

# PILLAR's Materiality

## Materiality

The PILLAR GROUP seeks to contribute to a sustainable society through practicing our Motto of "Quality First, Cooperation and Harmony, Steady Research." With *Clean*, *Safety*, and *Frontier* as our keywords, we are advancing initiatives for our purpose of creating a future that supports society. As one aspect of this, we have specified the material issues that PILLAR must work on as a group that has single-mindedly refined its technologies for controlling fluids.

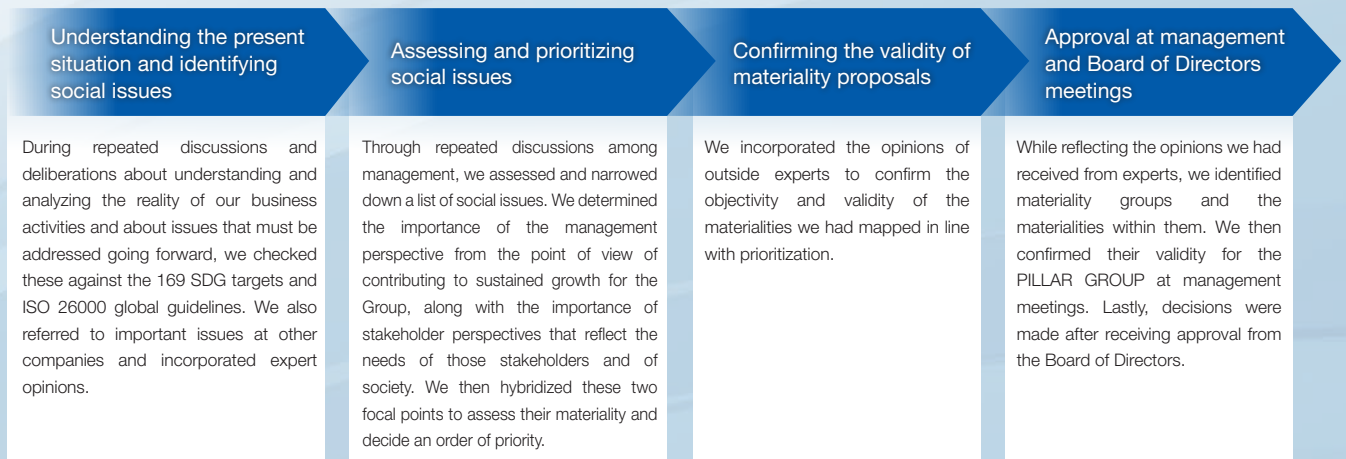
### Materiality for PILLAR

As stated in our Sustainability Policy, in order to contribute to a sustainable society through our business and to realize sustained corporate value, we have identified material issues that the PILLAR GROUP must address.

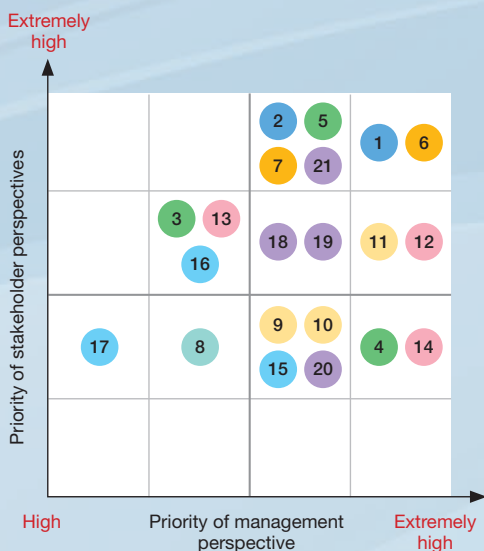
As guideposts for business promotion and through our business activities as a Group, these issues will serve to generate a positive impact on society and the environment, or to reduce any negative impact that we may have.

Based on the management environment that surrounds us, changes to global needs in relation to social issues, advice that we receive during our dialogues with stakeholders, and so on, going forward, we will seek to review and reexamine this materiality as appropriate.

#### The Materiality Identification Process



#### Materiality Matrix



- #### The PILLAR GROUP's Material Issues
- Development and manufacture of products through the use of fluid control technology and material technology, etc., to enable decarbonization and energy conservation
  - Expanding clean energy and energy savings in manufacturing
  - Development and manufacture of sealing products using IT/DX technology and sustainable raw materials
  - Development and manufacture of resource-conserving products
  - Resource efficiency and sustainability through improved production technology (IT/DX, automation), etc. and 3Rs of waste
  - Development and manufacture of products that contribute to the prevention of chemical pollution and the conservation of water resources
  - Prevention of chemical pollution in manufacturing and conservation of water resources
  - Promoting biodiversity conservation at each base
  - Development and manufacture of products to cope with disasters such as earthquakes and floods
  - Development and manufacture of new products by applying technology to meet market needs (sensor business, IoT utilization, etc.)
  - Pursuit of safety and quality assurance of product services
  - Occupational safety and health
  - Respecting human rights and promoting diverse human resources and work styles
  - Human resources development, recruitment and retention
  - Creating innovation through collaboration among industry, government, and academia
  - Promoting CSR procurement
  - Contribution to regional and community development
  - Ensuring board independence and transparency
  - Establishing a system for managing potential risks in business activities
  - Implementing our corporate principles and integrity
  - Corruption prevention

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SDGs Related to the PILLAR GROUP's Material Issues

