

Since its founding in 1919, Nikko Group has been focusing on solving various social issues for more than a century. Furthermore, in the next 100 years we will continue our aim towards solving the problems facing society, as well as creating a sustainable corporate value. To solve customers' issues, it is essential to realize green transformation including offering of plants supporting decarbonization in addition to digital transformation, which enables automatic operations using remote monitoring and remote operation of plants leveraging IoT and AI technologies. In the new Medium-Term Management Plan, we will further accelerate the implementation of such initiatives.

Sustainability issues Nikko Group is working on

1

Strengthening of national resilience

- Early restoration from natural disasters
- Initiatives towards intensifying disasters
- Development of business continuity management
- Disaster prevention and mitigation, addressing aging infrastructure

2

Harmony with natural environment

- Decarbonized society
- Recycling-oriented society
- Water resources
- Biodiversity

3

Development of a prosperous society

- Pursuit of customer satisfaction
- Improvement of employee engagement
- Collaboration with business partners
- Co-existence with local communities

1 Strengthening of national resilience

For early restoration from intensifying natural disasters, such as large typhoons, severe rainstorms, and earthquakes, we need the quick recovery of the Groups' plants. We are strengthening our emergency responses including early identification of damages (by natural disasters), supply

chains, subsidiaries, and partner businesses and working to offer multifaceted support for customers. We also immediately respond to customer needs related to disaster prevention and mitigation as well as measures to address aging infrastructure. (See p. 60)

2 Harmony with natural environment

Nikko Group clearly positions the goal of net-zero CO₂ emissions by 2050 among its management policies and closely cooperates with customers to achieve carbon-neutral goals during plant manufacturing at the company as well as during operation of Nikko-made plants at the customers'. (See p. 55) Nikko Group has been successfully recycling construction and road waste materials given the limitations of natural

resources and for reducing the environmental burden (recycling rate of 99%). Currently we are working on recycling cement sludge (waste generated from rinse water of mixers and secondary concrete products). It is also expected to contribute to decarbonization, as the recycling process of precipitated calcium carbonate (reused as a raw material for pharmaceuticals, ferrite, coatings, etc.) that is generated from concrete sludge absorbs CO₂. (See p. 59)

3 Development of a prosperous society

Partnership with diverse stakeholders is indispensable for solving social issues. We aim to simultaneously realize sustainable economic and social values by raising the level

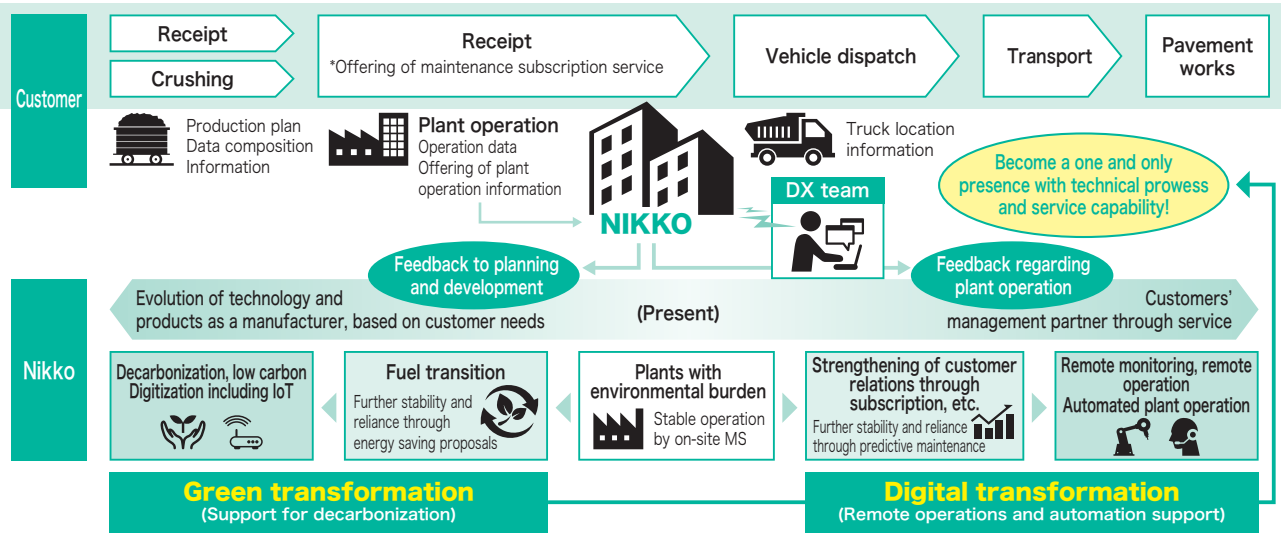
of satisfaction and nurturing empathy through the offering of new values to customers, employees, business partners, local communities, and shareholders. (See p. 67)

Green transformation and digital transformation in the Medium-Term Management Plan

Nikko Group aims to become the plant operation partner of its customers by establishing, as a plant manufacturer, absolute superiority in environmentally friendly services such as decarbonization as well as by building lasting relationships with customers through plant operation service. To this end, it is essential to realize green transformation including offering of plants supporting decarbonization in addition to

digital transformation, which enables automatic operations using remote monitoring and remote operation of plants leveraging IoT and AI technologies. We have been actively working on these two transformations to enable us to be the chosen management partner of our customers for reforming their plant operations by leveraging our strong product appeal as a plant manufacturer.

Sustainability Strategy in the AP-related business in Japan



Green and digital transformation promotion structure

At Nikko, three cross-divisional teams are active directly under the president to transform the business model from a model based on plant manufacturing and sales into "a leading company in a decarbonized society," which supports

automated plant operation at customers. Nikko will pursue business model innovation and sustainable growth, as the three cross-divisional teams deepen collaboration and work to solve various issues.



R&D and human resource development and enhancement

R&D in priority areas and development and enhancement of human resources are important to promote and achieve the two transformations. We will actively hire external human resources including science major students,

visualize the skill levels of our internal human resources, and implement reskilling for developing and enhancing human resources, and achieve innovation by boosting expertise and diversity.

[Priority fields for R&D]

- Warm mix plant facilities
- AP regenerative burner
- Long-distance mixture transportation technology
- New RAV system
- AP exhaust gas CO₂ capture system
- New burner control technology
- Co-generative system
- Ammonia burner
- Shipment-linked plant operation system
- Sand drying equipment

[Priority fields for human resource development and enhancement]

- Product development
- Control, remote, automation technologies
- Technical support and plant operation support
- Remote maintenance
- Design and engineering