : Yumiko Fukui

Sustainability management structure

Musashi Paint Group will promote sustainability management through the following structure.

Management Meeting

■ Role Decision making for sustainability management (Formulate medium-term and annual policy)

• Driven by innovation

• With Building Trust, SCM, and DE&I as key pillars

} Formulate a management strategy based on these two points

[Members]

- HD President & CEO, Board members, Division managers (Business Development, Research & Technical Development, Production, Quality Assurance, Procurement Logistics, EHS, Business Administration, Human Resources & General Affairs)
- Site managers Japan, South Korea, Tianjin, Suzhou, Chongqing, Zhongshan, Thailand, Vietnam, Malaysia, Indonesia, India, and Hungary

Domain	Objective	Division in charge
Environment	Decarbonization and improved resource efficiency in our products and processes	Production and EHS Division
Society	Well-being and engagement with customers, communities, and employees	Business Development, Research & Technical Development, Human Resources & General Affairs Division
Governance	Transparent management and risk management	Business Administration Division
Supply chain	Ethical and responsible supply chain and customer trust	Quality Assurance and Product Division



Matters regarding company management

■ Activity

Assurance of governance

■ Role

Monitoring business activities and proposing management structures

■ Responsible department

HD Business Administration Division

Matters regarding business activities

■ Role Promote sustainability (CSR activities)

Activity and responsible department (as of January 2026)

Activity	Division in charge
Creating environmentally conscious merchandise	HD Research & Technical Development Division
Merchandise that will transform the industrial structure of our society	HD Business Development Division/ HD Research & Technical Development Division
Contributing to local society	Management departments at all sites
Employees' well-being	Human Resources & General Affairs Division
Human rights	Human Resources & General Affairs Division
Occupational safety and health	HD EHS Division
Environmental preservation	HD EHS Division
Quality	HD Quality Assurance Division
Chemical substance management	HD EHS Division
Compliance	HD Business Administration Division
Risk management	Business Administration/HD Business Administration Division/ Others (Persons in charge at each division)
Information security	HD Business Administration Division
CSR (information disclosure, audit handling, etc.)	HD CSR Promotion Office/CSR Promotion Committee

Instruct/
Share information

via department in
charge at each site

Report activity
results

Execute

Department in
charge at each site
All employees

Sustainability and the medium-term management plan

Alignment of sustainability management with the medium-term management plan

Our approach to sustainability management: Social issue-driven management

In recent years, companies have been expected to address social issues such as environmental problems, climate change, human rights, and human capital. These issues not only affect business activities but also create new business opportunities.

The Musashi Paint Group recognizes that resolving social issues is a precondition to sustainable growth and perceives sustainability as an important pillar for management.

Our group will deliver social and economic value by considering social demands and changes in our business environment, identifying sustainability issues significant to our group (materialities), and including them in our new medium-term management plan.

We will continue to pursue sustainability management and enhance our long-term corporate value.

■ Social issue-driven management



Alignment with the medium-term management plan

Our group has analyzed sustainability issues in terms of risks and opportunities and have reflected the analysis results to our medium-term management plan strategies.

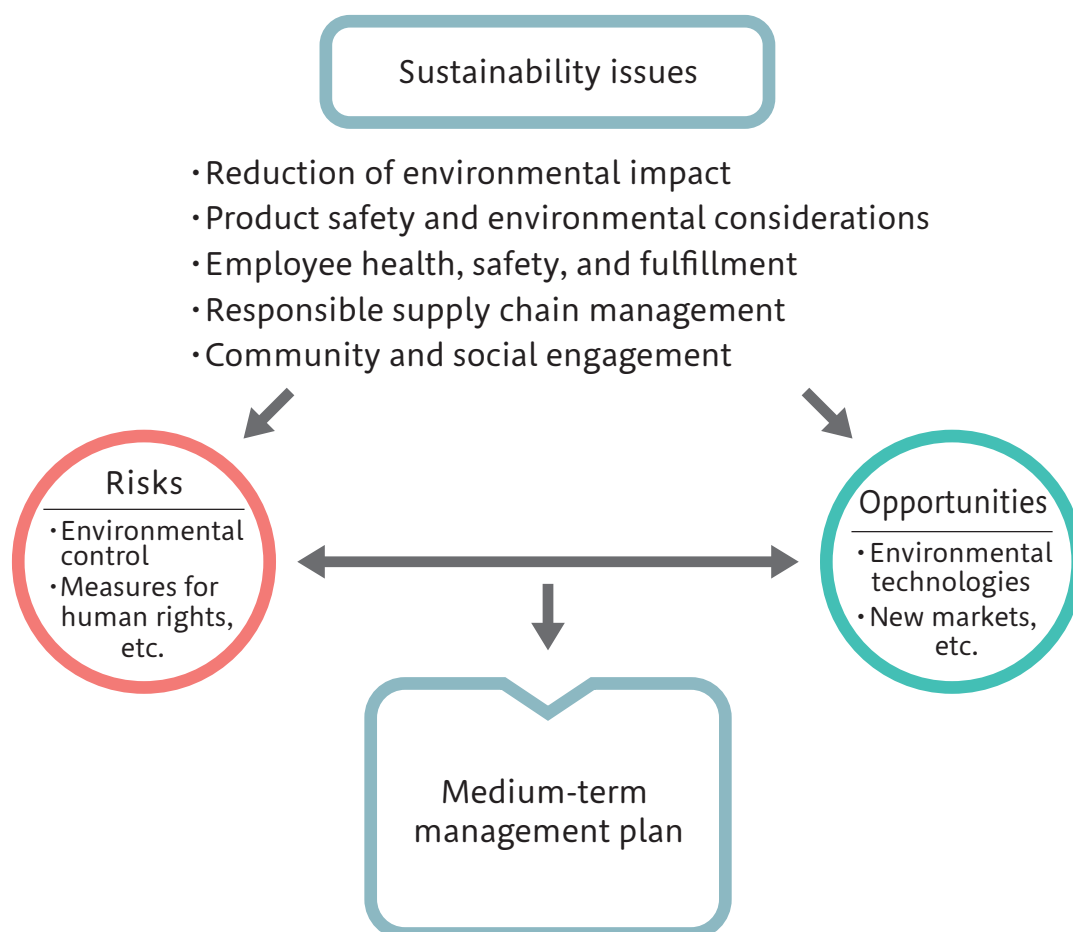
For example, measures for climate change are responses to environmental control, but can also lead to new business opportunities such as the development of energy-conserving or environmentally-friendly merchandise.

Sustainability = Risks (Regulations, reputations, human resources) + Opportunities (New markets, technical innovations)

Creating environmentally-friendly merchandise and social implementations will serve as growth strategies that will support sustainability.

As shown here, our group will address sustainability challenges in our growth strategies and resolve social issues while achieving business growth.

■Alignment of sustainability issues with the medium-term management plan



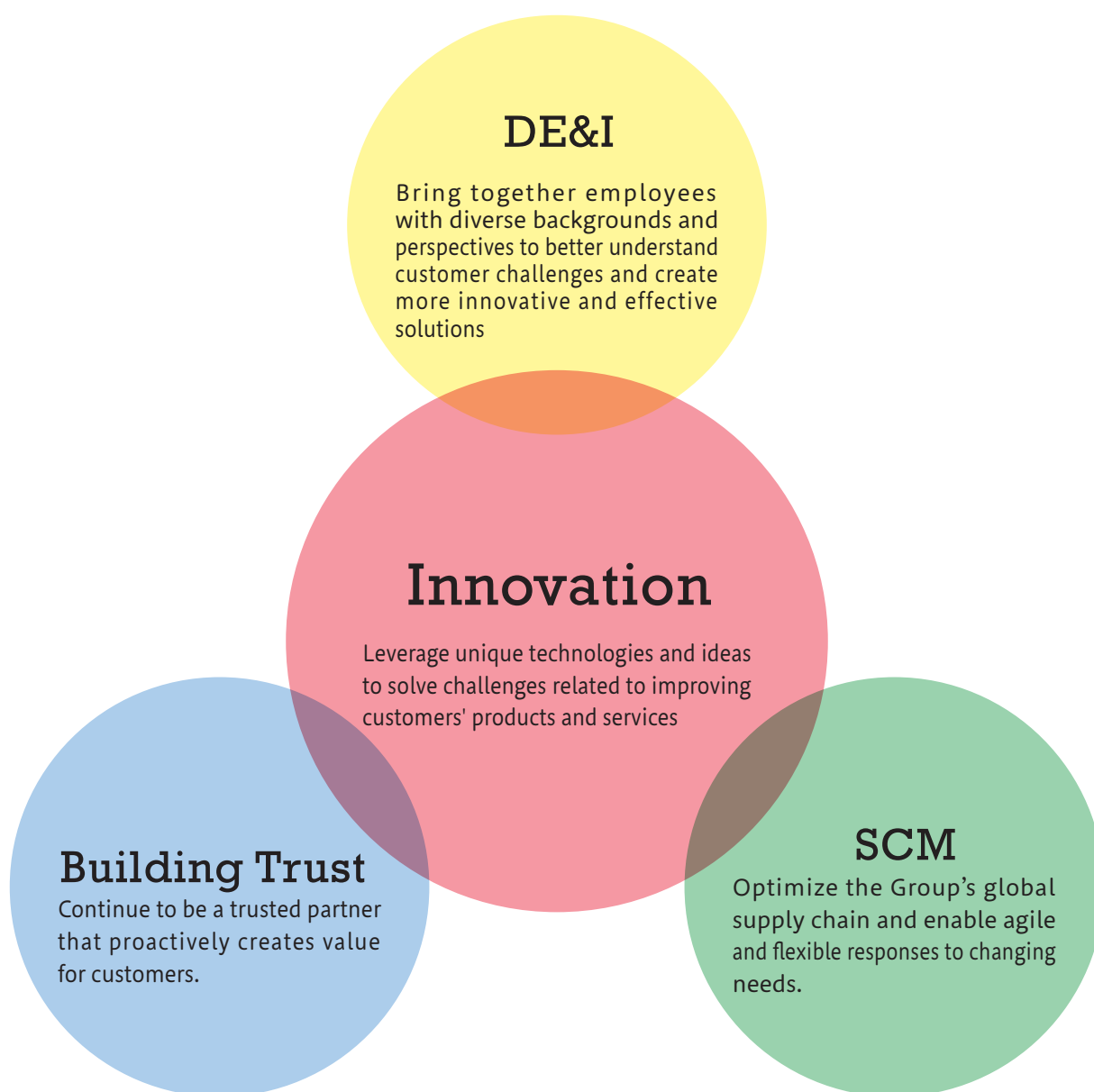
Sustainability and the medium-term management plan

New medium-term management plan

2026-2028 Medium-term management plan (Qualitative & quantitative)

Our group's medium-term management plan for 2026 to 2028 will evolve us from a “coating supplier” to a “coating partner” who will work with our customers to create value. Our goal is to achieve sustainable growth by leveraging our industrial experience gained over approximately 70 years, technical development capabilities, robust global supply chain, and integration of DE&I with sustainability management.

■ Four key themes selected for the new medium-term management plan



■ High priority strategies



■ Numerical target

New Mid-term Management Plan Group KGIs		FY25	FY28 Target
External sales	100 Million JPY	220	240
Operating profit	100 Million JPY	42 (19.3%)	48 (20%)
Value added per employee	Million JPY	8.8	10
Eco-friendly merchandise ratio	%	75	80
Electricity consumption	kWh	8,338,961	8,000,000

Value creation and materiality

Value creation model

Materiality

Internal and external risks and opportunities of our group

(1) Risks

[Japan]

- Population decline, declining birthrate, and aging population
- Stricter environmental regulations
- Fluctuations in raw material costs
- Diversification of customer needs and a shift toward small-batch production
- Aging infrastructure

[World]

- Geopolitical risks
- Stricter import/export regulations and currency fluctuations

(2) Opportunities

[Japan]

- Shift toward environmentally friendly merchandise
- Demand for maintenance
- Demand for functional coatings

[World]

- Growth in emerging markets
- Environmental trends in Europe
- Partnerships with global companies

Materiality

1. Reduction of environmental impact
2. Product safety and environmental considerations
3. Employee health, safety, and fulfillment
4. Responsible supply chain management
5. Community and social engagement

INPUT

Financial capital

Sound financial position

Intellectual capital

Capability to develop environmentally friendly merchandise

Chemical substance management framework

Manufacturing capital

Global production and supply
Quality assurance framework

Human capital

Diverse talent driving innovation

Social and relationship capital

Co-creation through the supply chain and contributing to local society

Natural capital

Contributing to a decarbonized society and a circular economy

Key business processes

Research & technical development

Chemical substance management

Beneficial outputs

Products

General

Decorative paints and functional paints
Automotive paints and industrial paints

Technological innovations

Mirror coating system
In-mold coating system and bio-based paint
Solvent-free UV curing system
Specialty functional paints

Our group's strengths

1. Cutting-edge development capabilities
2. Customer-oriented customization and problem solving capabilities
3. Global network
4. Sustainable business expansion

Sustainability management

Offensive CSR

- Creating environmentally-conscious merchandise
- Pursuing employees' well-being
- Creating value with communities

Purpose **Enriching the World with Our Colors and Technology**

Management Philosophy

The Musashi Paint Group will develop and supply original products 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.

Musashi Paint Group's business activities

Procurement → Production → Sales → **Quality management** → Support

generated through our business processes

Services

Driven by customer needs
Coating development

Supporting trust at customers' production sites

Technical support

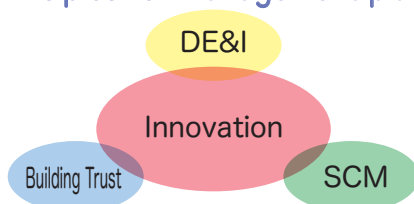
Globally consistent and stable

Supply and response

Solutions

- Environmentally-conscious solutions
- Co-creation design solutions
- Comprehensive solutions to resolve issues
- Sustainability/Contributing to society

Key principles for management planning



CSR activities as a behavioral foundation

■Defensive CSR

- Initiatives for ●Human rights ●Occupational safety and health
●Environmental preservation ●Quality and safety ●Compliance
●Information security ●Risk management

Re-invest

OUTCOME

Customer

Enhance corporate value through value-added products

Society

Contributing to society and local society

Environment

Reduce environmental impact throughout the product lifecycle

Employees

A workplace where employees can experience well-being

Company

Achieve sustainable growth and the goals of the medium-term management plan

Value creation and materiality

Purpose and management philosophy

The Musashi Paint Group is committed to advancing sustainability management to realize its purpose and management philosophy. This relationship is illustrated in the value creation model on pages 15-16.

