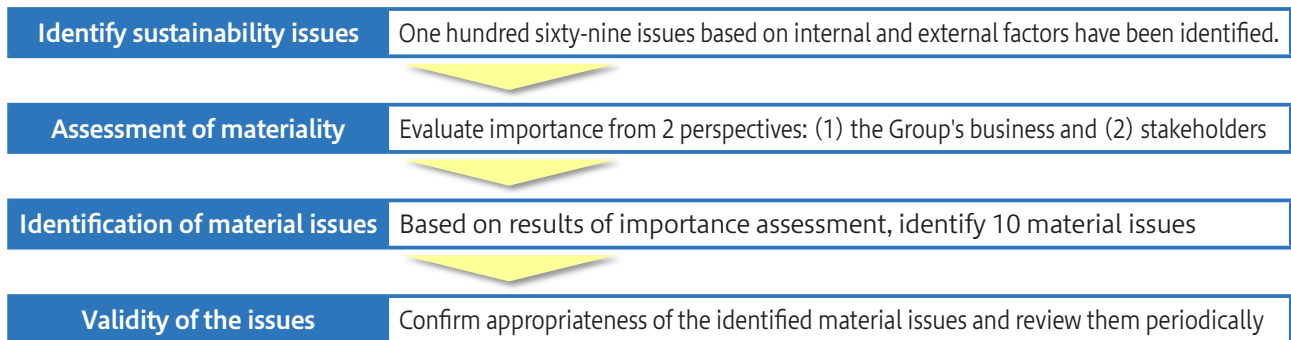


Material Issues (Materiality)

Based on internal factors such as the Corporate Values of the Shinko Way and management policies, as well as external factors such as major international sustainability-related guidelines and social requirements, the Shinko Group identifies material issues (materiality) to prioritize among the various sustainability issues. When identifying material issues, we evaluate their importance from two perspectives: their importance to the Shinko Group's business and their importance to stakeholders.

We confirm the appropriateness of the selected material issues and periodically review them.

Process for Identifying Material Issues



International Reference Guidelines on Sustainability

- (1) GRI Sustainability Reporting Standards
- (2) Responsible Business Alliance (RBA) Code of Conduct
- (3) ISO 26000
- (4) United Nations Global Compact
- (5) Sustainable Development Goals (SDGs)
- (6) Sustainability Accounting Standards Board (SASB)

Material Issues (Materiality)

Each year, the divisions in charge set specific targets for the 10 material issues (materiality) that have been identified and then conduct various activities while monitoring progress and issues. The activities are continuously improved through a PDCA cycle that leads to the next year's activities.

| Field | Materiality | Action Themes | Field | Materiality | Action Themes |
|---|----------------------------------|---|--|--|------------------------------------|
| Environmental issues | 1. Climate change | (1) Responding to climate change | Social issues | 6. Creating a dynamic corporate culture | (3) Fair evaluation |
| | | (2) Reducing energy consumption | | | (4) Labor relations |
| | 2. Resource circulation | (1) Reducing waste | | 7. Creating a safe and comfortable working environment | (1) Occupational safety and health |
| | | (2) Reducing water use | | | (2) Emergency Preparedness |
| | | (3) Reducing raw material use | | 8. Promoting social responsibility in the supply chain | (1) Promotion of green procurement |
| | 3. Living in harmony with nature | (1) Biodiversity conservation | | | (2) Responsible minerals sourcing |
| (2) Prevention of pollution | | (3) Respecting human rights in the supply chain | | | |
| (3) Management of toxic substances | Social issues | 9. Contributing to society through technology and quality | (1) Contributing to society through technology and manufacturing | | |
| 4. Contributing to and coexistence with local communities | | | (2) Fulfilling social responsibility by pursuing quality | | |
| 5. Respect for human rights and diversity | | (1) Respecting human rights | Governance | 10. Strengthening governance | (1) Corporate governance |
| | | (2) Use of diverse employees | | | (2) Compliance |
| (3) Responding to LGBTQ issues | | (3) Risk management | | | |
| 6. Creating a dynamic corporate culture | | (1) Work-life balance | | | (4) Information protection |
| | (2) Human resource development | | | | |