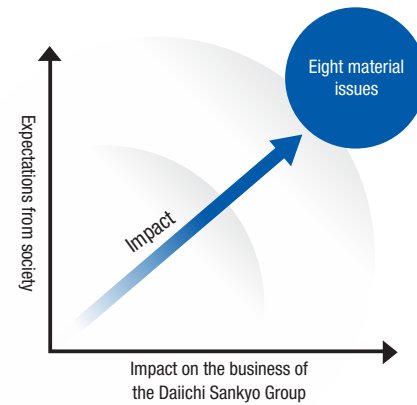


Materiality

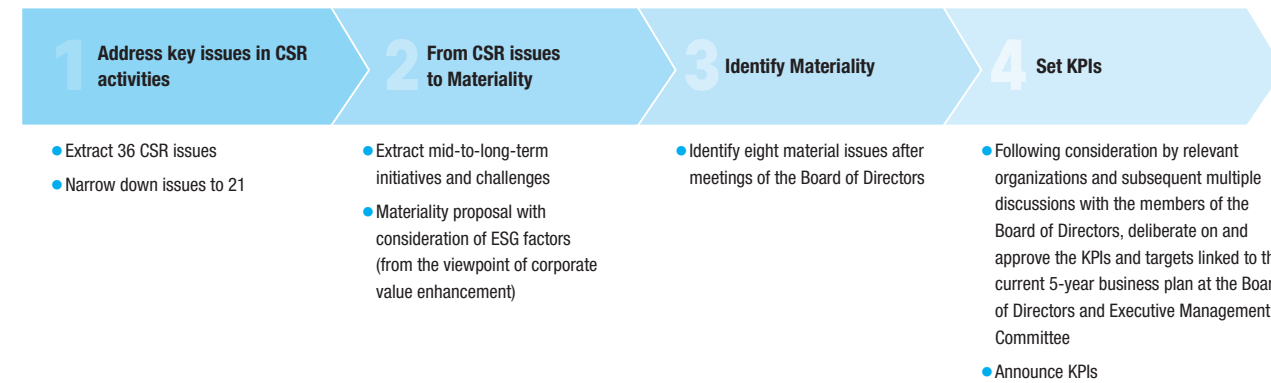
We identified eight material issues to be addressed to sustain growth based on the impact on the Group's mid-to-long-term corporate value enhancement and expectations from society. We then sorted these issues into two groups: Materiality on business and Materiality on business foundations. Upon formulating our current 5-year business plan, in addition to long-term targets and challenges for each Materiality, we set Materiality key performance indicators (KPIs) as initiative indicators.

Materiality Identification and KPIs Setting Process

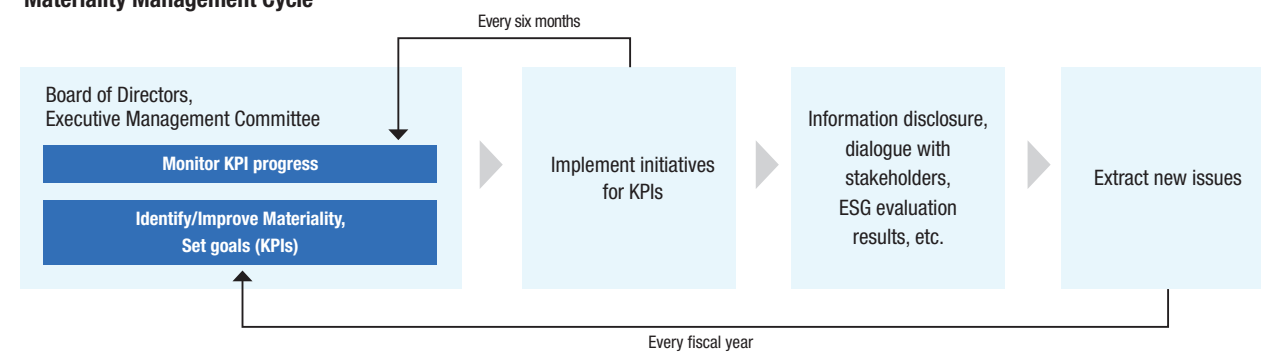
In identifying and sorting material issues, 36 issues were selected from the corporate social responsibility (CSR) perspective in FY2015. In March 2020, we identified eight material issues based on several reviews and active discussions at Executive Management Committee and Board of Directors, and dialogue with our stakeholders. Subsequently, we announced KPIs, indicators of initiatives for each Materiality in April 2021. Our Materiality identification and KPI setting process is shown in the figure below.



