Materiality 2025

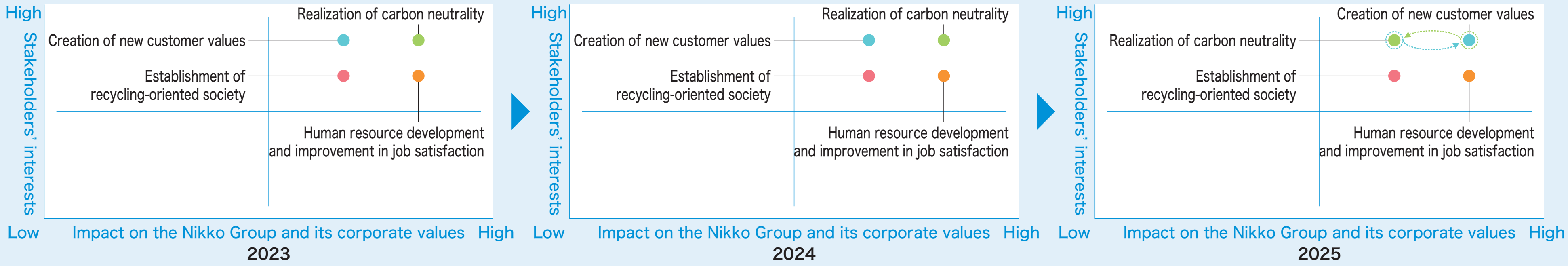
The Nikko Group recognizes that recent changes in the external environment bring about various risks and opportunities for the Group. Specifically, the initiatives addressing the following have become indispensable for sustainability management: increasing geopolitical risks, supply chain instability, etc., in the political and economic fields; carbon neutrality, material recycling, biodiversity, etc., in the environmental and energy fields; and diversity, equity, and inclusion (DE&I), diverse workstyles, employee engagement, human rights and demands on corporate ethics, etc., in the social field.
In order for the Nikko Group to achieve the 2030 Vision, we need to maximize our corporate value by appropriately grasping changes in these external and industrial environments and solving various issues (material matters) identified from these changes after considering the impact on stakeholders and sustainability.

The Nikko Group has set forth the following four items as material matters: (1) Realization of carbon neutrality, (2) Establishment of recycling-oriented society, (3) Creation of new customer values, and (4) Human resource development and improvement in job satisfaction. (1) and (2) are related to the sustainability of society, while (3) and (4) are related to Nikko's sustainability. We believe that transformation geared to synchronize these two types of sustainability is the key. In regard to the 2025 materiality map, given that increasing profitability has priority in the 2025-2027 Medium-Term Management Plan, we intend to organically expand our core businesses that revolve around the maintenance service business, which is our strength. For this reason, "Creation of new customer values" and "Realization of carbon neutrality" as priority material matters have been transposed.

◆Relationship between materiality and sustainability; KPI and SDGs to which they contribute

	Materiality	SDGs to which the Group contributes	What the Group aspires to be and how it is related
Sustainability of society	Realization of carbon neutrality	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION	About 70% of CO_2 emissions from mixture plants in Japan (approx. 1.30 million tons a year) is estimated to be emitted by Nikko plants. Although these emissions make up only a small percentage of all CO_2 emissions in Japan (approx. 1.0 billion tons), we believe that reducing CO_2 emissions from the mixture plants is our mission. We have set the target of net-zero CO_2 emissions.
Sustainability of society	Establishment of recycling-oriented society	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	The four core technologies the Nikko Group owns are indispensable for the establishment of the recycling-oriented society. We recycle about 99% of asphalt paving material. We will also expand the cyclical use of concrete waste and deliver more industrial waste recycling plants (e.g., waste from gypsum/urban mining). With these efforts in place, we will remain committed to preserving the global environment.
Nikko's sustainability	Creation of new customer values	3 GOOD HEALTH AND WELL-BEING; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	In its 2030 Vision, the Nikko Group announced its goal of becoming "a business partner that supports customers through operation and maintenance services." We will achieve DX- and AI-driven labor savings and automation at plants, thereby delivering safe and stable plant operation to our customers.
Nikko's sustainability	Human resource development and improvement in job satisfaction	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH	The Nikko Group is aware that human capital is the key to sustainability management. For Nikko to achieve the 2030 Vision, it is necessary to have human resources based on diversity and inclusion, and it is vital to increase their motivation by nurturing them and improving their work-life balance and well-being.

Changes in the Nikko Group's materiality map



KPIs	FY2024 results	Future action plan	Reference
● CO_2 emissions (Scopes 1, 2, and 3) FY2030: 650,000 tons (down 50% compared to FY2013) FY2050: Net-zero ● Net sales of decarbonization-and low-carbon-related products FY2030: 3.2 billion yen	● CO_2 emissions: 763,885 t (down 42% compared to FY2013) Net sales of decarbonization- and low-carbon- related products: 0.8 billion yen (FY2024) Expanded sales of warm mixture manufacturing equipment ● Hydrogen-fueled burners developed; the use of the burners expanded into general industry fields Demonstration tests done successfully using hydrogen converted onsite from ammonia	● Promote switch to green electricity throughout the group ● Strengthen promotion of development and proposal of combustion technology for decarbonized fuels ● Develop mechanism for using decarbonized fuels in collaboration with business partners to whom we supply fuels	▶p.63
● Expansion of markets for plasterboard recycling facilities ● Expansion of markets for concrete sludge recycling facilities	● A gypsum waste recycling plant delivered ● A concrete sludge recycling plants delivered ● Self-propelled soil improvers improved and installed	● Promote the installation of material recycling plants (enhance proposals to repeating customers) ● Take part in initiatives (e.g., CUCO) for recycling concrete waste (turning it into decarbonized material)	▶p.67
● Creation of new values through DX ● Plant management services offered through asset management	● An integrated digital management platform offered for concrete manufacturing ● Flat-rate service offered ● A separator using AI image recognition developed and installed ● A mobile plant maintenance manual published	● In its 2030 Vision, the Nikko Group announced its goal of becoming "a business partner that supports customers through operation and maintenance services." We are promoting the development of products and services leveraging DX and AI to solve customers' issues. We are also promoting flat- rate maintenance service (subscription) contracts aimed at contributing to improving customers' productivity and cost performance.	▶p.71
FY2030 ● Ratio of female managers: 7% ● Training duration and expenses per person: 20 hours, 100,000 yen ● Ratio of employees taking childcare leave:100% for female and 50% for male ● Attrition rate: 7% over three years after joining the company	● Ratio of female managers: 1% ● Training duration and expenses per person: 15.3 hours, 88,000 yen ● Ratio of employees taking childcare leave:100% for female and 61.9% for male ● Attrition rate: 15.6% over three years after joining the company	● We will collect employees' opinions and aim to improve employee engagement and employee-friendliness to create a more comfortable workplace. ● We will introduce e-learning programs so that employees each can proactively choose what they want to study to improve their knowledge and develop an environment where they can work on reskilling. ● We will continue to actively hire foreign employees. ● We aim to build a system that allows employees to work in a flexible manner that suits the individual employee's situation.	▶p.72