

Corporate Governance

Our corporate philosophy is, “We are contributing to the effective use of limited resources on planet Earth, creating new value of resources through surface modification of all kinds of materials, preserving the global environment, and realizing an affluent society.” Under this philosophy, we believe that strengthening our internal control system and enhancing our corporate governance are essential to achieving continuous growth and development while fulfilling our social mission and responsibilities. We are pursuing initiatives for this purpose.

Fundamental approach to corporate governance and basic policies

The Company and the group aim to enhance business performance by improving management efficiency, for instance by accelerating decision-making, and adapting flexibly to changes in the business environment and market while ensuring transparency and fairness. Our fundamental approach to management is to maintain soundness by strengthening and advancing our internal control system and operating it effectively to expand and develop business operations and enhance corporate value continuously. We are committed to enhancing our corporate governance in accordance with the following policies.

- (1) We respect the rights of shareholders and ensure equality.
- (2) We take the interests of stakeholders into account and collaborate with them appropriately.
- (3) We disclose and provide information appropriately.
- (4) The Board of Directors makes decisions on important matters related to the execution of business and oversees the officers' execution of their duties to achieve sustainable growth and enhance corporate value over the medium to long term.
- (5) We work to engage in a constructive dialogue with shareholders to enhance corporate value over the medium to long term.

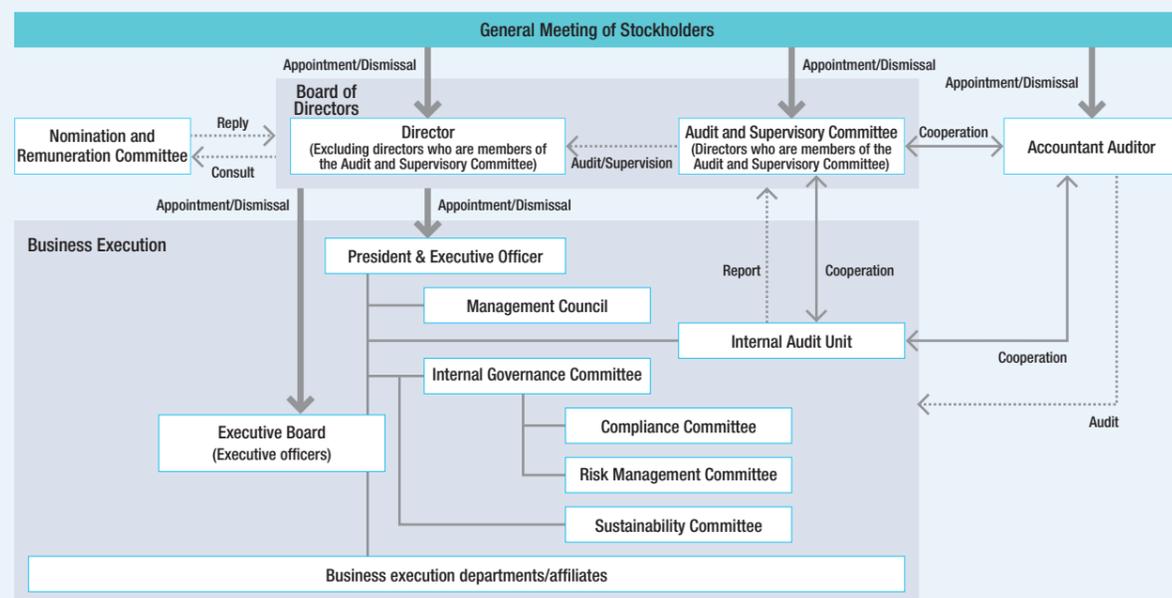
Corporate governance system

In 2017, we transitioned to a company with an Audit and Supervisory Committee to strengthen our corporate governance and enhance our corporate value by further strengthening the audit and supervisory functions of the Board of Directors. We have also introduced an executive officer system to separate management decision-making and supervisory functions from business execution. This facilitates quick decision-making and efficient management and clarifies responsibility for business

execution. Five out of our eleven directors are outside directors. They are all designated as independent directors under the Tokyo Stock Exchange (TSE) rules and registered with TSE. One of them is a woman. We are also committed to promoting diversity.

