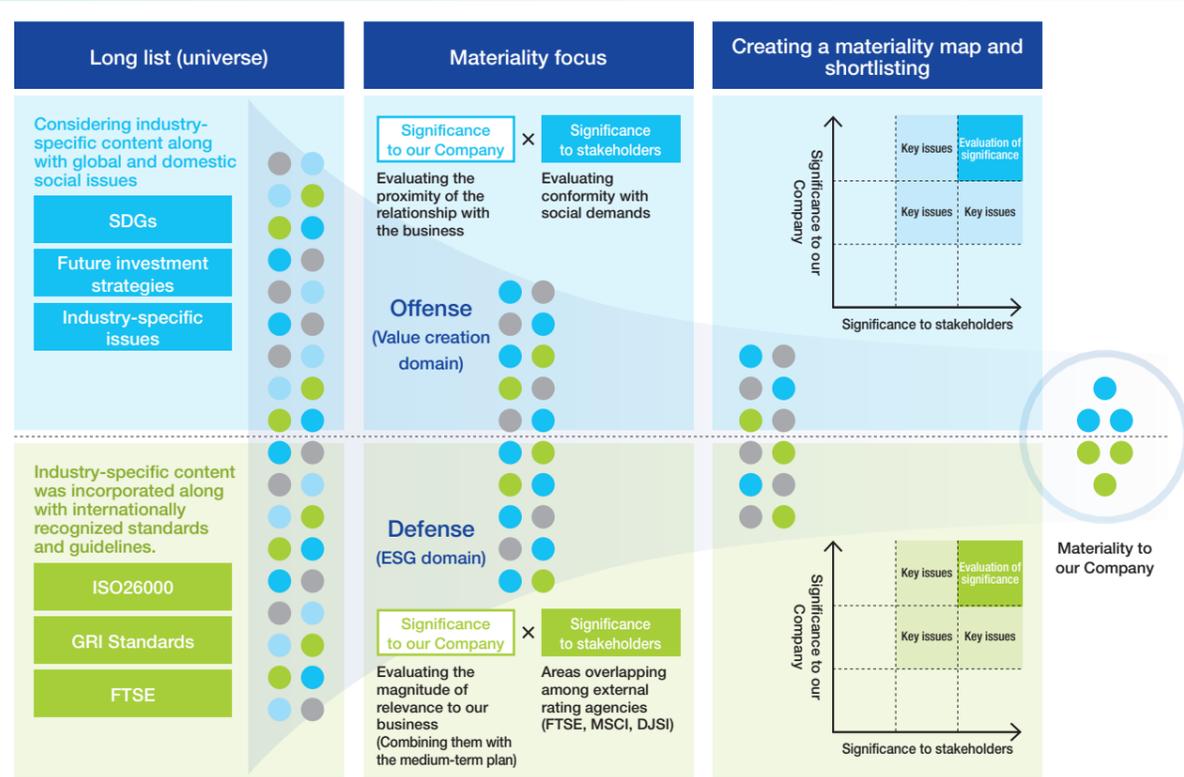


Key Issues (Materiality) and Its Identification Process

At the Nihon Parkerizing Group, we identify social issues related to our activities, reevaluate their impact in light of societal changes, and prioritize the problems we address. In identifying key issues (materiality), we used the United Nations Sustainable Development Goals (SDGs) as a basis and consulted several guidelines.



Materiality 1 | Creating a more prosperous society through surface modification technologies

Materiality 2 | High-value-added products and services for customers around the world

In recent years, climate change has increased the frequency of natural disasters worldwide (e.g., torrential rains, wildfires driven by heat waves). These phenomena are mainly attributed to global warming, driven by greenhouse gas (GHG) emissions. Reducing GHG emissions and achieving carbon neutrality are urgent priorities. While the importance of the optimal use of materials (putting the right materials in the right places) is increasing in industrial fields, metallic materials remain indispensable resources in society. However, the process for manufacturing metallic materials emits a large amount of GHG and reducing its environmental impact has become a significant challenge. The Nihon Parkerizing Group has been committed to extending the service life of parts through its technologies for modifying the surfaces of metallic materials (e.g., rust-proofing treatments, abrasion-proofing treatments). Recently, the extent to which its technologies contribute to the environment has been

CO ₂ emissions from the Nihon Parkerizing Group in FY2024: Approx. 0.83 million tons	Annual CO ₂ emissions reduction through extended component lifespan: Approx. 31.28 million tons <small>Converted to the amount of CO₂ absorbed by forests annually, this figure is equivalent to a forest the size of Kyushu.</small>
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quantified, yielding the following figures. Worldwide CO₂ emissions in 2024 reached a record high of approximately 35.5 billion tons.* Setting these emissions to 1,000, the degree to which the Nihon Parkerizing Group contributed to restraining CO₂ emissions is 0.86/1000 (our calculation based on certain preconditions). In the near future, we will further develop our technologies, aiming to increase our contribution to 1/1000 by 2050.

* CO₂ emissions (EI statistics) –GLOBAL NOTE

Materiality 3 | Ensuring the safety, security and health of workers on-site.

The Nihon Parkerizing Group seeks to provide a safe and secure working environment for all employees by continuing our efforts to reduce hazardous and harmful operations in manufacturing and processing, improve safety training and promote good health.

- Priority measures for reducing the occupational accident frequency rate**
1. Strengthen patrol activities
 2. Standardize safety throughout the Nihon Parkerizing Group
 3. Enhancing education and training
 4. Utilizing IT and digital tools

KGI (key goal indicator): Occupational accident frequency rate
FY2023: **2.05** → FY2030 target: **0.50**

Through these measures, we are building an environment to keep all on-site workers safe and healthy, in pursuit of an occupational accident frequency rate of 0.50 by FY2030.

Materiality 4 | Fostering a corporate culture that respects diverse values and turns them into strength

- Promoting recruitment of women, people with disabilities, foreign nationals, mid-career and senior workers
 - Increase in the proportion of women in managerial positions.
 - Creating work styles and a workplace environment where diverse talents can thrive.
- ➔ Please refer to the related initiatives on page 45, "Promoting the development and active participation of human resources."

Materiality 5 | Responsible actions toward realizing a sustainable society

- Thorough management of chemical substances in our products
 - Initiatives to ensure 100% compliance by suppliers with "the Green Procurement Guidelines" and to continuously reduce energy intensity.
 - Promoting initiatives for stable supply through material purchases and business continuity planning (BCP)
- ➔ Please refer to the related initiatives on page 62, "Supply chain management."

Materiality 6 | Ongoing initiatives to remain a company of integrity.

As a global company, we are building an environment where all our employees can feel secure in expressing their opinions. By 2026, we will complete the development of a whistleblowing system covering our overseas consolidated subsidiaries, to establish a structure that demonstrates we, as a corporate group, are sincere and transparent.



Contribute to the achievement of the Sustainable Development Goals (SDGs)