

Materiality

After identifying risks and opportunities for materiality, goals (KPIs) are set and policies are managed.

To enhance its effectiveness, we revised our materiality in September 2024 following a Board of Directors resolution, taking into account the impact on our business and recent social conditions and business environment.

Solving problems through business

Solve social issues through innovative product development

- Product development that solves social issues



Support customer safety and security

- Customer safety and quality assurance
- Promotion of information security and cyber security



Basic activities that support business

Increase motivation to work and promote growth and contribution to society

- Promotion of health management
- Human resource development
- Diversity & inclusion



Reduce the burden on the environment

- Response to climate change
- Sustainable resource use



Reduce barriers to fair business practices

- Respect for human rights
- Fair trade (anti-corruption and anti-competitive behavior)
- Sustainability penetration in the supply chain



Materiality formulation process

Regarding materiality, we work with third-party organizations to determine it so that we do not become complacent.

1 Internal evaluation of international guideline items (stratified by importance to us)

From the viewpoint of importance to our company, we interviewed related divisions in our company regarding a total of 37 items, 36 items from GRI and 1 item from SDGs, and scored them (three-grade evaluation).

2 External evaluation of international guideline items (stratified by the degree of interest of our stakeholders)

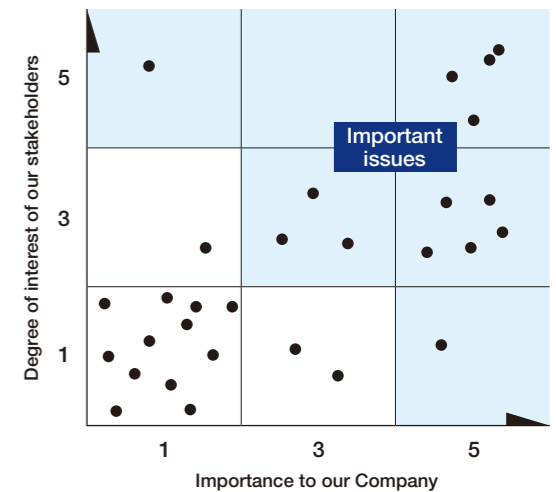
Adding points to the issues that the external evaluation organization pays attention to and the number of companies that consider items important among the four benchmark companies, we stratified them into three grades (evaluated by a third-party organization).

3 Confirmation of important issues (materiality)

Items that are located in the "particularly high area" of importance to our company and degree of interest of our stakeholders are judged to be the most important issues.

4 Identification of important issues (materiality)

Five important themes and 11 important issues (14 issues were aggregated) have been identified.



Materiality	Risks	Opportunities	Goals (KPIs)	2024 Targets	2024 Results	2025 Targets	Vision for 2030	Related SDGs
Product development that solves social issues	<ul style="list-style-type: none"> Decline in competitiveness Loss of business opportunities 	<ul style="list-style-type: none"> Value creation beyond the framework of existing businesses 	<ul style="list-style-type: none"> Digitalkey Business Expand Bqey sales and grow Uqey operations Develop and sell products beyond existing domains, such as upcycled goods (Think Scrap) and pest control bait materials (Puritto Bait) 	<ul style="list-style-type: none"> Bqey: Sales of 453 million yen Uqey: Business viability assessment through test marketing Think Scrap: Sales of 36 million yen 	<ul style="list-style-type: none"> Bqey: Sales of 435 million yen Uqey: Test marketing completed Think Scrap: Sales of 22 million yen 	<ul style="list-style-type: none"> Bqey: Sales of 782 million yen Uqey: 1,200 registered vehicles Think Scrap: Sales of 30 million yen 	<ul style="list-style-type: none"> Help realize an ever safer, more secure, and higher quality of life by identifying global social challenges and contributing to their resolution Products and services that contribute to solving social challenges such as assisting the transportation disadvantaged and preventing vehicle theft 	
Customer safety and quality assurance	<ul style="list-style-type: none"> Damage to customers Decrease in productivity 	<ul style="list-style-type: none"> Gain of customer trust 	<ul style="list-style-type: none"> Sold vehicles dealt with Critical defects (regulations and functions) Serious incidents 	0 cases	<ul style="list-style-type: none"> Sold vehicles dealt with: 2 cases Critical defects (regulations and functions): 23 cases Serious incidents: 2 cases 	0 cases	<ul style="list-style-type: none"> Provide safe and reliable products and services to our customers (end users, automakers, and service providers), so that our quality makes us the preferred choice. 	
Promotion of information security and cyber security	<ul style="list-style-type: none"> Shutdowns due to cyber attacks Impact on customer operations Decreased reputation 	<ul style="list-style-type: none"> New customer development 	<ul style="list-style-type: none"> Number of Major Accidents Occurring 	0 cases	0 cases	0 cases	<ul style="list-style-type: none"> Prevent leaks of confidential information, tampering with data, and service disruptions through proper management of information assets to help realize an ever safer, more secure, and higher quality of life 	