Outside Director	Female Directors
5/11 directors	1/11 directors

Corporate governance structure (As of June 27, 2025)



Board of Directors

The Board of Directors consists of eleven directors (including five outside directors) and meets monthly in principle. Kazuichi Satomi chairs the Board of Directors, which deliberates on essential matters in accordance with the Articles of Incorporation and the Board of Directors Regulations. The board makes management decisions to enhance the long-term corporate value of the entire group.

The Board of Directors also supervises the execution of business by clearly separating its management decision-making and supervisory functions from its execution functions, and by clarifying responsibilities. In this manner, the Board of Directors aims to establish a management structure that promotes greater transparency.

Audit and Supervisory Committee

The Audit & Supervisory Committee is composed of four members, one director and three outside directors. It meets monthly in principle. Shigetaka Hazeyama, an outside director, chairs the Committee. It is dedicated to leveraging its independence and expertise to ensure sound, transparent management. Directors who are members of the Audit and Supervisory Committee attend meetings of the Board of

Directors and express their opinions about essential matters as appropriate. They also conduct audits effectively by, for example, examining essential documents, conducting on-site inspections at business offices, and investigating subsidiaries. Accounting matters are regularly reported to the Audit and Supervisory Committee by the designated CPA. The committee is enhancing the financial auditing system.

Executive Board

The Executive Officers Meeting consists of eleven executive officers and, in principle, meets twice monthly. Masayuki Aoyama, the Representative Director, President, and Executive Officer, chairs the Board. Its purpose is to discuss and resolve critical business execution policies and other matters in accordance with the basic guidelines set

by the Board of Directors. The Executive Officers Meeting discusses management matters to be submitted to the Board of Directors in advance. It reports them as necessary, expediting decision-making, enhancing business execution efficiency, and increasing transparency and agility in management.

Management Council

The Management Council is composed of a director with a specific title and eleven executive officers. Typically, the council meets four times a year. Masayuki Aoyama, the Representative Director, President, and Executive Officer,

serves as its chair. The council primarily discusses key operational policies governing the company's management and operations.

Internal Governance Committee

To enhance the effectiveness of internal controls, the Company has established the Internal Governance Committee. This committee is chaired by the President and Executive Officer and is composed of directors. The Company has established the Risk Management Committee

and the Compliance Committee as subordinate organizations of the Internal Governance Committee to enhance internal controls and develop a more effective governance system for the Company and its group companies.

Sustainability Committee

We established the Sustainability Committee to strengthen our sustainability efforts, further enhance our corporate value, and address social issues on an ongoing basis. This committee consists of six members: the President and Executive Officer, who chairs the committee, the Chairman of the Board of Directors, the Vice President and Executive Officer, the Senior Managing Executive Officer, the Managing Executive Officer, and another executive officer. The committee formulates action policies, promotes various initiatives, manages their

implementation, identifies key issues (materiality), establishes key performance indicators (KPIs), evaluates performance related to these key issues, and discusses matters relating to climate change. The committee meets four times a year and reports its activities to the Board of Directors annually, thereby enhancing collaboration with management and improving the effectiveness of the Company's sustainability management efforts.

System to ensure proper operations at group companies

The Company has established group company principles of conduct, which serve as a code of conduct for all group companies. They have developed various regulations in accordance with these principles to ensure proper operations. The Company has established "Subsidiary Management Regulations" and a system of approval and reporting based on them. The Company uses this system to assess the status of management of the group companies and to monitor their operations as necessary, ensuring effective oversight of group management.

The Company has implemented a system in which group companies report any violations of laws or regulations or compliance issues related to the Company's management guidance to its Compliance Committee when they are identified. If the Compliance Committee receives any reports from group companies, it may promptly report them to the Audit & Supervisory Committee and present its opinions as necessary. In this system, the Audit & Supervisory Committee may express its opinions and request the formulation of improvement measures as necessary.