Purpose

**Enriching the World with
Our Colors and Technology**

A "purpose" defines a company's value and reason for existence in society. In other words, it represents the company's reason for being and aspirations beyond profit alone. Our group's Purpose also expresses the value of paint, which forms the foundation of our business.

Management Philosophy

The Musashi Paint Group will develop and supply original products 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.

A management philosophy embodies the founder's and manager's passion, which serves as the foundation for the company's business activities. It is also the target 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. Such direction shall be towards the achievement of the company's management philosophy, and we take measures within the Musashi Paint Group to align our employees in the same direction. These measures are introduced on page 12 of "Musashi Paint Report 2024."

To realize our purpose and management philosophy

We believe that sustainability management is essential to realizing our group's purpose and management philosophy, and that CSR activities form the foundation for advancing sustainability management. In other words, by fostering awareness of CSR and continuously deepening our CSR activities, we can advance sustainability management, which will ultimately help us realize our purpose and management philosophy.



Measures to raise CSR awareness

To raise CSR awareness, the HD CSR Promotion Office, established in 2023, has conducted educational activities for all sites through on-site visits and web-based sessions.

In January 2025, a cross-organizational CSR Promotion Committee was established across the entire group. This committee aligns the directionality across the group, and the local committees lead CSR activities to disseminate this directionality.

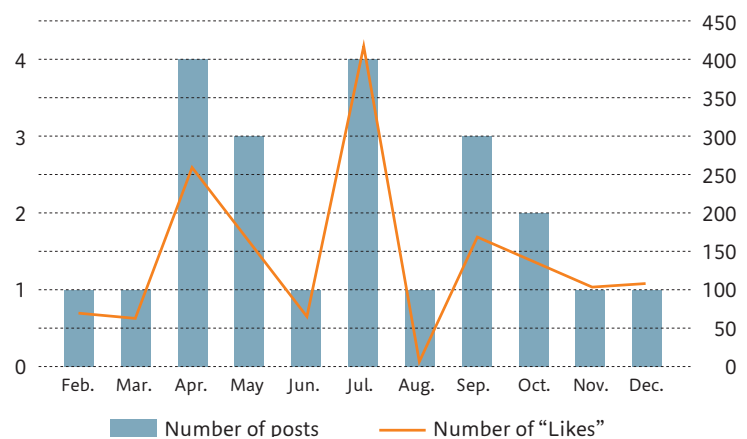
[Japan site]

One-year project teams are established annually at the Japan site to resolve its issues. Five project teams were established in 2025, one of which was the CSR project team. The CSR project team raised CSR awareness at the Japan site, focusing on the specialized areas of the participating team members.

- (1) Monitoring efficient energy consumption and proposing an improvement plan
- (2) Reviewing waste treatment methods that consider zero emissions and waste reduction
- (3) Raising awareness towards CSR through PR activities with internal social media
- (4) Raising awareness towards information security (study group learning & sharing information)

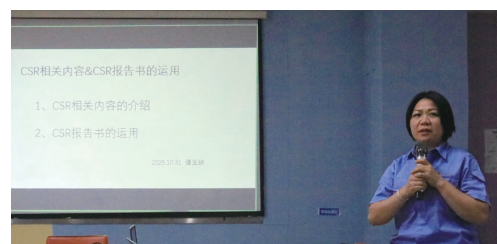
Achievements were made in each activity, and awareness of CSR improved among participating members. As for Activity (3), we have consolidated the number of internal social media posts and number of “Likes” in a graph. The results indicate that information sharing was effective.

■ Number of internal social media posts and transition of number of “Likes”



[Zhongshan site]

In October 2025, the CSR Promotion Committee at the Zhongshan site hosted a CSR training program for all employees. In the program, the Committee shared that the group has set CSR Promotion Committees at all sites, indicated that CSR activities will be officially executed with structure across the entire group, and informed that CSR shall no longer be a foreign concept, encouraging employees to practice CSR in their daily tasks. The Committee also shared that the annual CSR report was used to demonstrate that the company had fulfilled its social responsibilities and enhanced the company’s value. The Committee also stated that employees at all sites were responsible for disclosing CSR information to the public through CSR activities, increasing our group’s public profile, and make it known as a desirable company.



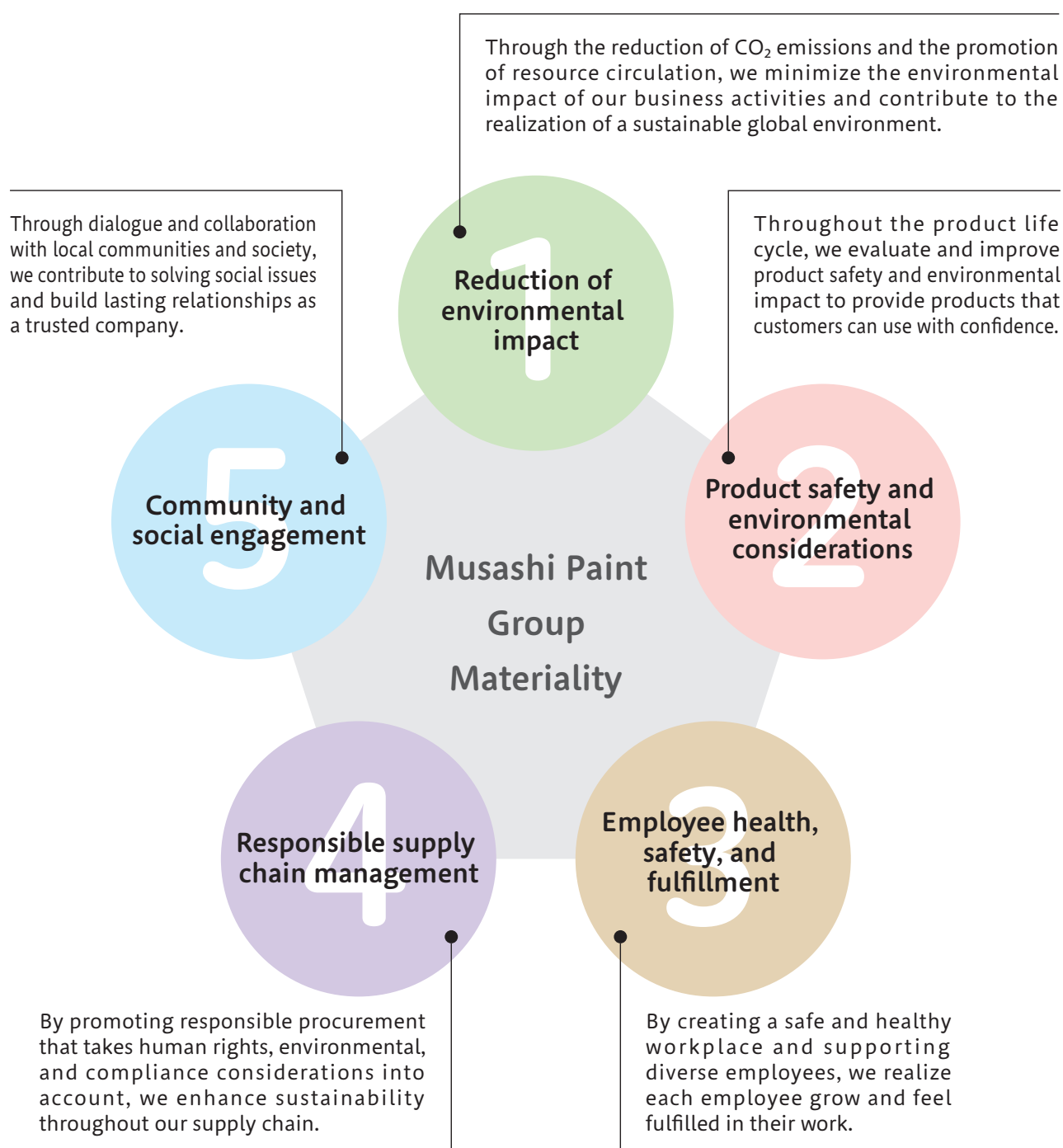
At the training session

Value creation and materiality

Materiality (High priority issues)

To promote sustainability management, the Musashi Paint Group has set the following materialities that account for risks and opportunities. For details, see [the value creation model on pages 15 and 16](#).

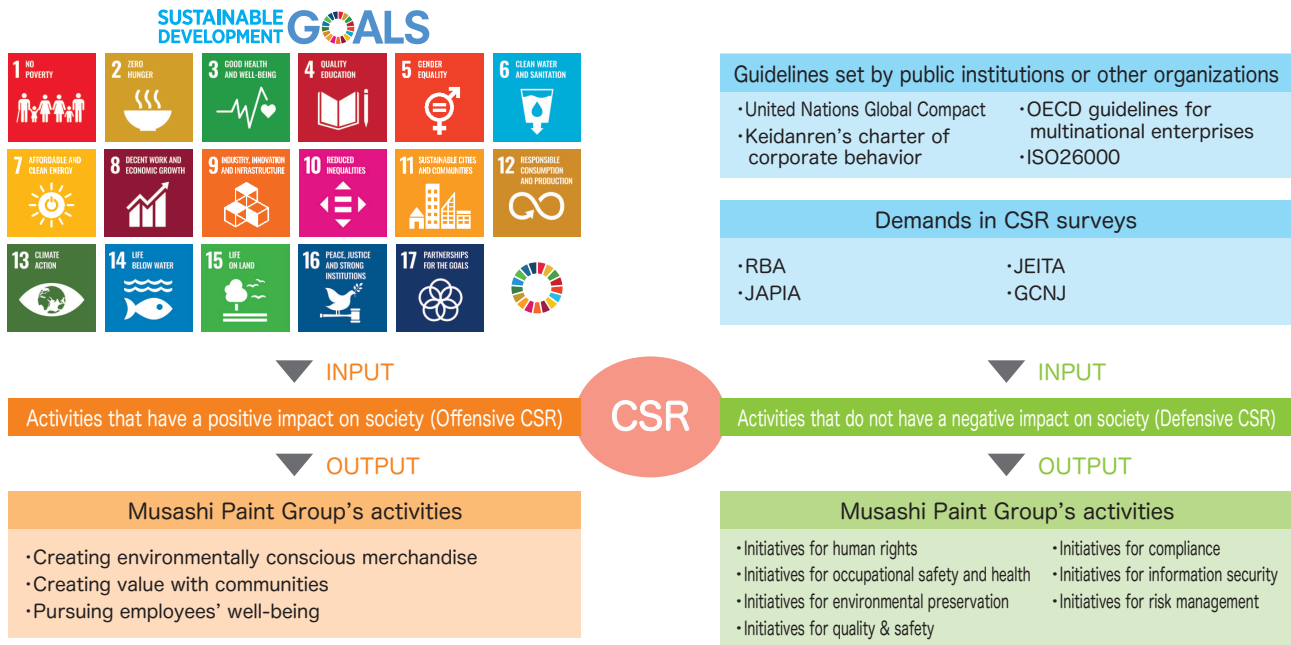
■ Materiality for sustainability management



CSR promotion activities

As explained on page 17, the Musashi Paint Group believes that advancing sustainability management is built on a strong foundation of CSR activities. To translate the materialities for sustainability management into concrete actions, we have established the CSR promotion activities shown in the framework below.

■ Schematic design of our group's CSR activity



The table below shows the relationship between CSR activities and ESG, SDGs, and the six capitals.

	Activity	Page(s) in this report	ESG classification	Associated SDGs	Associated with the six capitals
Offensive CSR activities	Creating environmentally conscious merchandise	P.23-26	E	9 AND 12 (Waste), 12 (Circular economy), 13 (Climate action)	Natural capital
	Creating value with communities	Merchandise that will transform the industrial structure of our society P.27-28	E	9 AND 12 (Waste), 17 (Partnerships for the goals)	Natural capital
		Contributing to society P.42-44	S	1 (Poverty), 4 (Quality education), 17 (Partnerships for the goals)	Social and relationship capital
	Pursuing employees' well-being	P.37-38	S	3 (Good health and well-being), 5 (Gender equality), 8 (Decent work and economic growth), 10 (Reduced inequalities)	Human capital
Defensive CSR activities	Human rights and resources	P.35-36	S	1 (Poverty), 5 (Gender equality), 8 (Decent work and economic growth), 10 (Reduced inequalities)	Human capital
	Occupational safety and health	P.39-40	S	3 (Good health and well-being), 8 (Decent work and economic growth)	Human capital
	Environmental preservation	P.29-32	E	12 (Circular economy), 13 (Climate action)	Natural capital
	Quality	P.41	S	3 (Good health and well-being), 12 (Circular economy)	Social and relationship capital
	Safety (Chemical substance management)	P.33-34	E	12 (Circular economy)	Natural capital
	Compliance	P.47	G	16 (Peace, justice and strong institutions)	Relevant to all capitals
	Information security	P.51	G	9 AND 12 (Waste)	Intellectual capital
	Risk management	P.48	G	11 (Sustainable cities and communities), 13 (Climate action)	Financial capital

Value creation and materiality

Roadmap

Setting goals is critical to business activities.

The ultimate goals of the Musashi Paint Group are to realize our purpose and management philosophy. We understand that we must proceed steadily towards these goals, taking one step at a time.

In other words, to realize our purpose and management philosophy, our group advances sustainability management by clearly defining our target state and steadily taking action toward it.

In 2023, we established an organized structure for CSR activities. Since then, we have not regarded CSR activities as separate initiatives, as they are one of the driving forces toward sustainability management. The goals set for our CSR activities have a direct impact on our materialities.

To achieve our CSR activity goal

As shown below, our group believes that there are multiple approaches to achieving the goals of our CSR activities. Like climbing a steep mountain, there is no single correct route to reach these goals, and it is often unclear which path will lead most effectively to success.



