

# Assessment of Materiality and Identification of Material Issues

When identifying material issues, we assess the social issues we identified in terms of materiality from both the stakeholders' perspective and from our own business perspective, with reference to the GRI Sustainability Reporting Standards.

The validation of the identified material issues is checked and the issues are reviewed periodically.

In this report, we will give an account of not only the material issues that we identified but also details of those activities that we as a corporate group wish to communicate to our stakeholders.

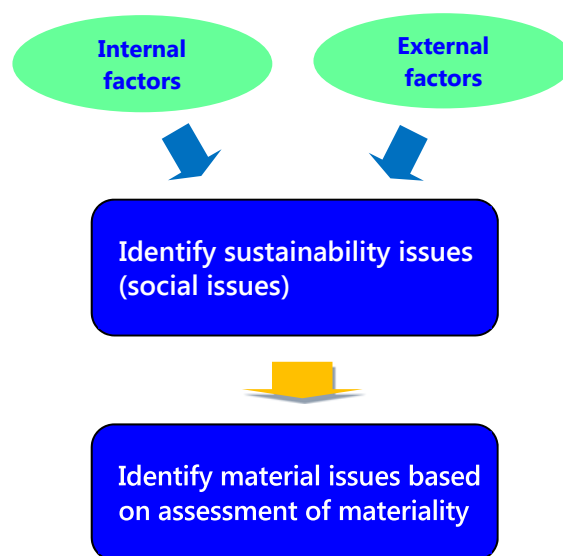
## 1. Identification of Sustainability Issues (social issues)

Based on internal factors (Corporate Values, management policies, etc.) and external factors (the major international sustainability-related standards, requests from stakeholders, etc.), we identified a list of 143 sustainability issues (social issues).

The identified issues were categorized and combined into seven fields and 72 items.

- ◆ International sustainability-related standards consulted
  - (1) GRI Sustainability Reporting Standards
  - (2) Responsible Business Alliance (RBA) Code of Conduct
  - (3) ISO 26000
  - (4) United Nations Global Compact

## Process for identifying material issues



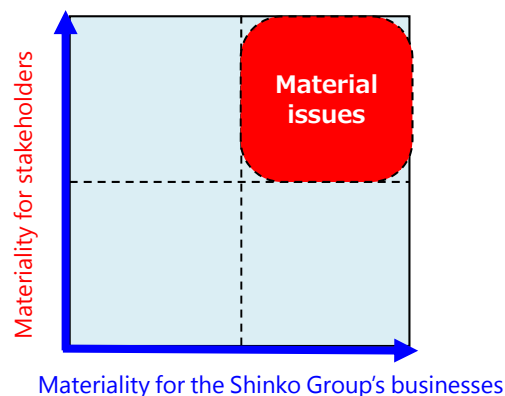
## 2. Identification of Material Issues based on Assessment of Materiality

The above seven fields and 72 items were assessed from the points of view of their materiality for stakeholders and for the businesses of the Shinko Group, respectively (excluding issues related to management).

We performed an assessment of the materiality of these issues with reference to the following indicators. The outcome was that six fields and 23 items were identified as material issues.

Furthermore, relevant departments of Shinko checked the validity of the identified material issues.

## Positioning of material issues



## Assessment Indicators Used to Assess Materiality

Materiality for stakeholders	Materiality for the Shinko Group's businesses
Impact on stakeholders	Level of impact on corporate continuity and operations
Opinions of stakeholders and level of interest	Degree to which related to business philosophy and management policies
Materiality in international sustainability standards	Degree to which related to the Shinko Group's future ideal form
State of initiatives being taken by industry and industry peers	State of current CSR initiatives