Nomination and Remuneration Committee

The Board of Directors makes decisions regarding the nomination and compensation of directors based on the recommendations of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee

is chaired by an outside director, with independent outside directors comprising a majority of its members, thereby enhancing the transparency and objectivity of the process.

Expertise and experience of directors (skill matrix)

To ensure accurate and prompt decision-making and supervision in moving toward the realization of the corporate philosophy and long-term vision, the Board of Directors has created a skills matrix outlining each director's knowledge,

experience, and abilities relevant to their duties. Using the skills matrix, the Board of Directors seeks to maintain a well-balanced, diverse skill set to address management challenges effectively.

Name	Corporate management	Marketing/sales	R&D/technology	International/global	Finance/accounting	Legal/compliance
Kazuichi Satomi	●		●	●		
Masayuki Aoyama	●		●	●		
Hiroyasu Tamura	●				●	
Fumikazu Ozaki	●	●				
Yasumasa Fukuta	●	●				
Shimako Emori (outside director)	●					●
Tatsuya Mori (outside director)	●				●	
Shigetaka Hazeyama (outside director)				●	●	
Masaharu Kubota (outside director)						●
Hayato Hosogane	●	●		●		
Koji Chika (outside director)	●	●				

Message from the Chairman of the Board of Directors

The Board of Directors meets regularly to discuss strategic issues we need to address to achieve Vision 2030 and the objectives of the Medium-Term Management Plan. As the chairman of the Board of Directors, I emphasize commitment to addressing social issues by leveraging our surface modification technologies and other core technologies. The Board discusses our future direction, focusing on research and development to create a decarbonized society and on enhancing our technology research functions.

We also discuss restructuring the group's governance system from various perspectives to adapt flexibly to changes in the business environment, valuing the diverse knowledge of outside directors.

I am committed to enhancing the Board of Directors' management to ensure the Board consistently fulfills its roles, enabling the Nihon Parkerizing Group to contribute to creating a sustainable society.



Kazuichi Satomi,
Chairman and CEO

Evaluation of the effectiveness of the Board of Directors

A survey of all directors was conducted to improve the effectiveness of the Board of Directors, including the conduct of Board meetings, the content of the agenda, and the status of its supervision of the business execution. Each director's self-evaluation and opinions were collected and analyzed, and a report was submitted to the Board of Directors.

As a result of the evaluation, we have confirmed that our Board of Directors is generally effective in conducting Board

of Directors meetings, providing sufficient prior explanations of matters to be resolved, and responding to issues raised at the Board of Directors meetings, among other aspects. However, we concluded that we need to enrich discussions on enhancing the business portfolio, growth strategies, and related matters.

We will continue striving to improve the Board of Directors' effectiveness by addressing issues.

Directors' remuneration

Policy on determining the amount of directors' remuneration and other benefits, or the method for calculating them

At a meeting held on March 22, 2021, our Board of Directors passed a resolution on a policy for determining the content of individual directors' remuneration. Our basic policy is to ensure that our directors' remuneration is linked to the Company's performance, reflects their responsibilities in their positions, and results in a sustainable increase in corporate value.

Remuneration for directors consists of monthly compensation, bonuses, and performance-linked stock compensation. Remuneration for outside directors and directors combined with members of the Audit and

Supervisory Committee is limited to monthly compensation. Bonus amounts are determined comprehensively using operating income, an indicator of the business performance of our main businesses, as the primary index, and taking into account changes from the same period of the previous year. The performance-based stock compensation plan is a system in which points are awarded based on business performance each fiscal year, and compensation, equivalent to the accumulated points, is paid at retirement. Whether points are awarded and the number of points to be awarded are determined each fiscal year.

Total remuneration for directors

Classification of directors	Total amount of remuneration (Million JPY)	Total amount of remuneration by type (Million JPY)			Number of eligible directors
		Fixed compensation	Performance-based compensation	The amount on the left is non-monetary compensation.	
Directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors)	240	162	78	24	5
Members of the Audit and Supervisory Committee (excluding outside directors)	9	9	—	—	1
Outside officers	45	45	—	—	5

Risk Management

Early risk detection and management are essential for smooth operation and business success. The Nihon Parkerizing Group is striving to develop and strengthen its risk management system to detect risks early enough that could impede the achievement of business objectives, and to respond promptly and appropriately when risks materialize.

