Process for Identifying Materiality

Step 1

Recognizing and arranging issues

Recognize issues from the perspective of external factors and internal factors (business activities), and organize them into a list

External factors

Compliance with international standards and frameworks
Includes the UN Global Compact, SDGs, OECD Guidelines for Multinational Enterprises, Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, ILO MNE Declaration, GRI Standards, etc.

Impact on stakeholders
Customers/consumers, local communities, employees, shareholders/investors, business partners, public institutions, etc.

Internal factors (business activities)

Consistency with corporate philosophy and slogan
Basic Philosophy, Management Policies, Action Guidelines, Corporate Slogan, Sustainability Slogan

Impact on business
Impact on the Medium-term Management Plan YX2026, and risks and opportunities for business

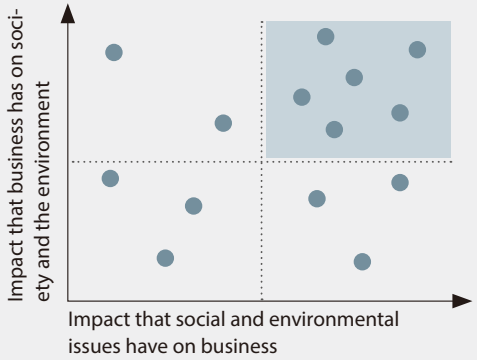
Step 2

Impact assessment, risk and opportunity analysis

Analyze the impact of issues, risks and opportunities, and assess their importance and rank them in terms of priority

Impact assessment

For each issue, assess the impact that business has on society and the environment and the impact that social and environmental issues have on business for each stakeholder, and verify where the impact is occurring throughout the value chain and business processes



Analysis of risks and opportunities

For each issue, analyze the risks and opportunities based on the impact assessment and examine measures for addressing them

Ranking

Rank the issues in terms of priority by assessing their importance from the perspective of degree of impact, risk and opportunity

Step 3

Identify (revise) materiality

Issues ranked in priority are discussed and approved internally by hearing the opinions of each internal department and external experts

Hearing opinions internally and externally

Issues ranked in priority are discussed by hearing the opinions of each internal department and exchanging opinions with external experts

Identify issues of high importance

The results of internal and external hearings are incorporated as feedback to the issues ranked in priority to identify issues of high importance

Internal discussions and approval

Issues of high importance are discussed through CSR Council, Executive Committee, and the Board of Directors, and approved as materiality

Periodically revise the issues based on changes in the environment, etc.