Materiality Assessment

To enhance both sustainable corporate value and social value, our Group has identified its material issues (materiality). We comprehensively identified issues based on our Purpose, Medium-term Management Plan, the SDGs, and international disclosure standards. We then incorporated the perspectives of key stakeholders, including employees, client companies, shareholders and investors, and local communities, and conducted assessments using the following two dimensions:

- Impact on the business (Business Materiality)
- Impact on society (Impact Materiality)

For the assessment of impact on the business (Business Materiality), we evaluated each issue based on its financial impact on revenue and costs, likelihood of occurrence, and the time horizon of the impact (short-, medium-, and long-term).For the assessment of impact on society (Impact Materiality), we evaluated each issue from the perspectives of significance, scale, remediability, and likelihood of occurrence. We review the assessment annually and update it as necessary.

Based on these assessment results, and after confirming alignment with our management strategy, our group identified the following five material issues:

1. Diversity of Human Resources and Workstyles
2. Improving Performance of human Resources (Quality and Productivity)
3. Business Model Innovation (Evolution of Revenue Model)
4. Advancing Risk Enhancement
5. Involvement in the Local Communities (Solving Social Issues)

In addition to monitoring assessments related to impacts on the business, our group has established and monitors the following key indicators to appropriately identify and manage impacts on society, taking into account factors such as the significance and scale of impacts.

1. Diversity of Human Resources and Workstyles
   - Ratio of Female Managers
   - Percentage of Male Employees Taking Childcare Leave
   - Employee Satisfaction
   - Employment Rate of Persons with Disabilities
   - Annual Paid Leave Utilization Rate
   - Overtime Hours

2. Improving Performance of human Resources
   - Revenue per Employee
   - Average Training Hours per Employee
   - Training Investment as a Percentage of Revenue
   - Employee Turnover Rate and Retention Rate

3. Business Model Innovation
   - Ratio of Revenue from Platform Businesses
   - Customer Satisfaction
   - Number of AI-enabled / Automated Operations Implemented

4. Advancing Risk Management
   - Progress against the Medium-term Management Plan
   - Progress of the Cybersecurity Enhancement Plan
   - Number of Personal Information Incidents
   - Number of Information Security Incidents

5. Involvement in the Local Communities
   - Number of Regional Employees at Our Sites
   - Greenhouse Gas Emissions Reduction Rate
   - Number of Social Contribution Activities Conducted
   - Number of Nature Conservation Activities Conducted