Risk management system

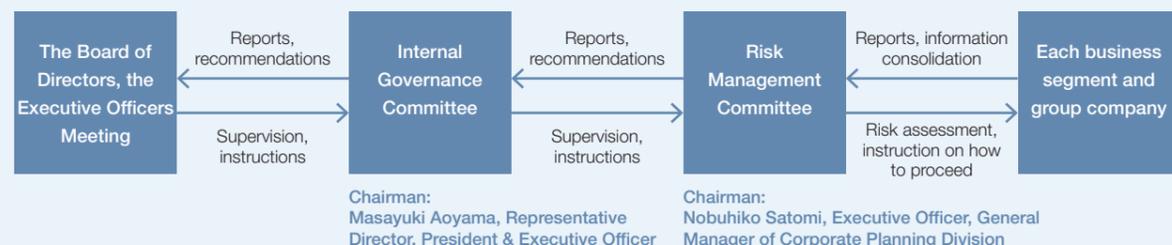
Our group has established a Risk Management Committee to address risks across its global business operations. The Risk Management Committee performs company-wide risk assessments based on information from each business segment, formulates policies to address identified risks, and regularly reports its findings to the Internal Governance Committee. The Internal Governance Committee thoroughly reviews the reports. It prepares reports, including recommendations, that it submits to the Board of Directors and the Executive Officers Meeting, thereby ensuring that management makes appropriate decisions promptly.

Each business segment and group company proactively identifies and evaluates risks in their daily operations, reporting findings to the Risk Management Committee as necessary. The risk management system consists of

three layers: the work site (first line), the Risk Management Committee (second line), and the auditing sector (third line), each fulfilling its respective roles.

The Audit and Supervisory Committee collaborates with the internal audit sector to share risk information. They regularly exchange opinions on the appropriateness and effectiveness of their risk responses.

As described above, our group is enhancing its risk management practices to quickly identify risks and take necessary actions, with work sites leading these efforts. Additionally, the administrative department and the committees have the authority to control activities at the work sites. This approach has enabled the group to establish an effective risk management system that functions well in the global business environment.



Business continuity plan (BCP)

To fulfill its corporate social responsibility, the group has prepared and regularly reviewed a business continuity plan (BCP) to minimize damage and losses and ensure business continuity and an early recovery in the event of a disaster or other emergency. We are also taking steps to strengthen our business continuity management (BCM) by conducting earthquake response drills, among other initiatives. At Nihon Parkerizing, the basic policy we adopt in our measures to address disasters is to (1) protect the lives of employees and

their families, (2) strive to preserve management resources, and (3) contribute to business continuity and early recovery. We have established a disaster control manual and operate in accordance with it. We have also introduced a system for confirming employees' safety and health status as part of our measures to tackle disasters and pandemic diseases. This system enables us to promptly check employees' safety and health status during an earthquake, pandemic or other emergency.

Information security

Protecting and managing information assets is crucial for ensuring smooth business activities. To ensure the continuity of our business operations and maintain the trust of our customers and partners, the group has established an information security system that incorporates both technical measures and operational measures.

The group is strengthening its defenses against risks, particularly unauthorized external access and internal

information leaks, by utilizing technologies to monitor networks, control access, and protect against malware. To effectively use these technologies, the group is committed to raising awareness across the organization and enhancing employees' ability to respond to security issues by developing and implementing information security policies, providing employee education and training, and preparing response procedures for potential incidents.

Compliance

The group is committed to remaining a corporate group trusted by its stakeholders. For this purpose, we fulfill our corporate social responsibilities while complying with all laws and regulations in our business activities. Through various systems and initiatives, we strive to raise awareness of compliance issues and foster a sound corporate culture.

System for driving compliance

We have established a Compliance Committee to establish, maintain, and review our compliance system under the Basic Compliance Rules. These efforts are also regularly reported to the Internal Governance Committee.