In 2024, activities were conducted at the Japan site so that they may serve as benchmarks for the group. In 2025, we rolled out these activities to all of our sites and had each site take measures to achieve the CSR initiative goals. Results are summarized in the table below.

■ Goals and initiatives of CSR activities

CSR activities	Goals of our CSR activities	Planned activities for 2025	Number of activity goals achieved	Achievement rate (%)
Human rights (labor management)	Establish a human rights due diligence organization that includes our business partners by 2030	30	24	80
Occupational safety and health	Achieve and maintain “Zero occupational hazard & health disturbance” at our workplaces	26	21	81
Environmental preservation	Achieve “Carbon Neutral” for Scopes 1 and 2 by 2050	22	15	68
	Achieve “Zero Emission” by 2030	13	11	85
Quality & safety	Minimize losses due to quality for customer satisfaction	19	17	89
	Establish and maintain a safe design/development organization that conforms to laws and regulations regarding chemical substances	8	6	75
	Establish a system to inform our customers of the chemical substances used in our products	10	9	90
Compliance	Establish an organization to ensure compliance by all group companies by 2030	18	16	89
	Establish a management structure that prevents illicit actions (ensures governance)	8	8	100
Information security	Build a strong information security system that will not leak information	22	17	77
Risk management	Extract management risks in accordance with changes over time and establish an organization to execute pre-defined measures	15	15	100
	Strengthen the corporate disaster prevention organization	15	14	93
Creating environmentally-conscious merchandise	Our group's merchandise is 100% environmentally friendly.	12	8	67
	Create environmentally friendly merchandise through entirely new approaches to design, technical development, and manufacturing.	7	6	86
Pursuing employees' well-being	Build a labor management system to foster a fulfilling work environment	17	13	76
Creating value with communities	Become a company that leads societal transformation with co-creation	7	6	86
	Develop a win-win relationship with society	13	13	100

Although we believe that these approaches are steadily moving us toward our goals, progress varies among individual activities. We will place even greater emphasis on reducing CO₂ emissions to address climate change and on developing new products and technologies to achieve our targets.

Initiatives for environmental issues

Business risks and opportunities arising from environmental issues

Risks and opportunities arising from environmental issues surrounding our Group

When viewing the environmental issues surrounding us from the perspective shown on the right, our Group identifies the following risks and opportunities.

Companies tend to take a reactive approach to environmental issues; however, our group views environmental initiatives as a starting point for technological innovation and actively creates opportunities to enhance our corporate value.

Viewpoint	Measures to hedge risks (Defensive)	Opportunity creation (Offensive)
Regulations/control	Compliance costs	Taking market advantage by getting ahead of regulations
CO ₂	Obligation to reduce emissions	Products that contribute to decarbonization in our customers' business
Chemical substance	Handling limitation of use	Establishing a brand power for safety
Resources	Tolerating rising raw material costs	Shifting to bio-based or circular resources

Social demands for technical development related to initiatives for environment

Society tends to keep a critical eye on the paint industry because it handles chemical substances that pose environmental risks. There are strong demands for product development, such as ●**reducing or eliminating the use of volatile organic compounds (VOC)** ●**developing low-environmental-impact products** such as water-based paints, powder coatings, and bio-based paints ●**seeking alternatives to hazardous substances** (substances subject to PRTR, SVHC, and RoHS/REACH restrictions) ●**reducing coating frequency** through longer-lasting and low-maintenance paints ●**designing recyclable containers** with easy-to-remove labels that

facilitate separation. One may say that these are more like “high expectations” than demands. Society is also keen on how many of our primary merchandise is environmentally-friendly, not just whether or not we are producing environmentally-friendly merchandise. We are assessed based on ●**whether our initiatives are “experimental/symbolic”** or driven by “reformation of our primary business” ●**the percentage of sales revenue yielding from environmentally-friendly merchandise** and ●**how serious we are engaging in these initiatives** (despite increase in cost).

[Our group's approach to technical development]

As a paint manufacturer, our group supplies coatings to a wide range of customers. The impact that our group's merchandise has on the environmental impact of customers' manufacturing sites and their end products is relatively large. We recognize that re-evaluating the very nature of our merchandise is our responsibility as a manufacturer with regard to CO₂ and VOC emissions.

It is essential that our merchandise can reduce environmental impact while excelling in performance and quality. To facilitate VOC reduction and energy conservation, we must reconsider conventional material designs while maintaining coating performance. It is important that we resolve these challenges to offer our customers merchandise that fulfills their productivity and quality requirements. Being able to supply our customers with merchandise that helps resolve their issues is the value we create as a group and will lead to our sustainable growth.

We will continue to perceive environmental issues as business risks in merchandise development, while also viewing them as opportunities for new value creation and contributing to the realization of a sustainable society. We aspire to remain a trusted manufacturer by continuing to provide a stable supply of merchandise that reduces environmental impact while delivering high added value.

[Our target state for technical development]

1. Our group's merchandise is 100% environmentally friendly.
2. Create environmentally friendly merchandise through entirely new approaches to design, technical development, and manufacturing.

Creation of environmentally-friendly merchandise and market deployment

Our group recognizes the development of environmentally-friendly merchandise as a serious issue and has re-examined the fundamental design concepts of our coating merchandise. We are concerned about CO₂ and VOC emissions and have engaged in the development of environmentally-friendly merchandise, taking into consideration solvents, raw materials, coating processes, and design expressions. We worked with a clean slate rather than dwelling on conventional technologies.

In the following sections, we will introduce our group's most representative merchandise developments: water-based paints, bio-based paints, and in-mold coating. We will explain how each merchandise reduces environmental impact while delivering value to our customers.

We also recognize environmental initiatives should not be limited to merchandise development within our group. We work with external institutions to research and co-develop new types of paint, such as lightning strike protection coating and microalgae-derived bio-based paint.

1. Coating development by our group

(1) Water-based paints: Lowering VOC and reducing CO₂ emissions through solvent replacement

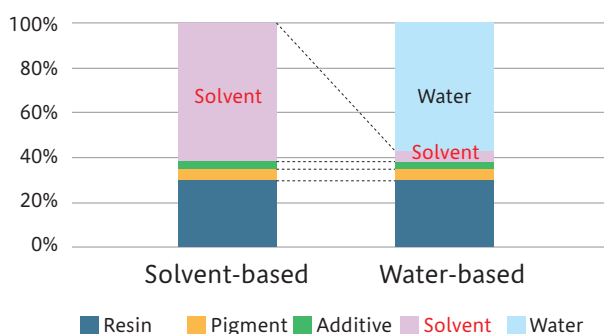
[Environmental issue addressed]

Conventional organic solvent-based paint emitted VOC during application and drying. It also emitted CO₂ during the manufacture and use of solvents. In response to reinforced environmental controls and improvement of the workplace environment, society demands reducing the use of this solvent.

[Issues resolved (with water-based paint)]

Replacing organic solvent with water allowed us to reduce VOC emissions. However, we had difficulty in maintaining the same quality as conventional paints in film performance, drying capability, and feasibility. By designing the resin and optimizing the blending technology, we succeeded in maintaining the coating film performance while lowering VOC and CO₂ emissions in the coating process by reducing the amount of solvent used. We were also able to achieve low odor and alleviate the impact that hazardous chemicals have on the surrounding environment (such as introduction of explosion-proof equipment, specified amount, and medical examinations for organic solvent exposure).

■ General representation of solvent content in paints



■ Comparison of CO₂ emissions volume

	n-butyl acetate	Deionized water
CO ₂ emitted* during the manufacture of 1 kg of solvent kg-CO ₂ /eq	3.43	0.00271

*Referenced IDEA v2 Climate change IPCC 2013 GWP 100a

■ VOC contained in our group's water-based and solvent-based paints

Paint type		VOC content (when diluted)		Hazardous materials under the Fire Service Act	Odor
		wt%	g/L*		
Water-based	Two-component, low-temperature curing	>10	>350	N/A	low odor
	One-component, high-temperature curing	>10	>300	N/A	low odor
	UV curing	>10	>300	N/A	low odor
Solvent-based	Two-component, low-temperature curing	>90	>770	Class 4	Solvent odor

*Calculated using a method specified by the China national standards, also called as Guobiao (GB) Standards. Note that the calculation method is different for water-based and solvent-based paints.

Future prospects

With greater reinforcement of environmental controls around the world, it is predicted that the shift from conventional solvent-based paint to water-based paint with smaller VOC emission will accelerate. We are determined to sincerely engage in the development of water-based paint that users may find even more safe to use while contributing to environmental preservation and the creation of a sustainable future.

Initiatives for environmental issues

Creation of environmentally-friendly merchandise and market deployment

(2) Bio-based paint: Contributing to CO₂ circulation using plant-derived raw materials

[Environmental issue addressed]

The use of raw materials derived from fossil resources is the cause of resource depletion and increase in CO₂ emissions. To create a sustainable society, it is necessary to use renewable resources.

[Issues resolved (with bio-based paint)]

Our group is focusing on using sustainable plant-derived resources as a replacement for petroleum.

However, ensuring durability, quality, and stable supply necessary for paint products are still challenges.

Plants absorb CO₂ during growth and already contribute to the carbon cycle as a raw material. We will reduce the overall environmental impact throughout the product lifecycle by reducing dependence on fossil resources while maintaining coating performance.

Future prospects

While fossil resources are expected to remain available for the foreseeable future, rising extraction costs and stricter regulations may pose challenges in the future. In response to these risks, our group is actively promoting the use of plant-derived resources as renewable resources. Our bio-based paints are designed to have more than 25% bio-based resource used in the coating film. We have succeeded in increasing this ratio up to 80% while maintaining conventional quality. We intend to expand the market to the home appliance and automobile interior parts industries, and to new industries such as wooden products. We are currently working with a woodworking manufacturer to develop coating materials that can be applied to construction materials used in high-rise buildings.

We have learned that the coating used in building interiors must be certified with a formaldehyde emissions grade that is compliant to Building Standard Law. Therefore, we earned a formaldehyde emissions grade of "F☆☆☆☆ (F-Four Star)."

We will continue to develop sustainable bio-based paints to alleviate dependency on fossil resources and reduce CO₂ emissions.

■ Voluntary management merchandise for formaldehyde

Registration number	Formaldehyde emissions grade labeling	Merchandise name
M23001	F☆☆☆☆	VITA RABASAN EA-NVR64 - various colors
M23002	F☆☆☆☆	VITA UREX EA-NVB62 - various colors

(G.I.A) Japan Paint Industry Association registered



Example of coating with bio-based paint designed for soft feel and improved durability (used on construction plywood)

■ Lineup of bio-based paints

Merchandise name	Paint type
EA-NVB62- VITA UREX	Two-component, low-temperature curing; acrylic urethane type
EA-NVR64- VITA RABASAN	Two-component, low-temperature curing; soft feel type
EA-NVR64-HR VITA RABASAN	Two-component, low-temperature curing; soft feel type/high biomass content type
EA-NVH62- VITA SUNSHINE	Two-component, low-temperature curing; acrylic urethane type/high gloss type
EA-NVP81- VITA PANUCO PP	One-component, low-temperature curing; primer for PP materials
EA-NVA86- VITA PANUCO	Two-component, low-temperature curing; primer for nylons and metal materials
EA-NUV80- VITA ULTRA VIN	UV curing

(3) In-mold coating: Reduction of VOC & CO₂ by solvent-free and shortening processes

[Environmental issue addressed]

A large volume of VOC emissions are generated during the process of spray coating and drying with conventional solvent-based paint. The drying oven also consumes great amount of energy and emits a large volume of CO₂. CO₂ emissions from air conditioners used in paint booths and during the drying process make up for most of the CO₂ emissions in the manufacturing process. There is a demand to lower the environmental impact of these emissions.

[Issues resolved (with in-mold coating)]

In-mold coating is a technology that cures reactive coating injected in the free space that is created when resin is injected and molded in a mold. The greatest feature of this technology is that it uses solvent-free

paint and finishes coating during the molding process. This simplifies the processes of coating application and drying in the conventional spray coating process.

The adoption of in-mold coating may improve the environment by lowering VOC and CO₂ emissions. The use of solvent-free paint minimizes the amount of VOC emitted into the air and improves the workplace environment. Eliminating the drying process significantly reduces electricity consumption. Compared with the conventional spray coating method, in-mold coating generates much lower CO₂ emissions. These factors enable a substantial reduction in environmental impact. They also reduce total manufacturing costs by enhancing productivity and shortening the manufacturing process.

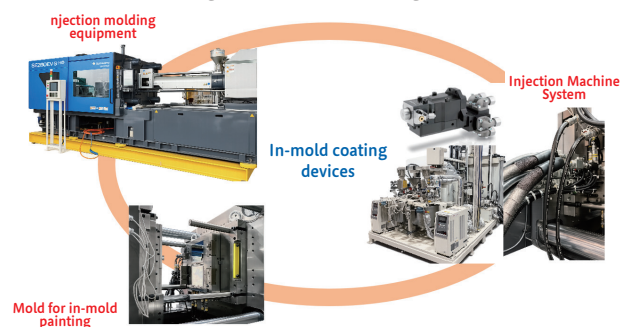
Future prospects

This term, our group implemented new facilities such as the injection molding machine, coating injection machine, and precision mold to advance in-mold coating technology and focus on development of specialized paint.

We have also started joint launch of a cross-industrial consortium “In-mold Coating Consortium” (IMCC) with Gifu Tada Seiki Co., Ltd. to disseminate in-mold coating. IMCC offers participants such as final product manufacturers of automobiles, home appliances, and housing equipment, and other companies and organizations that are involved in the supply chain (such as those that manufacture devices, dice, materials, and paints) to co-create new value.

We will expand implementation of in-mold coatings through our consortium activities.

