

Reorganization of Materiality

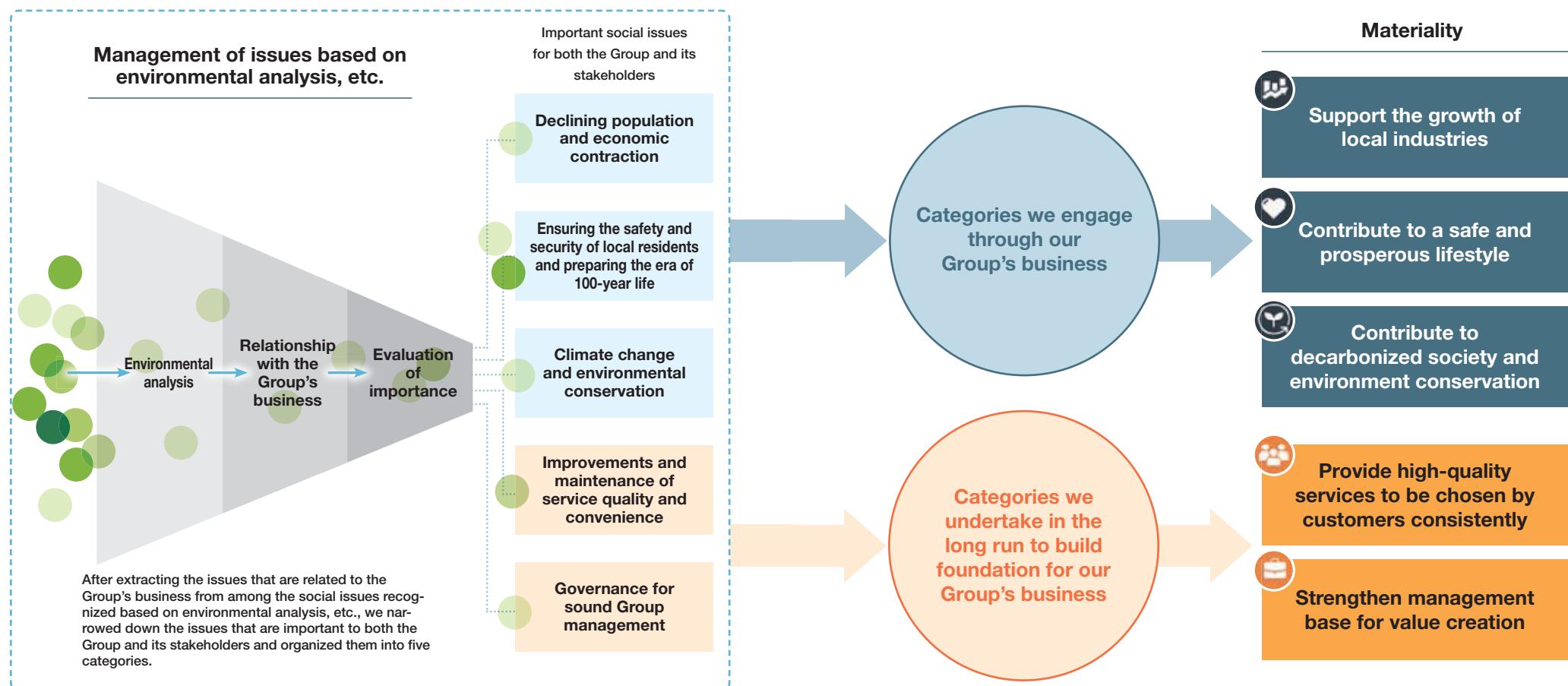
■ Process and Background Behind the Reorganization of Materiality

The Group identified its materiality in 2022 and reflected them in the Third Medium-Term Group Business Plan for the Group. However, the business foundations of the Group and the environment surrounding the Group have changed significantly in the subsequent period, and there is now a possibility that the social issues that should be prioritized when it comes to local regions and the Group may also change. Furthermore, the previous materiality* was identified and selected based on what were deemed to be the most important social issues facing local communities from among a high number of social issues, and, as such, this made it difficult to see how they linked in with the Group's business strategies. Therefore, when formulating the Fourth Medium-Term Group Business Plan, we decided to identify those issues that are considered to be truly important to both the stakeholders, including the local communities themselves, and the Group, and then reorganize the priority material issues (materiality) that should be addressed based on the business strategy set out in the Fourth Medium-Term Group Business Plan.

*Previous materiality: ● Revitalization of the Regional Economy and Local Communities ● Response to Climate Change and Environmental Conservation
● Promotion of Digitalization ● Response to Aging Society ● Promotion of Diversity

■ Identification of materiality

In order to identify issues that are considered to be truly important to both stakeholders and the Group, we first sought to identify the stakeholders who have a relationship to the Group, which we defined as local communities (corporations, individual customers, local residents, organizations, businesses, etc., and local governments), employees, shareholders, investors, and natural capital. We first compiled a comprehensive list of issues from the perspectives of the environment, society, economy, local communities, and our business foundations. From this list, we conducted an internal and external analysis to identify key social challenges, then narrowed them down to those that are most relevant to our Group. Finally, we refined this selection to include only those social issues that are important to both the Group and its stakeholders, organizing them into five distinct categories. From this list, we have identified five key issues ("Materiality") for solving our identified and narrowed down set of social challenges. We defined these as the following two types: "Business materiality," which are categories that involve helping find solutions to social issues through our business activities; and "Management base materiality," which are categories through which we will work to sustainably strengthen our management base in support of the Group's businesses.



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Steps involved in the reorganization of materiality