Promoting compliance

Recognizing the social responsibilities that accompany corporate activities, we have distributed a "Code of Conduct" that defines the proper behavior expected of executives and employees. We ensure everyone understands the expected

behavior, fostering a corporate culture that does not tolerate misconduct. In addition, we have established Employment Regulations and Anti-Harassment Regulations to prevent discrimination and harassment.

Whistleblowing system

The group has established a whistleblowing hotline desk where employees can report and seek advice about any actual or suspected compliance violations. We have established a system that maintains the confidentiality of whistleblowing information, accepts anonymous whistleblowing, and otherwise complies with the Whistleblower Protection Act to protect whistleblowers. If any issue arises that needs to be addressed, we will respond appropriately based on its significance. If any problems are identified, we will take corrective actions and measures to prevent recurrence.

To ensure the reliability and transparency of the

whistleblowing system, we clearly describe and document the process from receipt of a report through investigation, response, and feedback. We also strictly prohibit any detrimental treatment of whistleblowers. Additionally, we strive to increase awareness of the system and solidify it through regular in-house training and evaluations. We are working to establish and expand the whistleblowing system throughout the group, both in Japan and overseas, to ensure that we respond to whistleblower reports promptly and appropriately.

Educational awareness campaign

Activities for preventing corruption and harassment

The Nihon Parkerizing Group translates and distributes a compliance handbook and the Code of Conduct in nine languages so that group employees in each country can understand them. In addition, we hold training sessions and conduct regular training and enlightenment activities through e-learning and other means.

Quality compliance activities

We have introduced a Compliance and Quality Enhancement Month in December each year to undertake various initiatives that foster awareness of compliance and quality. In FY2024, we published our President's message, "Improving customer satisfaction and reliability." We put up posters, including ones showing the quality slogan. In addition, each department identified themes of their issues and worked on remedies and improvements. Ten group companies also participated in the activities.



Roundtable of Outside Directors



Tatsuya Mori
Outside Director

Shigetaka Hazeyama
Outside Director (Chair of the Audit and Supervisory Committee)

The role of the Board of Directors in the promotion of the sustainable improvement of corporate value

Director Mori × Director Hazeyama

The Board of Directors must strengthen its auditing and oversight functions to improve the transparency of corporate governance.

We asked two outside directors to explain how the Board of Directors operates and what kinds of discussions take place.

Q1. As an outside director, how would you describe the atmosphere at meetings of the Board of Directors?

Mori / During Board of Directors meetings, we can express opinions freely. I believe an environment has been established where I can speak up without hesitation as an outside director. The agenda items are explained in detail beforehand, facilitating practical discussions and flexible exchanges of opinions. I appreciate this.

Hazeyama / I also believe that an environment has been established where directors can communicate freely. Before Board of Directors meetings, outside directors have the opportunity to receive explanations. This allows us to gain a deeper understanding of the agenda items and the execution of business. Additionally, it enables us to express our objective opinions and make requests. I

believe this enhances the clarity of discussions during Board of Directors meetings.

Mori / The explanations and structures of the materials are clear to outside directors. I can see the ingenuity and efforts of personnel in relevant business segments. I hope that some creativity, such as improved summaries, will be incorporated, leading to more in-depth discussions. I hope to engage in more in-depth discussions about medium- to long-term management strategies and human resources.

Q2.

What discussions about Vision 2030 and the fifth Medium-term Management Plan are you focusing on?

Mori / The fifth Medium-term Management Plan contains elements that are difficult to predict due to changes in the global landscape and market uncertainty. Thus, discussions from a medium- to long-term perspective are becoming increasingly essential. My mission is to have more in-depth strategic discussions that focus on sowing seeds for the future.

Hazeyama / I agree. "Challenges for Change" is an important theme. In March, we decided to spin off our medical devices business. In June, we decided to establish a surface modification agent plan in southern India. I would like to discuss initiatives to enhance the group's corporate value.