■ In-mold coating devices: Molding machine, mold, and injection machine



Door handle: Blue



Car interior parts: Piano black



Door handle: Red



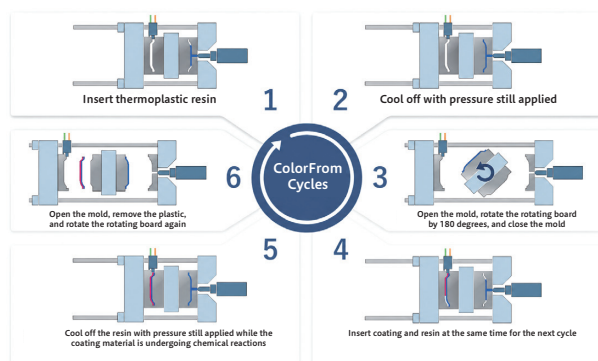
Disk: Piano black



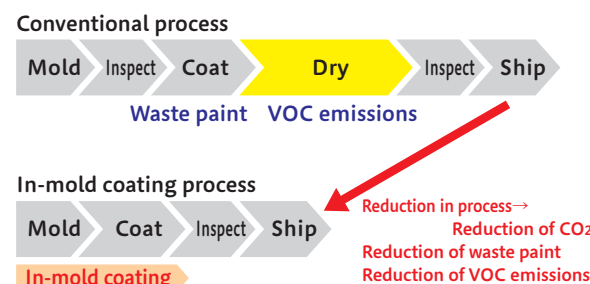
Door handle: Silver



■ Injection molding and paint injection processes



■ Can significant reduction in process and space saving



Initiatives for environmental issues

Creation of environmentally-friendly merchandise and market deployment

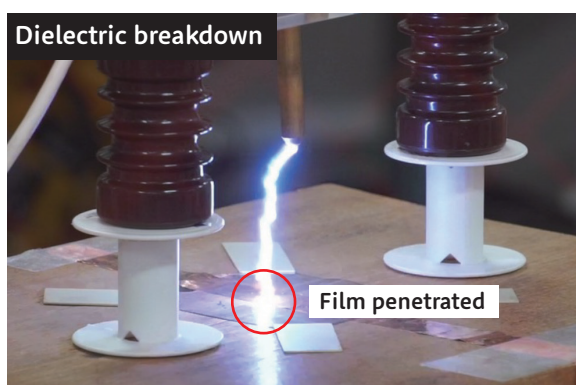
2. Co-creation with external institutions

(1) Lightning strike protection paint: Protecting renewable energy through co-creation

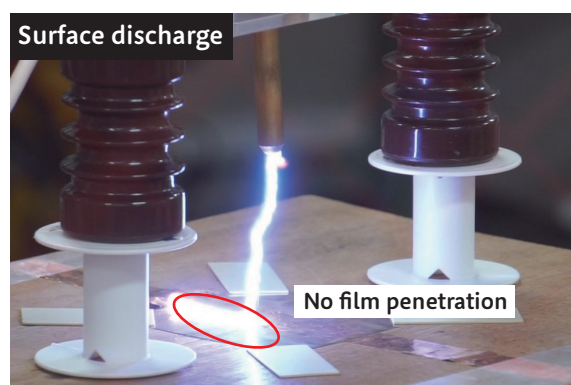
As the adoption of renewable energy accelerates worldwide as a measure to address climate change, wind power continues to expand as a major source of electricity. Wind turbines have grown larger over the years, with some blades reaching heights of more than 100 meters above the ground. However, as turbines increase in size, the risk of lightning-related blade damage also rises, posing a significant challenge to maintaining a stable power supply. Windmill blades are made from insulating materials such as FRP and may be damaged by lightning.

Blade damage causes suspension of power generation and high restoration costs, degrading its reliability as a source of renewable energy. To resolve this issue, our group has conducted joint research study with the Institute of Science Tokyo to develop a basic lightning strike protection coating film to control lightning strike current flow and minimize damage to blades. We have tested and verified the protection mechanism of the coating film, indicating new possibilities of protecting blades from lightning strikes with coating.

■ Discharge test using a voltage generator simulating a lightning strike



Discharge pattern at time of dielectric breakdown



Discharge pattern at time of surface discharge

■ Environmental value and issues of each power generation method

Power generation method	Environmental benefits	Primary issue
Wind power generation	No CO ₂ emissions, requires no fuel Expected to serve as a main power source, driven by its increasing scale	Vulnerable to environmental impacts (lightning, strong wind, etc.)
Solar power generation	No CO ₂ emissions, easy to introduce	Fluctuation in power generation due to climate and time of day
Hydroelectricity generation	Few CO ₂ emissions, provides stable power generation	Limited installation space
Thermal power generation	Provides a stable supply of electricity	Large CO ₂ emissions volume
Nuclear power generation	Few CO ₂ emissions, can be mass generated	Safety and waste management

Future prospects

This technology has just been established through joint study and requires further verification for long-term weather resistance, environmental durability, feasibility, and cost-effectiveness for actual use on windmills. For market expansion, we would need to find new co-creation partners such as windmill manufacturers and power companies to further verify and refine this new technology.

We are eager to refine and implement this new technology through co-creation and hope to establish this as a foundation that supports the use of renewable energy.

(2) Microalgae-derived bio-based paint: co-creation of a CO₂ circular economy

Replacing carbon sources used in products is a grave issue that must be addressed for a sustainable future for society. Conventional bio-based paints have been using plant-derived raw materials, but this causes conflict with farmland use and food resource. To resolve these issues and overcome these restrictions, our group took note of microalgae as the next-generation carbon resources.

Microalgae can be cultivated on barren land, efficiently absorb CO₂, and change it into organic materials during photosynthesis. They are resources that may help build a carbon recycling society that does not depend on fossil resources.

Our group participated in the MATSURI initiative led by our co-creation partner CHITOSE. The initiative succeeded in developing a bio-based paint using CHITOSE's world's first* microalgae-derived resin.

*Based on research by the CHITOSE Group.

Stabilization of physical properties and quality are critical factors for practical use of renewable raw materials. We have ensured that these paints are suitable for commercial use, backed with our group's unique blending technique refined during the development of plant-derived bio-based paints. We enhanced its feasibility for social implementation as a material that is both practical and environmentally-friendly.

As a result, we were able to showcase this microalgae-derived bio-based paint at the Japan Pavilion in the "Expo 2025 Osaka, Kansai, Japan" event. This exhibit served as a vital platform to demonstrate our sustainable material technology and has provided us the opportunity to make this technology known to a wider audience.

We will refine this technology through co-creation and promote implementation to create a sustainable future.

Future prospects

Through co-creation, we were able to develop paint that had performance capabilities suitable for industrial use and fulfilled standards for use on exterior design. We are currently improving its durability and coating film physical properties to make it capable for wider use. We plan to develop new colors and textures by leveraging the properties of the raw material to offer high added-value paint and contribute to the creation of a sustainable future.



Showcased at EXPO 2025 (at the Japan Pavilion)
PAINTOMO is a portmanteau that combines
"PAINT" and "TOMO (friend)."
This means creating the future of paint with friends.

Initiatives for environmental issues

Responding to climate change (CO₂ emissions reduction)

Social demands for climate change measures and energy efficiency

All companies are required to **disclose information on Scope 1 to 3 based on international protocols set forth by TCFD and GHG protocols**. Chemical companies must mitigate “energy consumption in the manufacturing process” and “solvent-related emissions.”

[Our group's approach to climate change measures and energy efficiency]

The Musashi Paint Group recognizes climate change as a critical issue that requires urgent action, including the reduction of CO₂ emissions.

CO₂ emissions and energy consumption are closely related, and we recognize the efficient use of energy and replacement with renewable energy as priority matters.

Reducing VOC emissions to prevent air pollution is also important, as our group uses organic solvents during the process of manufacturing paint.

[Our target state for climate change measures and energy efficiency]

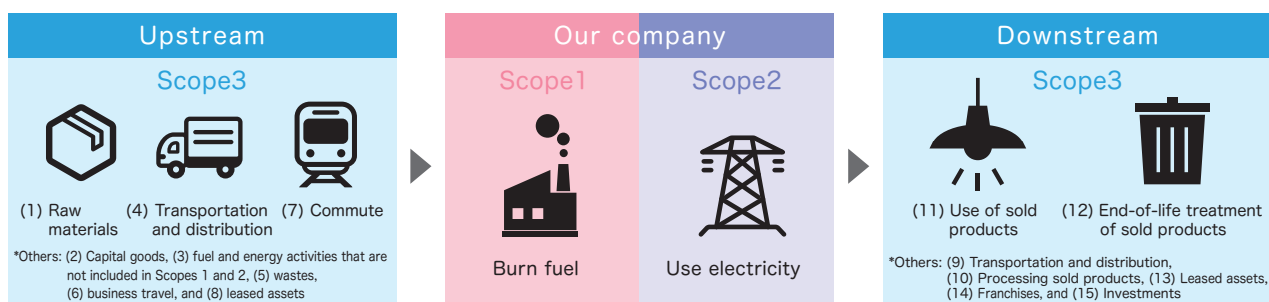
Has achieved “Carbon Neutral” for Scopes 1 and 2 by 2050.

Data regarding CO₂ emissions: CO₂ emissions volume

(1) Transition of CO₂ emissions volume at the Japan site

At the Japan site, volume of CO₂ emitted from its business activities is calculated based on the ministry of environment's basic guideline following the GHG protocol. Regarding Scope 3, calculations were performed for Categories 1 through 7 and Category 9, which

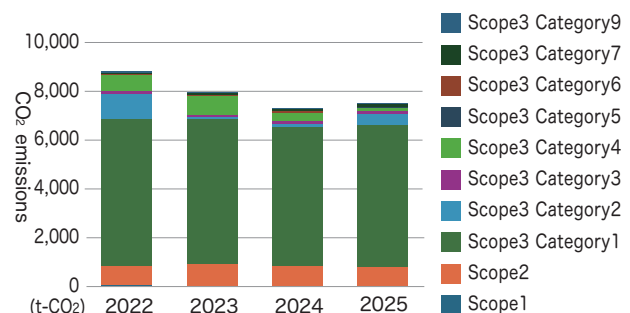
our company is able to track. The IDEA database is used to calculate Category 1 emissions. Below is a figure that shows the transition of the CO₂ emissions volume at the Japan site from 2022 to 2025, calculated with the above methods.



Source: Adapted from the Green Value Chain Platform, Ministry of the Environment, Japan.

While the CO₂ emissions volume had been steadily decreasing from 2022 to 2024 in Japan, it had increased by 165 t (2.26%) from 2024 to 2025. The Japan site had been making effort to reduce CO₂ emitted from electricity consumption, transportation, and distribution. However, CO₂ emitted from raw materials and capital resources had significantly increased. They looked into the causes and found that increases in emissions from raw materials was caused by pigments in water-based paints and the increases in emissions from capital resources was caused by the investment in a new coating system facility. Water-based paints have demonstrated its effectiveness for environmental preservation and investments in capital resources are temporary. Thus, the Japan site has decided to quietly keep watch on the increase of emissions.

■ Transition of CO₂ emissions volume at the Japan site



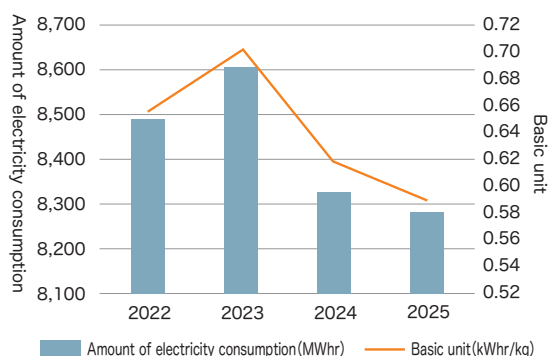
(2) The transition of electricity consumed across the entire group and CO₂ emissions accompanying electricity consumption

Methods to calculate CO₂ emissions at each site have not yet been established for overseas sites, but the volume of CO₂ emitted from electricity consumption can be calculated for all sites across the group. We reducing the CO₂ emitted by electricity consumption, covering most of our group's Scope 1 and 2 emissions. We use the following procedure: (1) Suppress unnecessary use of electricity in daily tasks, (2) At times of facility investment, change equipment and facilities to energy-conserving

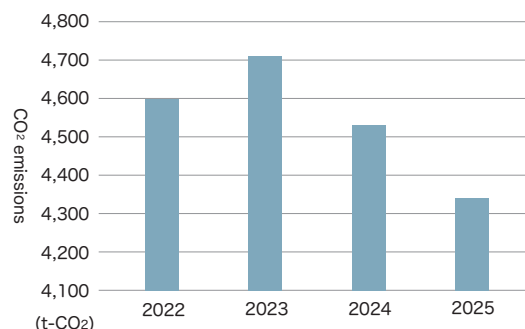
equipment and facilities, (3) Introduce renewable energy, and (4) If there is still more emissions to reduce to achieve Carbon Neutrality, achieve target by emissions trading.

In 2025, the entire group improved its electrical efficiency and has succeeded in decreasing the basic unit of electricity consumption against the production volume by 4.8% compared to the previous year. We were able to reduce CO₂ emissions from electricity consumption by 4.2% compared to last year.

■ Basic unit against our group's electricity consumption and production volume



■ CO₂ emissions caused by electricity consumption (total of our group)



Activity report

● Report on improvement activities to reduce CO₂ emissions

We have been introducing facilities that run on renewable energy into our group. The India site had succeeded in generating 105,141 kWh of solar energy throughout the year, and the Chongqing site had succeeded in generating 16,397 kWh of solar power since November. Both sites were able to cut down 75.7 t and 10.3 t of CO₂ emissions, respectively.

● Report on improvement activities for reduction of VOC emissions

Our group does not limit its environmental initiatives to reduction of CO₂ emissions. We also engage in activities to reduce VOC emissions, which has an impact that is unique to the chemicals industry, on air pollution.

The VOC treatment equipment at the Zhongshan site runs on electricity rather than gas or heavy oils. This equipment adds to electricity consumption, they reviewed their operational methods in 2025 and made efforts to conserve electricity.

The VOC treatment equipment at the Tianjin site treats emissions gasses with a Zeolite rotor adsorption concentrator and regenerative thermal oxidizer (RTO) processes. This system collects large volumes of emissions gasses with minimal fuel consumption, reducing the emission of air pollutants.



