Key Issues (Materiality) and Identification Process

The planet we live on faces many social issues that require urgent solutions. At the Nihon Parkerizing Group, we have identified six key issues (materiality) that we must address by identifying risks and opportunities in our business activities under "Vision2030", our management vision that we announced in May 2021. We have decided to actively work to solve social issues by enhancing our corporate value as a specialist in surface modification.

- Development and sales of products that reduce the environmental load
- Development and sales of products for electric vehicles
- Expanding the application of surface modification technologies into new markets

Creating a more affluent society through surface modification technologies



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Creating a corporate culture that respects diverse values and turns them into strength

- Recruitment of women, people with disabilities, non-Japanese, mid-career and senior workers
- Increase the ratio of women in management
- Establish a working style and work environment that enable diverse human resources to flourish

- Research and development in fields other than metal corrosion prevention treatments
- Development of products and services that contribute to achieving SDGs
- Strengthening quality control and the quality assurance system to ensure the supply of high-quality products and services

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



Nihon Parkerizing Group



Taking responsibility for creating a sustainable society

- Thorough management of chemical substances in our products
- Ensure 100% compliance by suppliers with "the Green Procurement Guidelines," and continuously reduce energy intensity
- Promotion of initiatives for stable procurement and stable supply through multi-sourcing and business continuity planning (BCP)

- Safety and environmental initiatives
- Initiatives to eliminate occupational and traffic accidents
- Eliminating dangerous work and continuously improving the work environment

Ensuring a safe and secure workplace





white the requirements of society

Initiatives to ensure the continuing integrity of the Group

- Standardization of essential rules at each company to strengthen Group governance
- Continue Group-wide initiatives on training and awareness of compliance
- Building a close relationship and collaboration with all stakeholders

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Key Issues (Materiality) and Its Identification Process

At the Nihon Parkerizing Group, we have identified social issues related to our activities, reevaluated the magnitude of their impact in light of societal changes, and prioritized specific problems. We used the Sustainable Development Goals (SDGs) proposed by the United Nations as a basis and referred to several significant guidelines in identifying key issues (materiality).

Process of identifying key issues (materiality)

Understanding social issues

STEP 1

STEP 2

STEP 3

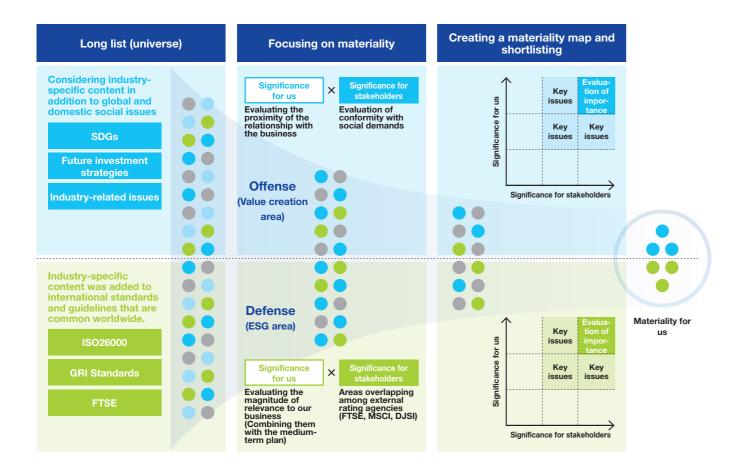
- Identifying social issues regarding international standards and frameworks (SDGs, ISO 26000, GRI Standards) and evaluation items of ESG evaluation organizations
- Considering their relevance to our business and industry-specific content

Identifying issues and evaluating their significance

- Organizing and focusing on the management issues that were examined and extracted in terms of two axes: their importance for stakeholders and their importance for us
- Evaluating them from the viewpoints of "creating social value through business" and "meeting the requirements of society," respectively

Identifying materiality

- Receiving approval by the Board of Directors following a dialogue with experts and deliberation by management
- Identifying six key issues (materiality) as priority issues



Creating social value through business



Creating a more affluent society through surface modification technologies











☐ Developing new products and technology that are environmentally friendly

We contribute to preserving the global environment by reducing the environmental impact of our customers' manufacturing processes with the development of new products and technologies, such as diverse chemicals, that meet the demands of EVs and lighter vehicles. These chemicals do not contain hazardous chemicals. We also use equipment with a reduced environmental impact, together with low-temperature treatment technologies.

$\hfill \square$ Developing new fields, making the most of surface modification technologies

As surface modification specialists, we will utilize our technological capabilities to develop business areas in non-metallic, multifunctional, and new markets and contribute to solving a wide range of social issues.

☐ Promoting open innovation

We are committed to creating new value by actively promoting collaboration with various companies and research institutions, academia, and government in Japan and overseas, developing technologies from new perspectives, and creating new value.



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





We provide our customers worldwide with solutions that contribute to solving social issues. To this end, we will strengthen our research and development, production, and quality control systems, creating a global organization that swiftly supplies high added-value products and services that meet the demands of customers and society.



Ensuring a safe and secure workplace



We are committed to providing a safe and secure working environment for all employees of our Group by continuing our efforts to improve safety through the reduction of hazardous and harmful operations in manufacturing and processing processes, as well as through safety training and

Responding to Social Demands



Creating a corporate culture that respects diverse values and turns them into strength

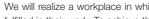












☐ Utilizing diverse human resources

 $\hfill \square$ Building a sustainable supply chain

We will realize a workplace in which all employees of our Group can play an active role and feel fulfilled in their work. To achieve this goal, we will promote diverse working styles, recruit and train global human resources, and encourage the recruitment of women, people with disabilities, non-Japanese, and mid-career and senior workers.







We foster a corporate culture that respects the rights of all people, regardless of country or region, by respecting human rights, establishing rules that prohibit discrimination and harassment, and building good labor-management relations.



Taking responsibility for creating a sustainable society











We will build cooperative relationships with customers and suppliers and engage in initiatives to build a sustainable supply chain by working on resource management and production and realizing a circular society.

$\hfill \Box$ Contributing to reducing the environmental load

We will contribute to protecting the global environment by continuing to take initiatives to reduce the environmental load, such as reducing emissions of CO2 and other greenhouse gases, hazardous chemicals, wastewater, and promoting renewable energy utilization.



Initiatives to ensure the continuing integrity of the Group





☐ Faithful and sincere corporate management

We will conduct transparent management by encouraging information disclosure, including nonfinancial information, and communicating with various stakeholders, including shareholders, to achieve sustainable growth and improve corporate value over the medium to long term.

☐ Improving risk management

We will reduce the risk of changes in the business environment, accidents, and disasters by establishing a system to appropriately assess various possible risks in our business and take remedies according to the degree of risk.

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