Mori / Development activities at the new Central Research Laboratories are crucial for the group, which

possesses a high degree of expertise and unique technologies. The concept of open innovation, which is the active integration of external technologies, is also essential. I want to discuss strategic open innovation activities, mergers and acquisitions during Board of Directors meetings.

Hazeyama / To continue enhancing corporate value, it is essential that each employee understands our mission, vision, and values and acts energetically. We need an open organizational culture that respects diverse opinions and encourages employees to embrace challenges. I have heard that the completion of the new Central Research Laboratories was facilitated by incorporating ideas from work sites. I hope we will continue to foster this kind of corporate culture in the future.

Q3.

What are the group's expectations for developing a sustainable society?

Hazeyama / Given the recent disasters, including extreme heat and heavy rain, striving for a decarbonized society is not an ideal. It is something that everyone should act on. Our technologies can provide various environmental benefits, such as reducing waste, reducing mineral resource extraction and saving energy in manufacturing.

Mori / Our surface modification technology can help reduce environmental impact and extend product lifespans. It has the potential to provide societal value. It is essential that the Board of Directors set specific goals for utilizing these technologies and monitor progress closely.

Hazeyama / To effectively deploy our technologies in society, it is essential that we establish clear milestones and steadily advance our market development. It is also essential that we create an environment where diverse, talented people, including foreign nationals and women, can demonstrate their abilities. The Board of Directors intends to continue monitoring these initiatives.

Mori / Encouraging women's active participation and promoting the participation of foreign nationals are essential themes for the group's growth. To promote diversity, we strive to monitor our progress toward our goals effectively.

Q4.

What messages do you want to deliver to stakeholders?

Hazeyama / As a member of the Audit and Supervisory Committee, my mission is to supervise the group and provide objective, medium- to long-term advice that considers the views of various stakeholders. To sustainably enhance corporate value, we must support management decisions that prioritize the future rather than short-term results. We will contribute to enhancing corporate governance while fulfilling our responsibilities as the Board of Directors, including our responsibility to create an environment that enables diverse human resources to demonstrate their strengths and address social issues.

Mori / As an outside director, I am focused on establishing a transparent decision-making process and a robust supervisory system to support the Company's healthy management. To grow sustainably, companies must address environmental, social and governance (ESG) issues. The group is earnestly addressing climate change, establishing governance systems, and fulfilling its other responsibilities to society. We will continue to provide support from an independent position to ensure that these activities are practical and increase corporate value.

Officers (As of June 30, 2025)



Representative Director and Chairman
CEO

Kazuichi Satomi

Attendance at the Board of Directors meetings
12/12 (100%)

- April 1985 Joined the Company
- July 1987 Director of the Company
- January 2000 Managing Director of the Company
- June 2003 Senior Managing Director of the Company
- June 2005 Vice President of the Company
- April 2011 President of the Company
- June 2017 Chairman of the Company
- June 2022 Chairman and President of the Company
- June 2024 Chairman of the Company (to present)



Representative Director
President & Executive Officer
Chief Operating Officer

Masayuki Aoyama

Attendance at the Board of Directors meetings
12/12 (100%)

- April 1986 Joined the Company
- April 2009 Manager, Marketing Dept. of the Company
- June 2011 General Manager, International Planning Dept., International Div. of the Company
- April 2018 General Manager, International Management Dept., Corporate Planning Div. of the Company
- June 2019 Executive Officer and General Manager of Group Management Div. of the Company
- June 2022 Executive Officer and General Manager of Group Management Div. and Administration Div. of the Company
- June 2024 Representative Director, President and Executive Officer of the Company (to present)



Representative Director
Vice President, Executive Officer

Hiroyasu Tamura

Attendance at the Board of Directors meetings
12/12 (100%)

- April 1983 Joined the Company
- December 2009 General Manager of Accounting Dept. of the Company
- June 2015 Director and General Manager of Administration Div. of the Company
- June 2022 Director and in charge of Administration Div. and Group Management Div. of the Company
- June 2023 Representative Director and in charge of Administration Div. and Group Management Div. of the Company (to present)
- June 2024 Representative Director, Executive Vice President and Executive Officer of the Company (to present)