Solar power generation that started in November 2025 at the Chongqing site



VOC treatment equipment at the Zhongshan site



VOC treatment equipment at the Tianjin site

Issue

1. The sites in China are introducing combustion-type treatment equipment to reduce VOC emissions under the guidance of the government. While CO₂ is emitted by combustion, VOC poses a threat to local residents' health, making reduction is a priority issue. There are other cases where one resolution of an environment issue has a conflict with another issue. At our group, we account for both issues and aim for overall optimization.

2. We are introducing facilities that run on renewable energy at our group, starting at the India site and expanding to sites in China. The Japan site is slightly late in the game in terms of introducing renewable energy. Immediate introduction of renewable energy is costly, but we will explore and take measures for overall optimization.

Initiatives for environmental issues

Implementing a circular economy (Reduction of waste)

Social demands for waste reduction

Companies must control and reduce waste, but must also consider waste management in terms of resource circulation. There is a demand in the chemical industry to **take action to collect and reuse waste solvents and explore options to efficiently use byproducts.**

[Our group's approach to waste management]

We are committed to the idea of “waste when mixed and resource when separated” so that waste can be turned into new resources. We promote activities for zero emissions to avoid discarding waste to landfills.

[Our target state for waste management]

Has achieved Zero emissions* by 2030.

*At our group, we define “Zero emissions” as emissions where the landfill amount compared to the total volume of waste is less than 1%.

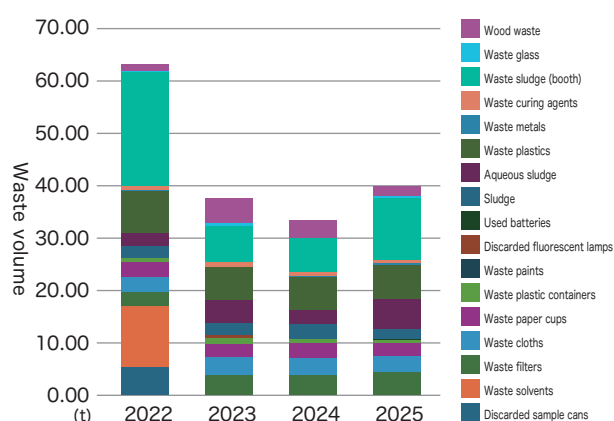
Data on waste emissions

(1) Transition of waste volume at the Japan site

At the Japan site, waste are separated and discarded as one of the 17 waste categories. The waste is then handed to one of the waste disposal contractors specializing in treatment of certain waste categories. We are currently confirming the status of waste treatment based on the waste manifest. We also regularly visit waste disposal contractors to confirm the situation.

The chart of the right shows the waste volume of each waste category discarded by the Japan site from 2022 to 2025. Unfortunately, the waste volume in 2025 was greater than that in 2024. This was likely caused by the increase in aqueous sludge from water-based paints and paint booth sludge from sample creation.

■ Transition of waste volume per waste category at the Japan site



(2) Re-definition of waste across the entire group

In Musashi Paint Report 2025, we set a common definition of “waste volume” to be used across the group and reported on the total volume of waste discarded by the group. However, the interpretation of “waste” varied among sites. Some included marketable goods while others did not. For this year’s report, we have re-defined

“waste” as “all items that are discarded throughout our business activities, whether they be marketable or not.” The treatment of waste vary among countries. We will prioritize understanding the overall situation, then carry out reduction activities tailored to the situation at each site.

■ Transition of our group’s waste volume based on the definitions renewed in FY25

Site name	Waste volume (t)	Site name	Waste volume (t)	Site name	Waste volume (t)	Site name	Waste volume (t)	Site name	Waste volume (t)
Japan	306	Suzhou	210	Thailand	143	Malaysia	21	Hungary	13
Tianjin	296	Chongqing	121	Ho Chi Minh	64	Indonesia	8		
Zhongshan	179	South Korea	50	Ha Noi	105	India	1	Group total	1,517

Activity report

(1) Achievement of Zero emissions (Japan site)

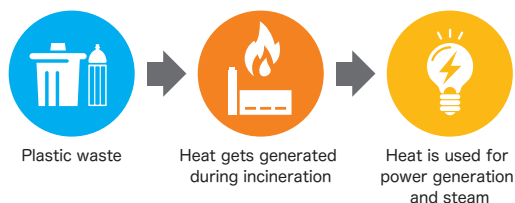
One of the waste issues in Japan was how to treat filters used for percolation of paint products.

These filters are made from plastic (mainly PP), and we had been crushing them and disposing of them in landfills. We visited waste disposal contractors to seek their advice on waste treatment of these filters and have decided to change to thermal cycling (power generation). This reduced the landfill volume to only ashes. The significant reduction helped the Japan site achieve Zero emissions, one of the goals for environmental initiatives.

■What is a thermal cycle?

The efficient use of heat generated when burning plastic waste.

Schematic of a thermal cycle



Percolation material (filter) used for paint manufacturing

(2) Collection and re-use of solvents and water and the efficient use of byproducts

●Collection and re-use of solvents (Japan site)

Waste solvents and waste paints are collected and handed to waste disposal contractors. The waste disposal contractors distill this waste and extract solvent content. We collect the extracted solvent and re-use it as cleansing solvents for paint production.

●Efficient use of water resources (Japan site and Suzhou site)

At our group, we use a wet paint booth when coating. Previously, water contaminated with paint was collected for the waste disposal contractor. However, we have since taken measures to reduce the use of water at these paint booths by introducing treatment devices at the Japan site and coagulation treatment at the Suzhou site to re-use the water.



Water treatment device adopted at the Japan site

(3) Efficient use of byproducts (Japan site)

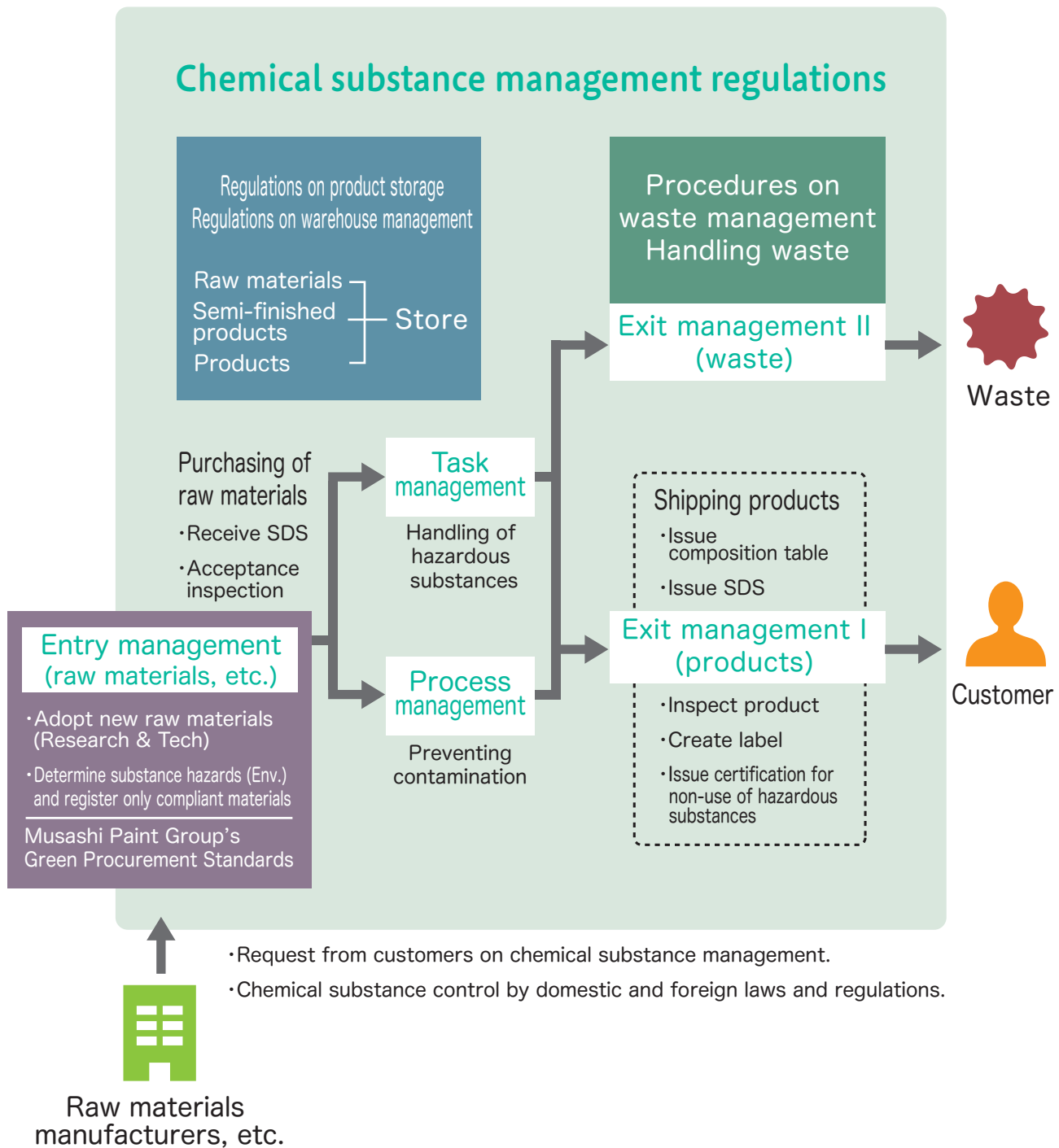
Raw materials for paint come in different containers and packaging. Unfortunately, these may not be used as products and end up as waste byproducts of our business activities. The Japan site engages in activities to reuse these byproducts. Oil drums are rinsed after use and re-fabricated into furniture. This furniture is showcased at events or sent as thank-you gifts for hometown tax donations. The coatings used for the furniture are also leftover paints, contributing to the reduction of waste.



Issue

As of today, the initiatives of the Japan site are used as benchmarks for environment activities. However, we do not think resource issues are unique to Japan, but are common issues around the world. We are determined to share the knowledge accumulated at the Japan site and roll them out to other sites across the group. This will help us reduce the overall waste volume of our group and promote the circulation of resources.

■ Organization structure for chemical substance management



Initiatives for employees

HR strategies

Social demands for HR strategies

Our society requires companies to pass down technologies that have become person-dependent and help employees design careers that allow them to acquire both expertise and managerial skills.

Society has even greater demands towards a global chemical company like the Musashi Paint Group. We are expected to **recruit and train talent with technical capabilities (such as chemical, materials, environment, or safety) and develop a workplace where diverse talent can perform their best, regardless of their age, gender, nationality, expertise, or cultural background.**

Creating an environment where employees can continue to serve, regardless of their age, is another serious management issue in local communities where labor shortages are an urgent problem.

[Our group's approach to HR strategies]

Basis of HR strategies: From “talent as resource” to “talent as capital”

For our group to continue growing and offering value to society, we must see our people as “human capital” that will create our future together rather than merely a resource for labor.

We recognize that the basic stance, core value, knowledge, skills, experience, and the passion to work of each employee are the core sources for customer value creation and our business achievements.

[Our target state for HR strategies]

Our goal is to achieve a state where “employees with different backgrounds and perspectives cooperate with each other to draw out issues from our customers and yield creative and effective solutions.”

Our group is facilitating reformation based on “reformation of people’s mindset” and “organization system reformation.”

Through dissemination and practice of our group’s philosophy and aspirations, we will support the development of independence of each employee and strengthen our human resource platform and organizational capabilities to allow our group to better compete in the global market.

These measures will provide strategical and systematic support for enhanced performance and growth of individuals and organization units.

Reformation of “people” and “organization”

The goal of our group is to thrive as a company that can sustainably create value. We will implement the following two reformations, as the capabilities of people can function as points of origin for value creation and the organization can serve as a foundation to maximize their performance.

1. Reformation of people’s mindset

By disseminating our group’s philosophy and aspirations, our employees are able to better understand the role they play and the significance of their work. Building upon this understanding, we will foster the mindset to think, decide, and execute on their own. When this mindset can be applied to their daily tasks, our employees will be able to grasp the essential issues our customers face and take actions that will lead to value creation.

2. Organization system reformation

To strengthen a foundation for talents who can compete globally and to reinforce organizational performance, we will clarify the ideal attributes of talents and behavior expected from them and reflect that in the HR processes for recruitment, allocation, and training. When people with different nationalities, backgrounds, and perspectives are allocated to suitable positions and are able to exert their best performance, we will be able to encourage people to take on challenges and collaborate. This will enhance organizational performance, which will create value for our customers and business achievements for our group.

