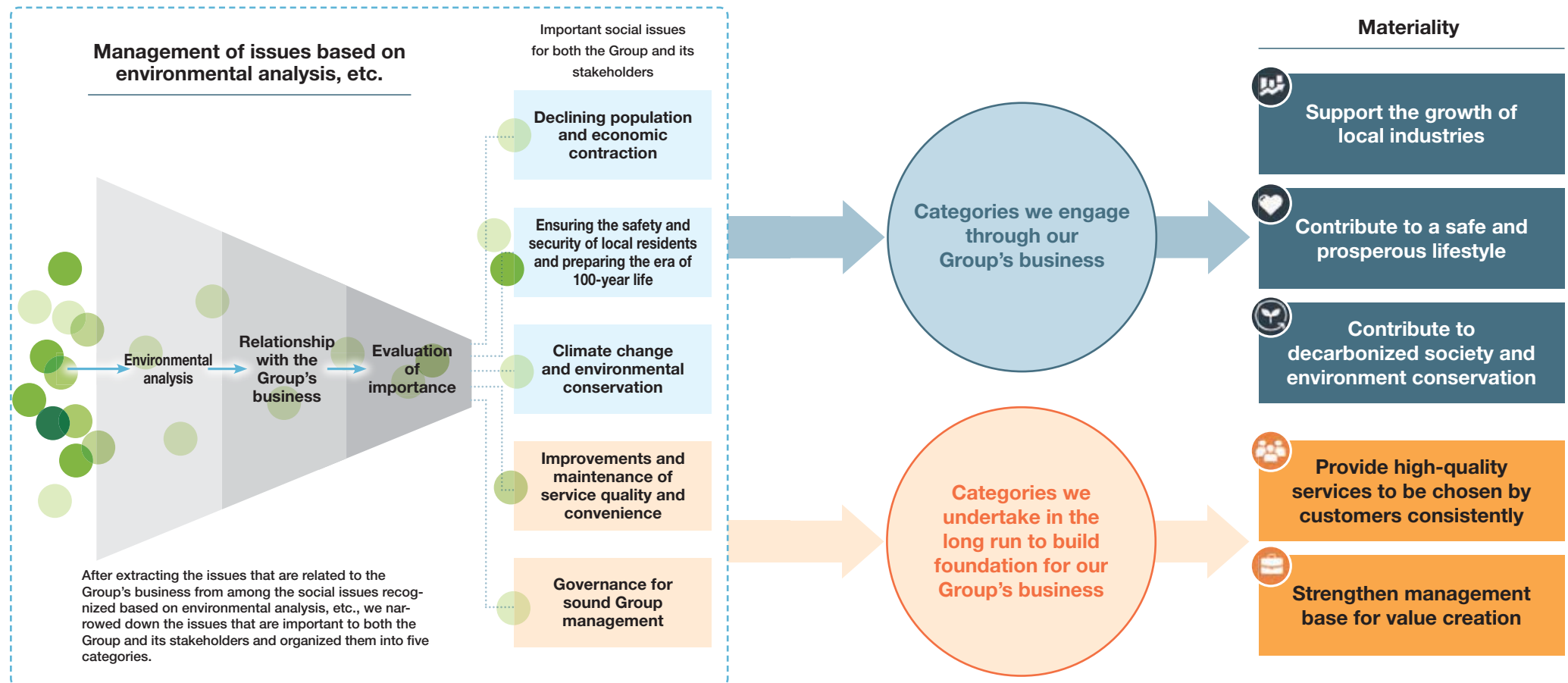


Reorganization of Materiality

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.

Reorganization of Materiality

Steps involved in the reorganization of materiality



Clarification of stakeholders

As part of the process of managing issues of high priority to both the Group and its stakeholders, we have re-clarified what is meant by a stakeholder who has a relationship to the Group.

- Local communities (corporations, individual customers, local residents, organizations, businesses, etc., and local governments)
- Employees
- Shareholders and investors
- Natural capital

Narrowing down social issues identified through environmental analysis

We narrowed down the 141 social issues identified through the environmental analysis to those that have a relationship to the Group's business activities. We then evaluated these issues from the perspective of their importance to both the Group and its stakeholders.



25 high-priority issues	Opportunities	Risks	Issue grouping	Materiality
• Declining birth rate and growing aging population*	●	●	Declining population and economic contraction	Support the growth of local industries
• Shortage of human resources*		●		
• Promotion of venture businesses and creation of new businesses	●			
• Regional economic growth	●		Ensuring the safety and security of local residents and preparing the era of 100-year life	Contribute to a safe and prosperous lifestyle
• Revitalization of local regions and communities	●			
• Declining birth rate and growing aging population*	●	●		
• Stable provision of products and services*		●	Climate change and environmental conservation	Contribute to decarbonized society and environment conservation
• Improved financial literacy	●			
• Shifts in monetary policy and normalization of interest rates	●	●		
• Transition to decarbonized society	●	●	Improvements and maintenance of service quality and convenience	Provide high-quality services to be chosen by customers consistently
• Energy-related issues	●			
• Development and education of employees*	●	●		
• Stable provision of products and services*		●	Governance for sound Group management	Strengthen management base for value creation
• Provision of appropriate information / Prevention of the spread of disinformation		●		
• Fair and responsible marketing practices		●		
• Improvement in customer satisfaction	●		Governance for sound Group management	Strengthen management base for value creation
• Advancement of digital society	●	●		
• Creation of a pleasant working environment / Work-life balance	●	●		
• Diversity, Equity & Inclusion	●	●		
• Development and education of employees*	●	●		
• Employee engagement	●	●		
• Shortage of human resources*		●		
• Cultivation of corporate philosophy, values, and culture	●	●		
• Efficient capital policy and capital management	●	●		
• Risk management		●		
• BCP response		●		
• Responding to meet for information security and cyber security measures		●		
• Thorough compliance measures		●		
• DX promotion / AI utilization	●	●		

*Relates to multiple groupings

■ Categories we engage through our Group's business
■ Categories we undertake in the long run to build foundation for our Group's business