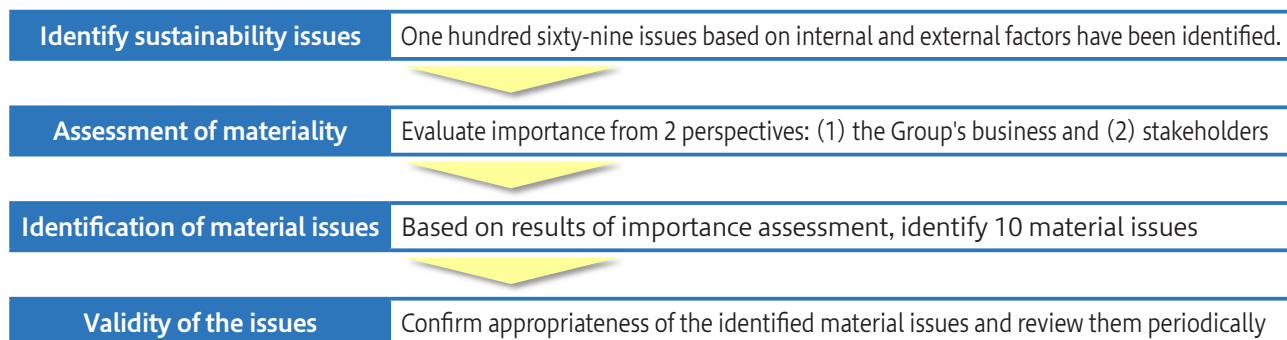


# Material Issues (Materiality)

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.

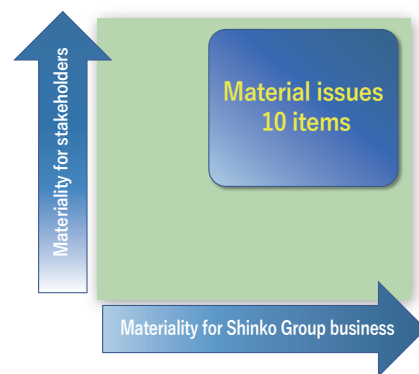
We confirm the appropriateness of the selected material issues and periodically review them.

## 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
Environmental issues	1. Climate change	(1) Responding to climate change
		(2) Reducing energy consumption
	2. Resource circulation	(1) Reducing waste
		(2) Reducing water use
		(3) Reducing raw material use
	3. Living in harmony with nature	(1) Biodiversity conservation
(2) Prevention of pollution		
(3) Management of toxic substances		
Social issues	4. Contributing to and coexistence with local communities	(1) Dialogue and coexistence with local communities
	5. Respect for human rights and diversity	(1) Respecting human rights
		(2) Use of diverse employees
		(3) Responding to LGBTQ issues
6. Creating a dynamic corporate culture	(1) Work-life balance	
	(2) Human resource development	

Field	Materiality	Action Themes
Social issues	6. Creating a dynamic corporate culture	(3) Fair evaluation
		(4) Labor relations
	7. Creating a safe and comfortable working environment	(1) Occupational safety and health
		(2) Emergency Preparedness
8. Promoting social responsibility in the supply chain	(1) Promotion of green procurement	
	(2) Responsible minerals sourcing	
	(3) Respecting human rights in the supply chain	
9. Contributing to society through technology and quality	(1) Contributing to society through technology and manufacturing	
	(2) Fulfilling social responsibility by pursuing quality	
Governance	10. Strengthening governance	(1) Corporate governance
		(2) Compliance
		(3) Risk management
		(4) Information protection