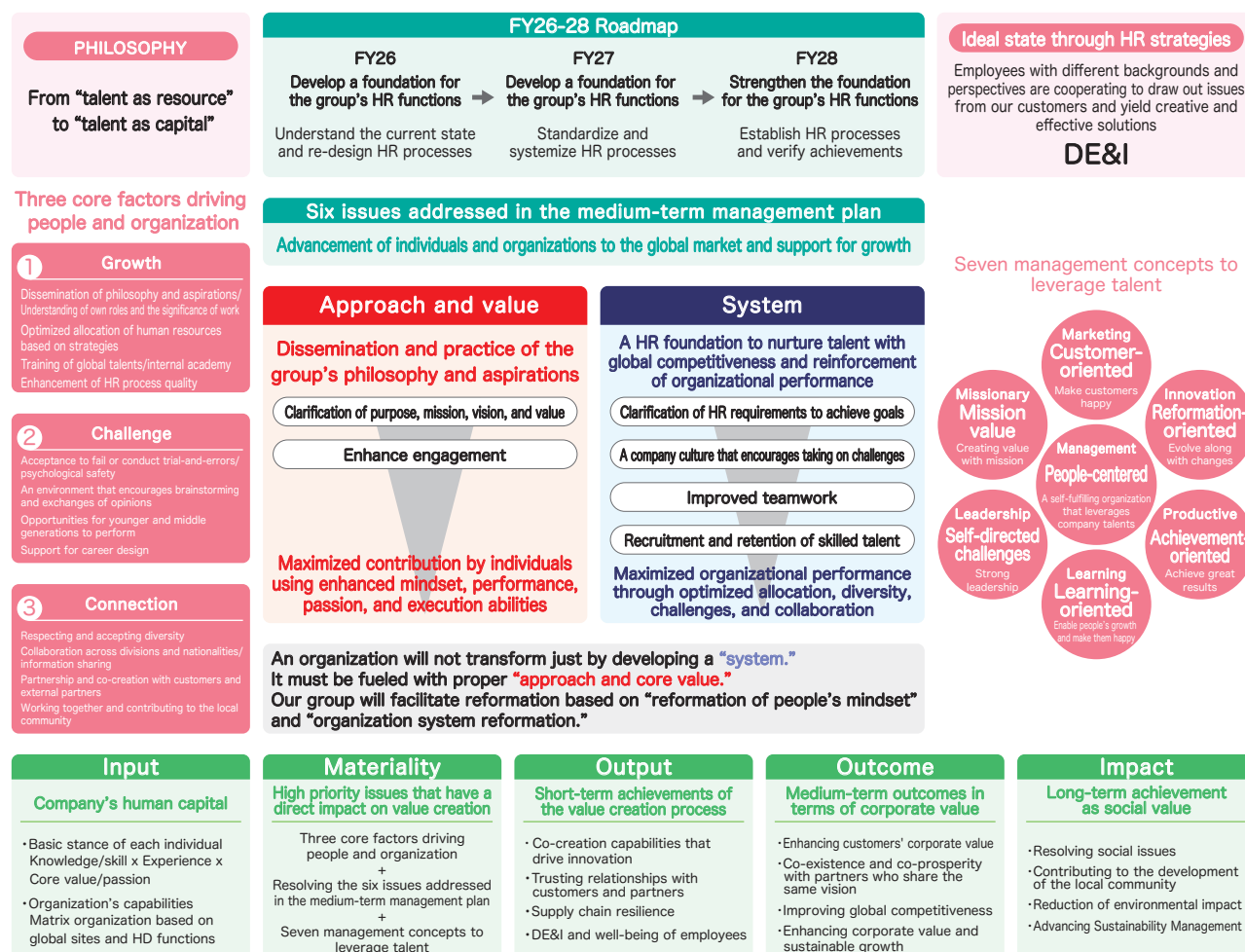
To become a company that can draw out the best from its people

The first step of human capital management is to move people's hearts. No matter how excellent your company's framework may be, it can only be leveraged by the will or passion of the people using it.

And that is why we recognize the importance of sharing common core value across the group and practicing management that can draw out people's pride and passion towards work. We must build relationships on trust and communication, and train leaders who can identify and draw out the full potential of their members. These small efforts build a strong foundation that supports technical innovation which can break through barriers, develop sincere attitudes and trust, and provide the courage to take on new challenges that may yield new value. We believe that this will help us foster a company culture where each of our employees find pride in their work.

When people's hearts move, then the organization will shift with it. And when organizations change, new value will be delivered to society. We are determined to create a workplace environment where each of our employees can be themselves and grow. We are eager to work with our customers to shape the future.

■ Roadmap for our HR strategies in the medium-term management plan



Initiatives for employees

Creating a workplace where employees feel fulfilled and safe at work (Human Rights, DE&I, and Well-being)

The Musashi Paint Group is certain that offering a safe workplace where all employees feel fulfilled in their work enhances their motivation and allows them to deliver their best performance. We implement measures based on the following three pillars: Human rights, DE&I, and well-being.

Social demands for human rights

Society demands that companies ● clearly indicate their stance towards human rights in form of human rights policy and other documentation ● manage human rights risks through due diligence ● develop a recovery and reporting system in case incidents occur and ● fulfill their accountability through information disclosure.

[Our group's approach to human rights]

Our group recognizes that human rights and freedom are indispensable for humans to coexist and must be respected ensure that people live humane lives.

Our group values these social demands across the entire supply chain.

[Our target state for human rights]

Has established a human rights due diligence organization for our group (including our business partners).

Human rights activity report

Our group has formulated a common human rights policy and is currently hosting briefing sessions at all sites to help employees understand this policy.

We have also set eleven human rights questions in the CSR survey conducted over our suppliers.

Social demands for DE&I

Society demands that companies **see Diversity, Equity, and Inclusion (DE&I) as a requirement to develop organizations that offer equal opportunities to a diverse pool of talent**, rather than just “hiring people with diverse backgrounds.”

[Our group's approach to DE&I]

People are born with and grow up accumulating different capabilities, knowledge, and experience. Some innovations may not be achieved alone, but could be achieved when people with different knowledge come together.

[Our target state for DE&I]

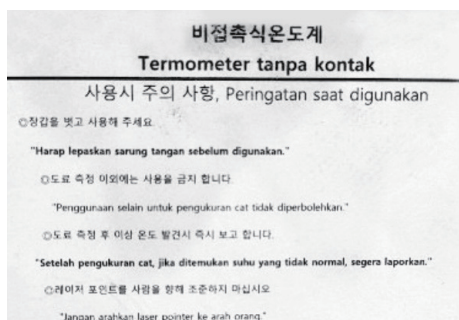
Has developed an organization that respects diversity.

DE&I activity report

Our group supports female employees and employees of foreign nationality.

We are making the workplace a more comfortable place for female employees. Current workplaces seem to lack consideration for female employees, as the ratio of male employees tends to dominate in the chemical industry due to the raw materials that are being handled. One example of improvements we are making is the introduction of equipment and transportation facilities that are easier for women to maneuver.

For employees of foreign nationality, we provide instructions and posts in their mother tongue. We are especially careful when it comes to sharing safety information. We also regularly hold interviews with such employees. We hold intrasite web meetings in English, post to Viva Engage (an internal social networking platform which supports multiple languages with translation functions), and host short-term intrasite training programs. We make an effort to offer equal opportunities to everyone.



Information board in multiple languages (South Korea site)



Interview with an Indonesian employee (South Korea site)

Social demands for well-being

Society demands that companies create an environment where employees can maintain their physical and mental well-being, **grow, and feel safe and fulfilled at work.**

To achieve this, companies must care for their employees':

● Physical and mental well-being ● A comfortable and supportive work environment ● Opportunities for growth and career development ● Psychological safety and mutual respect ● Fair and equitable treatment.

[Our group's approach to employees' well-being]

Our Group views well-being not simply as satisfaction, but as happiness. Helping employees feel fulfilled in their work is an important priority for our company, and we will continue to promote a variety of initiatives to support this goal.

[Our target state for employees' well-being]

Has built a labor management system to foster a fulfilling work environment.

Employees' well-being activity report

● Review of HR programs

Previously, the Human Resources & General Affairs division at each site oversaw the HR programs offered at their sites. The Human Resources & General Affairs division at HD is now leading initiatives to integrate and offer uniform programs across the group. We believe this will help provide fair and equal treatment across the entire group.

● Award program for continued service

At each site, we award employees who have long served the company. Our group also has a cross-organizational award program for employees who have served the group for more than 5 years, celebrating every 10 years of their service. Employees at their 15th year of service are given a special award. As most of them are central members at their site, we gather all recipients at one venue and offer them a networking opportunity in hope to accelerate their growth. This program started in 2023.

● Musashi Academy

The Musashi Academy is a training program held for each hierarchy level to help participants improve their skills. We invite external experts as guest speakers or have one of our employees with expertise speak at this program. This training program is now held at the Japan site, but employees from overseas sites are free to join the online lectures.

● Internal tools to share track records

On the Viva Engage communication platform, users can post reports on achievements such as a new product that their customer has adopted, a new technology they have developed, contributing to local society and participation in a seminar or internal event. These posts are acknowledged by many, including top management. Many users post comments to each other or show positive reactions.

Users who post become motivated by these comments and reactions.

Initiatives for employees

Safe and healthy workplace (Occupational safety and health)

Social demands for occupational safety and health

Society demands that chemical companies such as the Musashi Paint Group make efforts to ● **minimize workers' risks of exposure to chemical substances** ● **ensure employees wear protective gear and prevent it from becoming mere formalities** ● **make minor incidents visible** ● **not hide facts when accidents occur and** ● **be considerate to elderly workers**. Companies shall also be well-prepared when accidents occur.

[Our group's approach to occupational safety and health]

Our group recognizes our employees as our greatest stakeholders and place significant value in creating a safe and healthy workplace for our employees.

To prevent incidents, we improve both hard and soft infrastructures ("facilities and machines" and "awareness"), ensure compliance with laws and regulations, and reinforce risk management so that we may foster a safe company culture.

[Our target state for occupational safety and health]

Has achieved and maintained "Zero occupational hazard & health disturbance" at our workplaces.

Data regarding occupational safety and health

Figure 1 shows the number of industrial accidents and accident frequency rate within our group. At our group, we apply a common definition for industrial accident to manage occupational safety and health of our employees.

Our group's definition of "industrial accident"

(Must meet all conditions from 1 to 4)

1. Happened at a group site
(within the premises or areas surrounding it)
2. During work hours
3. Due to work-related reasons
4. Has been treated or diagnosed by a physician

This may be different from the general definition of an industrial accident, but we use this one so that we may uniformly manage information.

We see a significant difference in the accident frequency rate within our group, which was 6.49 in FY25 compared to the manufacturing industry average of 1.88 announced by the Ministry of Health, Labor, and Welfare (MHLW) in FY24. Note that MHLW's accident frequency rate is based on

the definition of industrial accident as "an accident that requires the employee to take leave for one day or more." Our accident frequency rate is based on the definition above, so it is natural that we have a higher number.

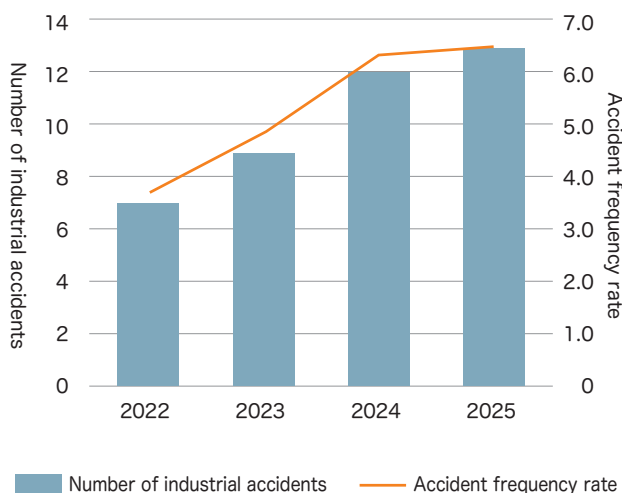
However, we cannot neglect that the number of industrial accidents and accident frequency rate are increasing yearly. We must review our safety management measures.

In January 2026, the EHS division was established at HD. This EHS division will lead measures to raise all group employees' awareness on safety, such as the introduction of KY activities.

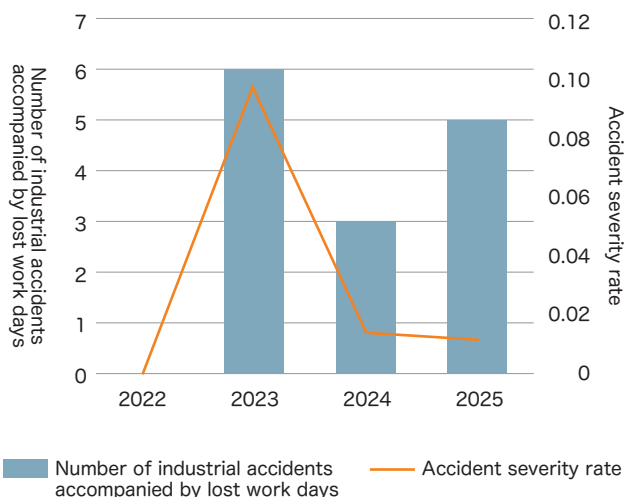
Figure 2 shows the number of industrial accidents accompanied by lost work days and accident severity rate.

Note that our group demonstrated an accident severity rate of less than 0.01 in 2025, which was much lower than the manufacturing industry average of 0.39 in FY24 announced by the MHLW. It's difficult to make simple comparisons as the definition of industrial accident differs, but we observe that there were no severe accidents.

■ Figure 1: Number of industrial accidents and accident frequency rate



■ Figure 2: Number of industrial accidents accompanied by lost work days and accident severity rate



Activity report

● Ho Chi Minh site certified with ISO45001

In 2025, the Ho Chi Minh site was certified with ISO45001 (for its occupational safety management system). There were many challenges to certification, but this is proof of the awareness that each employee has and the fruit of their daily labor. We think that the certification process helped them better understand the occupational safety and health management system.

We will continue enhancing the effectiveness of our systems to create an even more safe and comfortable workplace environment and strengthen the competitiveness of our factories.



Certification review process



ISO45001 certificate

Issue

While our group's awareness on safety is fairly high, we think we have not taken enough measures to ensure essential safety. Keeping in mind that "it's too late to take actions after an industrial accident," we are determined to improve the quality of safety activities at all sites.

Initiatives for quality assurance

Quality assurance activities

Social demands for quality assurance

Chemical products have great social impact, so society demands that chemical companies ● **do not falsify quality or tamper data** ● **respond to complaints with sincerity** ● **ensure traceability** ● **offer uniform quality from any site (including overseas sites)** and ● **develop a system to handle recalls**.

[Our group's approach to quality assurance]

The Musashi Paint Group places quality at the center of its business activities as it works toward realizing a sustainable society.

The goal of our quality assurance activities is to improve customer satisfaction. It is our mission to offer high-quality products to our customers.

To check that we are offering high-quality products, we quantify quality with quality loss amounts (such as customer complaints and process abnormalities).

[Our target state for quality assurance]

Has minimized the quality loss amount and has enhanced customer satisfaction.