Promotion of Health Management	<ul style="list-style-type: none"> Decrease of employee motivation Difficulty in securing human resources 	<ul style="list-style-type: none"> Fostering and securing excellent human resources 	<ul style="list-style-type: none"> Work-related accidents: 0 cases Reduction in rate of absence from work due to illness Reduction in productivity loss due to physical/mental health issues Reduction in rate of employees with medical findings 	<ul style="list-style-type: none"> 0 cases 3.5% 20.0% 40% 	<ul style="list-style-type: none"> 20 cases 3.5% 21.6% 42% 	<ul style="list-style-type: none"> 0 cases 3.0% 18.0% 38% 	<ul style="list-style-type: none"> Achieve health management (reducing losses due to health risks so each employee can maximize their capabilities) 	
Human resource development	<ul style="list-style-type: none"> Depletion of human resources who will lead the next generation 	<ul style="list-style-type: none"> Sustainable growth 	<ul style="list-style-type: none"> Strengthening managers' leadership skills Training programs are available to identify and acquire the skills and knowledge you need 	<ul style="list-style-type: none"> Training for problem-solving training instructors → Improvement of leadership skills → Appropriate advice to trainees → Improved understanding Introduction of on-demand training → No. of trainees: 600 	<ul style="list-style-type: none"> Completed training for problem-solving training instructors Introduced on-demand training → 627 participants 	<ul style="list-style-type: none"> Supervisors and subordinates mutually trust each other Over 80% trust their direct supervisor Cultivated a culture of self-directed learning for career development Over 60% proactively study and gather information related to their work Promoted management practices that empower subordinates' career autonomy Over 70% of employees were presented with options by their supervisor for means to advance toward their future aspirations 	<ul style="list-style-type: none"> Realize human capital management that drives challenge and transformation (fostering a workplace culture that encourages challenge, promoting proactive career development, creating a workplace environment where everyone can work comfortably) 	
Diversity & inclusion	<ul style="list-style-type: none"> Uniform thinking and judgment 	<ul style="list-style-type: none"> Promotion of innovation 	<ul style="list-style-type: none"> Supervisors master diversity management skills to maximize the capabilities of diverse team members Cultivate regular opportunities to engage with information and perspectives essential for achieving diversity and inclusion Actively seek insights and knowledge from other industries and departments to gain new perspectives and build connections 	<ul style="list-style-type: none"> Support for information communication and activities of subsidiaries, affiliated companies, and partner companies Holding lectures by leaders of different industries and cross-industrial exchange meetings Holding self-management training Holding diversity management training Information disclosure about job openings in a variety of career paths (beyond company assignments) as post-retirement options Introduction of a development program designed to prepare for life after club retirement 	<ul style="list-style-type: none"> Support for information communication and activities of subsidiaries, affiliated companies, and partner companies Holding lectures by leaders of different industries and cross-industrial exchange meetings Diversity management training for supervisors Information disclosure about job openings in a variety of career paths (beyond company assignments) as post-retirement options Implementation of an in-house internship program designed to prepare for life after club retirement 	<ul style="list-style-type: none"> Over 30% of management-level employees complete diversity management training Over 30% of employees in each department participate in or attend at least one diversity-related event annually 	<ul style="list-style-type: none"> Realize an organization where diverse talent thrives to drive innovation 	