Materiality group	Materiality	KPIs / FY2025 targets	FY2023 results	Related SDGs	Reference page(s)
Decarbonization and energy saving	1 Development and manufacture of products through the use of fluid control technology and material technology, etc., to enable decarbonization and energy conservation	• Sales of 3.1 billion yen for environmental contribution products	• Sales of environmental contribution products of 2.6 billion yen • Developed products that contribute to the carbon-neutral market (hydrogen, EVs, etc.) and energy conservation		P56
	2 Expanding clean energy and energy savings in manufacturing	• 25% reduction in company CO2 emissions (compared to FY2013) • Installation of equipment for solar power generation for internal consumption	• CO2 emissions (Scopes 1+2) of 14,861 t-CO2 (22.9% increase) • Completed installation of equipment for solar power generation for internal consumption at three production bases		P59
Circular economy and resource conservation	3 Development and manufacture of sealing products using IT/DX technology and sustainable raw materials	• Expand the lineup of environmentally friendly products • Establish technologies for the internal production of recycled resins	• Developed low-leakage, high-performance packings that comply with standards in Europe and North America • Continued to utilize recycled resins		P29, 30, 39, 40
	4 Development and manufacture of resource-conserving products	• Market launch of at least three products that contribute to resource conservation by customers	• Launched two new resource-conserving products to market		-
	5 Resource efficiency and sustainability through improved production technology (IT/DX, automation), etc. and 3Rs of waste	• Reduce development lead times and improve productivity	• Completed construction of our Fukuchiyama Factory No. 2 with a view to increasing production capacity		P37 and 38
Prevention of chemical pollution and conservation of water resources	6 Development and manufacture of products that contribute to the prevention of chemical pollution and the conservation of water resources	• Develop and manufacture products that contribute to preventing chemical pollution and conserving water resources	• Launched to market fully split mechanical seals for water turbines		-
	7 Prevention of chemical pollution in manufacturing and conservation of water resources	• Abolish three chemical substances specified by the Pollutant Release and Transfer Register (PRTTR) Act	• Switched some lapping oils		P60
Biodiversity conservation	8 Promoting biodiversity conservation at each base	• Promote nature conservation work	• Cooperated with work to conserve cherry blossom trees in Sanda City		P60
Product development and manufacturing in response to social issues	9 Development and manufacture of products to cope with disasters such as earthquakes and floods	• Develop seismic isolation products in response to customer BCPs • Deliver to factories, public facilities, and redevelopment projects	• Adopted seismic isolators for the first time in line with long-period ground motion measures		-
	10 Development and manufacture of new products by applying technology to meet market needs (sensor business, IoT utilization, etc.)	• Develop new materials and technologies and invest in new products • Begin solutions service using IoT devices for monitoring the state of mechanical seals	• Consolidated technical expertise with the completion of the R&D Center at the Sanda Factory • Began tests using demonstration IoT devices for monitoring the state of mechanical seals		P37-40
	11 Pursuit of safety and quality assurance of product services	• Promote work reforms	• Implemented activities for self-process completion and work reform		-
Creation of workplaces that enable diverse human resources to grow and succeed	12 Occupational safety and health	• Eliminate occupational accidents (zero lost-time injuries) • Promote health management initiatives	• One incident of lost-time injury • Certified as an "Excellent Corporation for Health and Productivity Management 2024"		P53
	13 Respecting human rights and promoting diverse human resources and work styles	• Ratio of female managers of at least 5% • 100% participation rate of managers in DE&I training programs	• 3.3% ratio of female managers • 100% participation rate of managers in DE&I training programs		P50-53
	14 Human resources development, recruitment and retention	• Investment in human resources development of 95,000 yen per person • At least 30% of new hires to be women	• Investment in human resources development of 71,000 yen per person • 22% of new hires were women		P50-52
Living in harmony with the world and society	15 Creating innovation through collaboration among industry, government, and academia	• Establish a working group to promote open innovation, and seek to upgrade core technologies and acquire new technologies	• Conducted collaborative research with a university for understanding the phenomenon of hydrogen tribology. • Continued dispatching engineers to universities (developing data scientists)		P39 and 40
	16 Promoting CSR procurement	• Conduct CSR procurement questionnaire • Hold business partner policy briefings	• 100% response rate to CSR procurement questionnaire • Provided explanations relating to climate change at business partner policy briefings		P54
	17 Contribution to regional and community development	• Promote activities that contribute to society with a focus on regional communities	• Sponsored community events • Continued working to support students and persons with disabilities		P54
Establishing transparent and responsible governance	18 Ensuring board independence and transparency	• Ensure the independence and transparency of the Board of Directors	• Assessed the effectiveness of the Board of Directors • Held a Board of Directors meeting at the Fukuchiyama Factory No. 2		P41-44
	19 Establishing a system for managing potential risks in business activities	• Review periodic risk reduction measures	• Conducted scenario analysis relating to the impact of climate risks and opportunities (TCFD) • Reviewed BCPs for main locations		P46, 57, 58
	20 Implementing our corporate principles and integrity	• Continue to implement Group Code of Conduct training • Continue to implement training related to various laws and regulations	• 100% participation rate in Group Code of Conduct training • Implemented training in security trade control and information security		P46, 53
	21 Corruption prevention	• Continue to implement Group Code of Conduct training	• 100% participation rate in Group Code of Conduct training		P46