Activity report

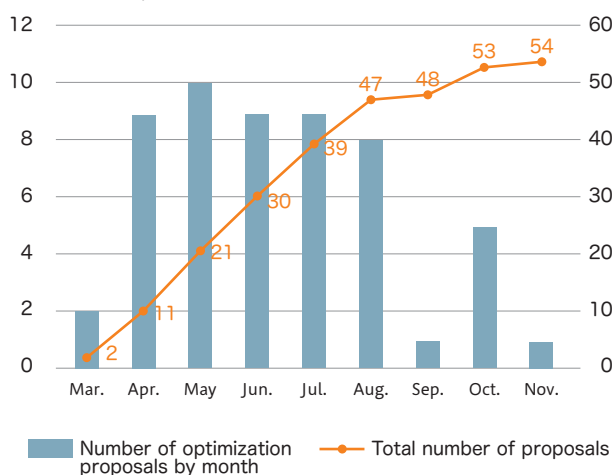
● Strengthening of quality management that supports sustainable manufacturing

Our group has been taking qualitative quality improvement measures since 2024. For example, the strengthening of preventative measures and process improvement at each site. We have also held the Global QC Meeting to share quantitative methods we have been using to all sites across the group and started developing a foundation to optimize quality.

Based on these measures, in FY25, the Quality Assurance Division has launched a full-scale initiative to optimize process performance and strengthen the group's foundation for quality, building upon the ISO9001 certifications at all of our manufacturing sites. Enhancing quality management leads to improved product reliability, reduced environmental impact, and greater value for our stakeholders.

We also believe that enhancing quality management will play a critical role in the management of quality risks. Our group is determined to make proposals and prevent quality loss.

■ Number of proposals to optimize our group's process performance (Activity period: March to November 2025)



Issue

Quality assurance measures improve management quality. It is important that all divisions utilize the same quality management tool. But we cannot ignore the fact that the level of care towards quality varies among divisions. Our group will continue to run PDCA cycles in daily tasks performed by each division and improve the level of our management quality.

Initiatives for community and social engagement

Contributing to society

Social demands for contributing to society

Companies are not only required to pursue profit, but also required to ● harmoniously co-exist with the community (be considerate to neighboring residents near the factory) ● support education (train talent with chemical/manufacturing capabilities) ● support society in times of disaster ● resolve social issues through our business (ex.: paint for energy-conserving construction materials). Contributing to society are not limited to charities and volunteer activities, but also include business activities that contribute to the community.

[Our group's approach to contributing to society]

Our group

- (1) defines the group's actions for contributing to society as a global company and taking actions accordingly.
- (2) has each site participate in activities that will help resolve issues in the local community to develop a harmonious relationship with the local community.

The above is our mindset for contributing to society.

[Our target state for contributing to society]

Developed a win-win relationship with the local community and established itself as an essential part of that community.

WORLD CLEANUP DAY (Across the entire group)

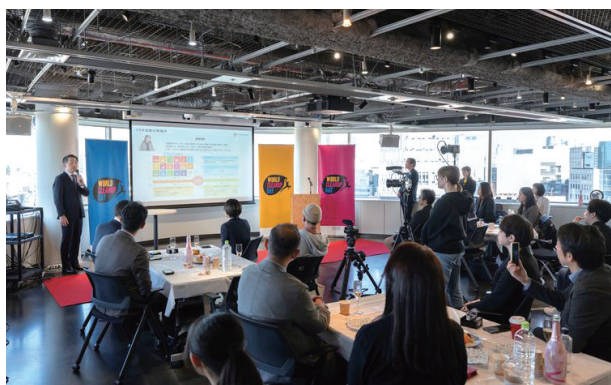
The Musashi Paint Group has once again participated in WORLD CLEANUP DAY in 2025. All sites participated, planning regionally-unique CLEAN UP events. 708 people participated and 4,257 kg of trash was collected across the entire group. This could not have been achieved without the support of each participant at all sites.

Following the “Global Network Award” presented to us by WORLD CLEANUP DAY Japan in 2024, we were presented with the “Mobilize Award” this year. This was an award given to the organization that was able to get many people involved to participate in a CLEANUP activity. Our group's activities are

open to our employees, their families and friends, and customers outside the company. We worked together with many stakeholders to clean up our communities, and were honored to be presented with this award.

The HD Human Resources & General Affairs Division manager participated in the awards ceremony as our group representative and introduced our group's initiative at the ceremony upon request from the host.

Our group employees are eager to continue taking actions together and contributing to the local community.



At the awards ceremony



Award trophy

Initiatives for community and social engagement

Contributing to local society at each site

Activity report

1. Participation at the Ikebukuro LIVING LOOP (Japan site)

Every year, the Toshima District in Tokyo hosts the Ikebukuro LIVING LOOP*. Our group's HD in Ikebukuro took part in this event. We hope that participants were able to better understand the significance of our existence in the community and enhance their trust through our demonstration of our group's purpose of "Enriching the World with Our Colors and Technology." On the day of the event, we opened a booth at the main event venue and opened the entrance hall (first floor) of our HD building so that participants may enjoy seeing our showcase or enjoy child recreation activities.

*What is Ikebukuro LIVING LOOP?

An annual event that started in 2017 on the east side of Ikebukuro station, alongside the street of Green-Odori. This event offers a comfortable space where participants can enjoy nature, foods, and conversations as if they were spending time in their own living rooms!



2. Continuous educational support to local educational institutions (India site)

We believe that improving the level of education in the community will revitalize the community. At the India site, we have been supporting the education of girls at Saint Mary's High School, a school located in the same community as our site. There are 2,500 girls, ranging from age 11 to 18, studying at this school.

On January 23, 2026, the day that marked the 87th anniversary of this school, the India site manager was invited as a guest of honor at the school's commemorative ceremony. The invitation was a

token of gratitude for the long-term educational support that the India site had been providing to this school. 1,500 people attended this commemorative ceremony, and more than 200 students participated in many culture events. The student with outstanding grades was given an award. The India site manager was given an opportunity to deliver a speech. Here, he encouraged students to value education, respect their parents, and chase their dreams. He also asked the parents to support their children struggling through adolescence.



India site manager delivering his speech at the ceremony



The commemorative ceremony

3. Contributions to society through business activities: Re-painting of playground sets for children (Malaysia site)

Paints are generally manufactured based on the needs of our customers. However, extra paints are manufactured in case of loss. As a result, sites often end up storing excess paint. These leftover paints are usually discarded. There were no any issues with the quality of these paints, but they cannot be used elsewhere as they were made for a customer with a specific purpose. Thus, the leftover paints had to be discarded. At our group, we are always exploring ways to efficiently use these leftover paints in the local community, rather than throwing them away. In 2024, the South Korea site re-painted a bus stop and in 2025, the Japan site re-painted playground sets at nurseries and parks using these leftover paints. These activities brightened the local community and were shared to all sites through our report. Other sites decided to implement this in their own local communities. Malaysia site employees re-painted playground sets for neighboring children. They were able to avoid discarding the leftover paints and have succeeded in developing a win-win relationship with the local community.



Malaysia site employees that participated in the re-painting activity

4. Green Activity (Zhongshan site)

At the Zhongshan site, many employees participated in tree-planting and weeding of the environment surrounding the factory. They were able to improve the environment of the local community.



Employees participating in the Green Activity

5. Other activities from different perspectives (Hungary site)

At the Hungary site, employees' opinions are respected and unique social contribution activities are conducted.

1) Donation of color boards*

The site employees visited a school called Kőszeg, an institution that accepts children with disabilities.

The Hungary site employees brought color boards to see if the children are interested and whether the boards spark their creativity. They later donated several hundred color boards to the school.

2) Donating unneeded printers to preschools and support for educational activities

3) Donation of light boxes for use in art classes at junior high schools and support for educational activities

4) Charity event for donations to animal protection facilities (open to employees)

5) Launching of a unique charity campaign by an employee (such as support for the visually impaired)

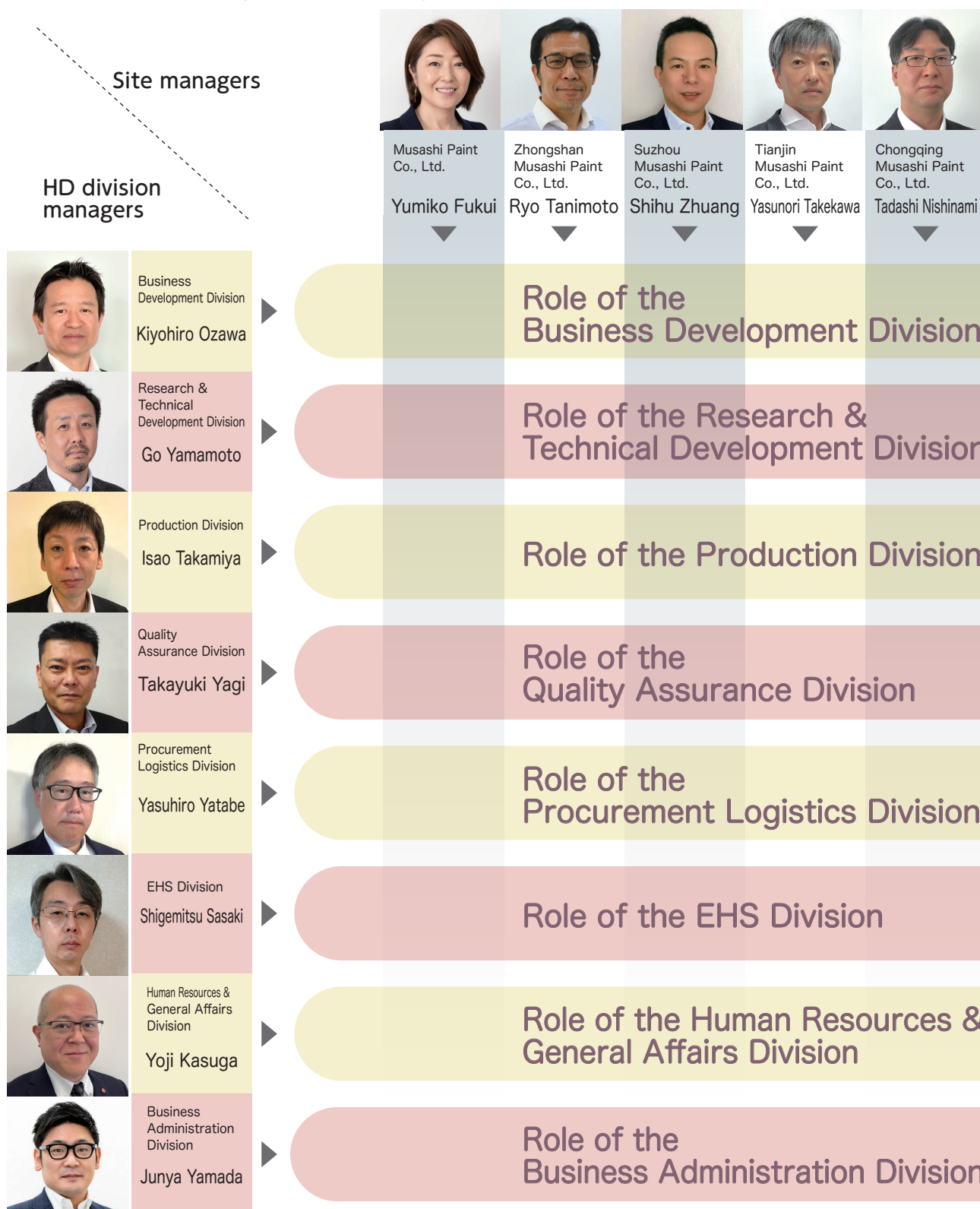
Each one of these activities may seem small, but they represent the employees' desire to contribute to the community.

*Color boards: Plastic boards made from ABS, PP, and other plastics coated with paint to check the outcome of its color. These color boards are usually discarded after use.

Corporate governance

Governance structure

The Musashi Paint Group has an established governance structure that allows divisions and sites to work together and take responsibility in ensuring governance. While considering regional attributes and leveraging diverse perspectives, our group is committed to facilitating management focused on transparency and sustainability and to dedicate ourselves to build such a 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 value.”

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).”



Korea
Musashi Paint
Co., Ltd.
Kozo Tomita



Musashi Paint
Corp. Sdn. Bhd.
Hisashi Tobita



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.
Peter Kikuchi

Build relationships with customers; Facilitate market expansion

Develop coating solutions (products and services) to achieve sales goals;
Resolve customers’ challenges with our coating solutions

“Enhance customer service skills,” achieve “stable quality” and “stable supplies” by building a structure that enables quick responses to customers’ needs and promotes standardization (automation, streamlining, DX) leveraging the advancement of production-related technologies

Develop an integrated quality assurance structure and ensure sustainable competitiveness to achieve world-class reliability at each group site

Evolve the current procurement and logistics platform to establish a flexible and environmentally-conscious supply chain that provides safety to our customers

Supervise environment, safety, health, and dangerous chemical substance management, and support sustainable management through compliance and risk management

Facilitate structured development of HR programs for talent management and strategically and systematically promote the dissemination of our corporate culture (centered around “musashi color”) with leadership

Oversee group governance functions (including finance, legal, and risk management), enhance the efficacy of management strategies through optimized allocation of management resources, and contribute to the achievement of our business goals

Responsible business management

Compliance

Social demands for compliance

Society's demands to companies regarding compliance are ● **prevention of fraud, bribery, and bid rigging** ● **compliance to foreign laws of where sites are located** ● **effectiveness of the internal reporting system** ● **prompt and transparent explanation when misconducts come to light**. This does not simply mean there are rules laid out, but there is a system that ensures these rules are observed.

[Our group's approach to compliance]

To ensure the sustainable enhancement of corporate value and maintain the trust of society, the Musashi Paint Group positions the development of a healthy and transparent management structure as one of its highest priorities. To achieve this, we are strengthening internal controls, ensuring compliance with laws and regulations, and enhancing governance across the entire group.

[Our target state for compliance]

1. Has developed a system to check compliance at all sites.
2. Has established a management structure that prevents illicit actions (ensures governance).

Activity report

1. About internal control

We are continuously making improvements to internal controls to ensure the reliability of our financial reports, improve the effectiveness and efficiency of operations, preserve assets, and prevent fraud. In addition to self-inspections by each department, we regularly assess the effectiveness of controls with an internal audit function. We have developed a system where improvements are executed when necessary.

2. Regarding compliance

For compliance, the basic approaches are “compliance to laws, regulations, and internal rules” and conduct of “ethical and sincere behavior.” We regularly offer educational programs and training to all employees. Through proper operation of the internal reporting system and reinforcement of the risk management process, we can prevent misconduct and inappropriate behaviors.