Response to climate change	<ul style="list-style-type: none"> Increased risk of natural disasters and droughts Rising costs due to carbon taxes and soaring energy expenses 	<ul style="list-style-type: none"> Contribute to solving global warming issues Enhance added value through low CO₂ product development 	<ul style="list-style-type: none"> Energy-related CO₂ emissions Renewable energy ratio (of total electricity used) Transportation-related CO₂ emissions 	<ul style="list-style-type: none"> 102,882 t-CO₂ or less (consolidated) 43,495 t-CO₂ or less (unconsolidated) 12.8% or more 2,863 t-CO₂ or less 	<ul style="list-style-type: none"> 95,440 t-CO₂ (consolidated) 38,096 t-CO₂ (unconsolidated) 19.0% 2,829 t-CO₂ 	<ul style="list-style-type: none"> 97,920 t-CO₂ (consolidated) 42,320 t-CO₂ (unconsolidated) 15.0% 2,831 t-CO₂ 	<ul style="list-style-type: none"> Scope 1 and 2: 60% reduction compared to FY 2013 Achieve carbon neutrality at headquarters and headquarters factory 	
Sustainable resource use	<ul style="list-style-type: none"> Increase of costs for resource procurement and waste disposal 	<ul style="list-style-type: none"> Building of a sustainable production system Enhancing product value through low-CO₂ materials and recycled materials 	<ul style="list-style-type: none"> Waste generation per unit Packaging materials per unit Water withdrawal 	<ul style="list-style-type: none"> 0.37 tons/million units or less 0.542 tons/100 million yen or less 551,000 m³ or less 	<ul style="list-style-type: none"> 0.20 t/million units 0.441 t/100 million yen 488,000 m³ 	<ul style="list-style-type: none"> 0.37 t/million units 0.536 t/100 million yen 551,000 m³ 	<ul style="list-style-type: none"> Realize a circular economy through efficient resource utilization 	
Respect for human rights	<ul style="list-style-type: none"> Decline in competitiveness of recruitment and stock price due to loss of reputation Suspension of transactions due to failure to meet procurement standards 	<ul style="list-style-type: none"> Ensuring employees and business partners can work with peace of mind Earning trust from customers, local communities, and shareholders 	<ul style="list-style-type: none"> Implementation of human rights due diligence 	<ul style="list-style-type: none"> Implement human rights education for the Group and suppliers Conduct human rights due diligence for the Group and suppliers 	<ul style="list-style-type: none"> Implement human rights training for the Group and suppliers Conduct human rights due diligence for the Group and suppliers 	<ul style="list-style-type: none"> Incidents violating human rights responsibilities: 0 	<ul style="list-style-type: none"> Global consideration for human rights for all stakeholders 	
Fair trade (anti-corruption and anti-competitive behavior)	<ul style="list-style-type: none"> Participation in misuse of power and position Promotion of unhealthy markets 	<ul style="list-style-type: none"> Promotion of sound public-private and private-private exchanges Establishment of a fair free competitive market 	<ul style="list-style-type: none"> Number of incidents of bribery and competition law violations 	0 cases	0 cases	0 cases	<ul style="list-style-type: none"> Implement fair business activities free from corruption 	
Sustainability penetration in the supply chain	<ul style="list-style-type: none"> Aiding and abetting anti-environmental and anti-social behavior 	<ul style="list-style-type: none"> Creation of new value in the supply chain Improvement of environmental and social sustainability 	<ul style="list-style-type: none"> Number of major legal violations by business partners 	0 cases	0 cases	0 cases	<ul style="list-style-type: none"> Contribute to solving social issues across the entire supply chain Prevent involvement in anti-environmental and anti-social activities 	