Outside Director

Tatsuya Mori

Attendance at the Board of Directors meetings
12/12 (100%)

- December 2002 Joined Aozora Bank, Ltd.
- July 2006 Joined Japan Asia Investment Company, Limited
- May 2010 Joined New Horizon Capital Co., Ltd.
- November 2012 Established Office-Prifiss
- June 2019 Outside Director of the Company (to present)



Outside Director
(Chair of the Audit and Supervisory Committee)

Shigetaka Hazeyama

Attendance at the Board of Directors meetings
12/12 (100%)

- October 1997 Joined Chuo Audit Corporation
- April 2001 Registered as a certified public accountant
- February 2002 Joined Starbucks Coffee Japan Ltd.
- January 2007 Established Hazeyama Certified Public Accountant Office (to present)
- August 2017 Registered as a certified tax accountant
- June 2022 Outside Director of the Company (Audit and Supervisory Committee Member, to present)



Outside Director
(Audit and Supervisory Committee Member)

Masaharu Kubota

Attendance at the Board of Directors meetings
12/12 (100%)

- April 1989 Joined Daini Tokyo Bar Association
- April 1990 Chief of Jingumae Law Office (to present)
- June 2019 Outside Director of the Company (Audit and Supervisory Committee Member, to present)



Director
Senior Managing Director, Executive Officer

Fumikazu Osaki

Attendance at the Board of Directors meetings
- * Newly appointed on June 27, 2025

- February 1980 Joined Parker Processing Co., Ltd.
- June 2009 Director of Parker Processing
- June 2019 Representative and President of Parker Processing (to present)
- June 2025 Director and Senior Managing Director and Executive Officer (to present)



Director
Executive Officer

Yasumasa Fukuta

Attendance at the Board of Directors meetings
12/12 (100%)

- April 1989 Joined the Company
- July 2016 General Manager of Marketing Div. of the Company
- April 2019 General Manager of Chemicals Div. of the Company
- June 2019 Executive Officer and General Manager of Chemicals Div. of the Company
- June 2022 Director and in charge of Chemicals Div. and Toll Processing Div. of the Company
- June 2024 Director and Managing Executive Officer of the Company (to present)



Outside Director

Shimako Emori

Attendance at the Board of Directors meetings
12/12 (100%)

- October 2002 Registered as an attorney at law
- September 2004 Registered as a patent attorney
- March 2009 Established Ocean Law Offices (to present)
- April 2009 Associate Professor of Komazawa University Law School
- April 2017 Professor of Komazawa University Law School
- June 2019 Outside Director of the Company (to present)



Director
(Audit and Supervisory Committee Member)

Hayato Hosogane

Attendance at the Board of Directors meetings
12/12 (100%)

- April 1983 Joined the Company
- November 2012 Department Manager of Chukyo Dept., Chemicals Div. of the Company
- June 2015 Director of the Company and President of Thai Parkerizing Co., Ltd.
- April 2019 Director and General Manager of Corporate Planning Div. of the Company
- June 2020 Director (Full-time Audit and Supervisory Committee Member) of the Company
- June 2022 Director (Audit and Supervisory Committee Member) of the Company (to present)



Outside Director
(Audit and Supervisory Committee Member)

Koji Chika

Attendance at the Board of Directors meetings
12/12 (100%)

- March 2013 Executive Officer and General Manager of the Marketing Planning Dept. of Nippon Life Insurance Company
- March 2015 Executive Officer and Deputy General Manager of the Customer Service Headquarters of Nippon Life Insurance Company
- March 2017 Managing Executive Officer and General Manager of the Head Office, Osaka Corporate Marketing Dept. of Nippon Life Insurance Company
- April 2019 Representative Director and Vice President of SEIWA BUSINESS LINK CO., LTD
- June 2019 Outside Director of the Company (Audit and Supervisory Committee Member, to present)
- April 2020 Representative Director and President of SEIWA BUSINESS LINK CO. LTD (to present)

* The attendance at the Board of Directors meetings is for the meetings held from June 29, 2024, in the fiscal year, including the date.