Materiality identification and KPI setting process (FY2015 to FY2021)



Materiality Management Cycle



Materiality Management

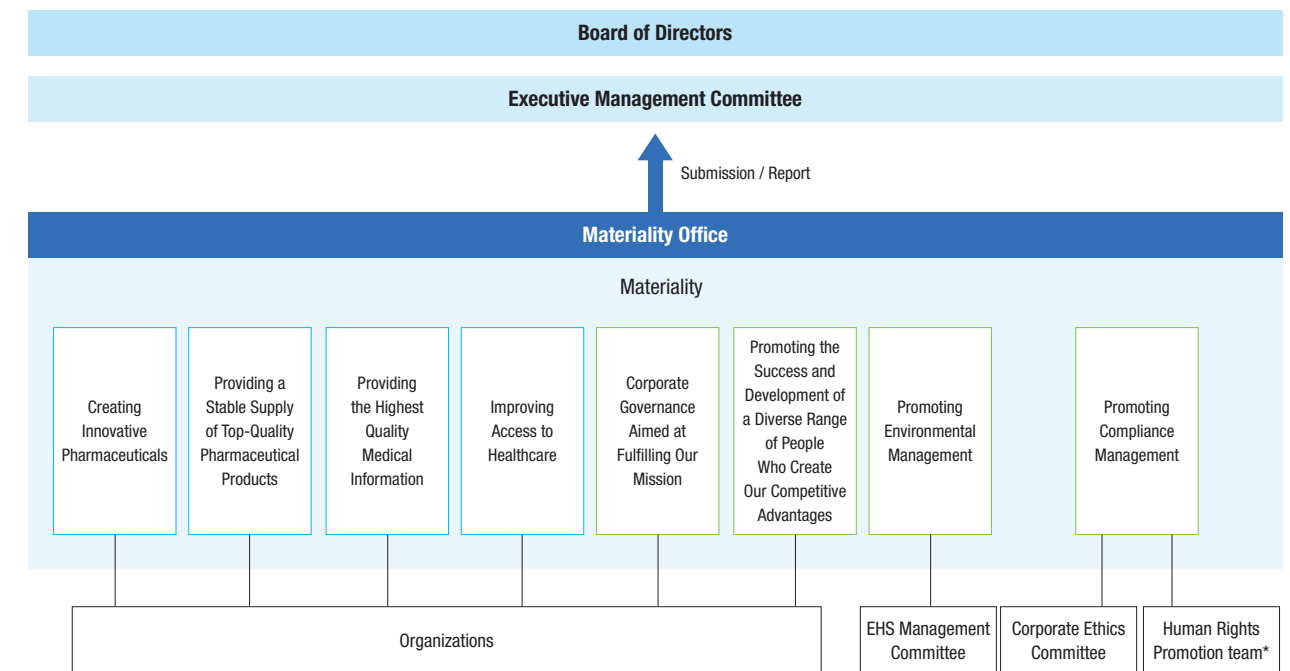
We promote Materiality management under a system in which the Corporate Planning Department and Sustainability Department serve as the administrative office. In addition, regarding matters related to EHS management and compliance management, our cross-organizational committees (EHS Management Committee, Corporate Ethics Committee) decide on our action policies and strive to promote them throughout our company while also reporting important issues to the Executive Management Committee and Board of Directors.

In order to promptly reflect any change in the impact on the business of the Group due to changes in the expectations and requests from society as well as our external environment to our Materiality and to work toward further evolution, we set targets and conduct reviews of each relevant material

issue, manage the progress, and promote regular discussions by the Executive Management Committee and Board of Directors in the annual management cycle. During our FY2023 discussions, the progress and evolution of the Materiality was reported and discussed twice at the Board of Directors and the Executive Management Committee, and it was decided to continue the current Materiality and KPIs in FY2024.

Through the implementation of ESG briefings and daily interview, we engage in constructive dialogue with our stakeholders both within and outside the Company, including investors, to gain an understanding of the expectations and needs of society and to apply the knowledge to sustainability promotion.

Materiality Management System



*A team that promotes human rights due diligence as a cross-functional organization within the Company

EHS Management Committee

Striving to protect the environment and ensure health and safety while achieving the uniform management and promotion of environment, health, and safety management for which there is a high likelihood of risks occurring

Corporate Ethics Committee

Promoting management that complies with domestic and international laws and corporate ethics as well as corporate ethics and fulfills our CSR, ensuring that executives and employees put compliance into practice