3. Regarding global measures

As a global company, we are facilitating the development of a system that can autonomously operate at each site by combining the training program of local management layers with HD's monitoring structure. To reinforce internal control of each site, we have developed an effective and efficient governance structure by having the HD Management department monitor risks, delegating authority to and training the local management layers, and regularly conducting internal audits. Based on this approach, we will establish a management structure that can gain the trust of our customers and promote business operations based on standardized governance criteria.

Our group is committed to earning the trust of society and our stakeholders and maintaining/improving our governance structure to support our sustainable growth.

Risk management

Social demands for risk management

Companies are required to manage risks that may have impact on its management (such as environmental accidents, quality-related incidents, information leakages, defining actions for risks of supply chain disruption due to geopolitical affairs and disasters, and implementing measures for sustainability of its business portfolio) and regularly review such management risks.

[Our group's approach to risk management]

Our group recognizes that society monitors how a company acts in an emergency rather than during normal operations. We find it important to manage risks by staying calm and taking appropriate action when risks emerge, and to eliminate the possibility of “unforeseeable” situations.

[Our target state for risk management]

1. Has extracted management risks in accordance with changes over time and has executed measures to prevent such risks from occurring.
2. Has strengthened its disaster prevention structure.

Activity report

We face many risks in the course of our business activities.

We use comprehensive risk management across the entire group, led by the HD Business Administration division. At monthly HD Management meetings, risks are managed across the entire group. Divisions in charge report on market situation, business environment risks, financial risks, operational risks, legal/compliance risks, currency risks, country risks, risks arising from differences in law and business practice, and geopolitical risks. Based on these reports, risks are identified and evaluated from a cross-organizational perspective, and necessary judgements and policies are made. Judgements made and measures formulated are led by HD Business Administration Department, which then works with relevant divisions and departments.

Business administration meetings are also held monthly at each site, where risks are managed based on the business environment unique to the site. The risks identified and managed at each site are reported to HD as required, and uniform countermeasures are taken across the entire group.

As a chemical paint manufacturer, relevant divisions and departments take the lead to manage and act for quality assurance, environment, occupational safety, chemical substance management, and other risks unique to our business. These are shared across the group and controlled through reports at the HD Management meetings.

■ Risks unique to our group's business and countermeasures

Risk name	Primary risks	Divisions in charge	Measures
Regulations on environment and chemical substances	Stricter laws and regulations / Environmental impact during product use	EHS Division	Identification of and confirmation of compliance to relevant laws and regulations
Environmental accidents & pollution	Leakage of chemical substances; Air, soil, and water pollution	Production & EHS Division	Practice of emergency drills; Environment measurement
Occupational safety and health	Industrial accidents; Health problems	EHS Division & General Affairs Dept at each site	Activities to prevent dangerous acts (KY); Environment measurement and health checkups
Climate change (TCFD-related)	Concerns for raw materials supply; Increase in costs (CO ₂ emissions-related)	Research & Technical Development Division & HD Management meetings	Designing of environmentally-friendly products; Introduction of renewable energy
Supply chain	Suspension of raw materials procurement; Chained reactions due to serious incidents	Procurement Logistics Division & CSR Promotion Office	Consideration of multiple purchases; CSR survey and countermeasures
Responsibilities for quality and products	Compensation for claims; Loss of trust	Quality Assurance & Product Division	Analysis of malfunction causes and improvements; Training for quality improvement

Estimation of risks & methods to evaluate and implement measures

Our group approaches extracted risks as follows:

1. Estimate the magnitude of extracted risks
2. Evaluate estimated risks
3. Take measures in accordance with the magnitude of risks

Issue

While disaster prevention measures are being taken at each site, we do not yet have any cross-organizational framework that enables intrasite cooperation. Our group serves many customers who have globally expanded their business. We are eager to develop a framework that will help us supply products around the world.

Responsible business management

Supply chain management

Social demands for supply chain management

Suppliers are also required to ● consider the surrounding environment and observe human rights when procuring raw materials ● eliminate child and/or forced labor ● perform fair transactions ● satisfy procurement standards in terms of ESG ● take proper actions when accidents and incidents occur.

[Our group's approach to supply chain management]

Companies are unable to stand alone in a society. It conducts business and works together with stakeholders. Mutual trusting relationships with suppliers is crucial to a company's business. However, serious incidents caused by the company can impact both that company and its suppliers. Likewise, serious incidents caused by the supplier can impact both the supplier and the company doing business with them. Companies must take actions within its organization and work with suppliers to promote sustainability. The Musashi Paint Group commits to its customers, along with its suppliers, that it will prevent serious incidents.

[Our target state for supply chain management]

The Musashi Paint Group has been working with suppliers and customers to conduct business activities that satisfy the demands of society.

Activity report

Our group engages in the following supply chain management (SCM).

(1) Requesting suppliers to answer our CSR survey and taking action on the survey results

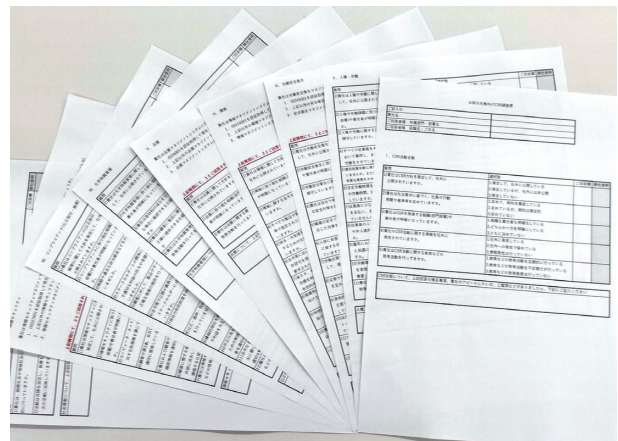
Since FY25, we have been conducting CSR surveys with suppliers to understand their CSR activities and have been taking action based on survey results.

Our CSR survey was created for exclusive use by our group, based on CSR surveys we have received from our customers, those common in relevant industries, or those created with international standards.

There are nine survey items: "CSR in general," "Human rights & labor management," "Occupational safety and health," "Environment," "Quality," "Chemical substance management," "Compliance," "Information security," and "Contributing to local society."

Responses are quantified and issues identified based on total survey score, score per survey

item, and items where we have not been able to take any actions for. From the results, we have taken action with "suppliers whom we need to conduct a site visit," "suppliers whom we shall send written requests," and "suppliers that do not need any improvements."



Supplier CSR survey sheet

■ Results of supplier CSR survey 2025

Survey scope	Location(s)	Survey results	Follow-up actions
Resin manufacturers: 9 companies	Japan, China, South Korea, Thailand	Suppliers assessed as “No need for improvement”: 8	Sent a thank-you note
		Suppliers assessed as “Need for slight improvement”: 1	Sent a thank-you note and a request for improvement
Solvent manufacturers: 11 companies	Japan, China, Thailand, Malaysia, Hungary	Suppliers assessed as “No need for improvement”: 5	Sent a thank-you note
		Suppliers assessed as “Need for slight improvement”: 6	Sent a thank-you note and a request for improvement
Pigment manufacturers: 2 companies	Japan, South Korea	Suppliers assessed as “No need for improvement”: 2	Sent a thank-you note
Packaging manufacturers: 7 companies	Japan, China, Thailand, Vietnam	Suppliers assessed as “No need for improvement”: 2	Sent a thank-you note
		Suppliers assessed as “Need for slight improvement”: 4	Sent a thank-you note and a request for improvement
		Suppliers assessed as “Need for significant improvement”: 1	Sent a thank-you note and conducted a site visit
Others: 2 companies	China, Hungary	Suppliers assessed as “Need for slight improvement”: 2	Sent a thank-you note and a request for improvement

(Assessment criteria) Based on supplier's response to our group's CSR survey

Suppliers assessed as “No need for improvement”: There weren't any questions with a score of 0 points, and all survey items had a score of 70 points or more.

Suppliers assessed as “Need for slight improvement”: There was at least one question per each survey item with a score of 0 points, and/or survey item with a score less than 70 points.

Suppliers assessed as “Need for significant improvement”: There was at least one question per each survey item with a score of 0 points, and the total score was less than 70 points.

(2) Distribution and briefing of our group's green procurement standard to our suppliers

Our group has our own green procurement standard for chemical substance management. This green procurement standard has been revised in accordance with law revisions and new trends. We distribute this green procurement standard to our suppliers and request that they procure raw materials in accordance with this standard. We also hold briefing sessions for suppliers. We also ask our suppliers to fill out the chemical substance survey sheet for the raw materials they procure. Their responses are managed in our system and used as input for the design and development of our products and for information disclosure.

Recently, our customers have also shown concerns about chemical substance components that may have caused human rights violations and minerals in the raw materials.

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.

When necessary, we send a report template to our suppliers, which we manage once they are returned.

Issue

The CSR survey in 2025 were conducted with major suppliers and those who are exclusive raw material suppliers. From 2026, we plan to expand the survey scope to improve our level of management.

Responsible business management

Information security

Social demands for information security

Society demands that companies develop a leakproof information security system to ● prevent leakage of technical information and blending recipes ● protect supplier information ● prepare for cyber attacks ● control overseas sites and contractors.

[Our group's approach to information security]

Information assets are an important part of our management platform, and we continuously take action to prevent information leakage.

We focus on raising awareness of every employee through effective information security measures such as training, awareness campaigns, and daily cautionary reminders.

[Our target state for information security]

Has built a strong leakproof information security system.

Activity report

(1) Information security training (Japan site)

Information security lectures are regularly held for all employees. The lectures clarify our company's definition of confidential information and reinforce awareness that the following information must be properly managed.

- Personal information ● Sales information
- Technical information ● Financial information
- Internal information ● Security-related information

The target participation rate is 100%. By mandating absentees to later watch archived videos, the Japan site has raised awareness among its employees. After every

lecture, a survey is conducted to confirm the employees' level of understanding. More than 90% of employees have responded that they understood the lecture. Given this, the Japan site has confirmed that all employees are instilled with basic awareness of information security.



At an information security lecture

(2) Cautionary reminders regarding the use of generative AI (Japan site)

With recent expansion of generative AI use, it is crucial that employees understand its benefits and risks. In Japan, employees were briefed on precautions for using ChatGPT during morning announcements at factories and were reminded via posts on internal social media. There is a high risk of information leakage when feeding confidential and personal information to AI tools.

Employees were reminded of the following precautions.

- Do not enter or upload confidential/personal information
- Do not use actual value or proper names; Use placeholder data.
- Always check AI-generated responses; Do not overestimate its capabilities

The Japan site is working to raise awareness to facilitate the safe use of generative AI.

(3) Sharing information on suspicious emails (Japan site)

A system to share information on suspicious emails is being developed in Japan to counter targeted attack emails and spoofed emails. Reports of suspicious

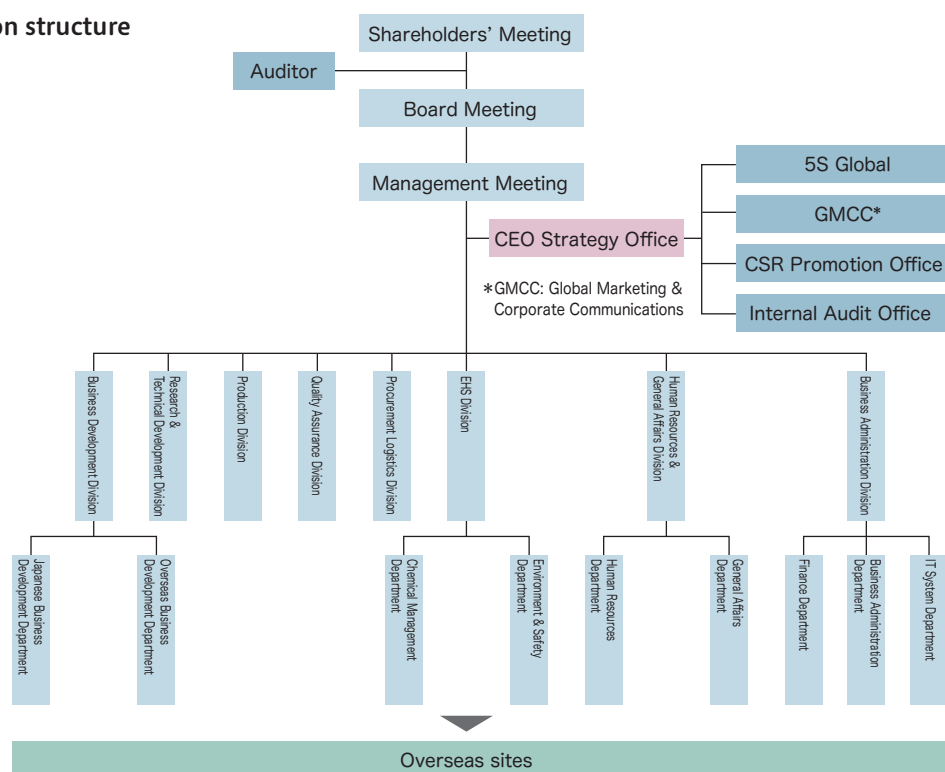
emails are immediately posted on the bulletin board of the internal portal. This helps prevent damage by such emails.

Issue

Our group entrusts each site to operate their own information security measures. Hence, understanding the overall level of management is a high-priority issue. First, we will review the situation at each site and will take action to enhance management where necessary.

Company information

■ 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	Total of 1,047 employees across the group (Of which 343 are female employees; Ratio of female employees: 32.8%) *As of December 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

Afterword from the Editor

Thank you for reading the Musashi Paint Value Creation Report 2026. Every year, our Group works together under a shared slogan. The slogan for 2026 is "Hop, Step and Jump!" In the first issue of our report in 2024, we shared our philosophy and approach to CSR activities. In 2025, the report focused on the achievements of our CSR activities. This 2026 report presents our philosophy and approach to sustainability management. Just like this year's slogan, we have continued to move forward step by step and will continue to do so in the years ahead. We are all committed to continuing our efforts to meet the expectations of society. We sincerely appreciate your continued support.

Seiichi Yamamoto, CSR Promotion Office, Musashi Paint Holdings Co., Ltd.





musashi paint

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