

Process to Identify the Pillars to Success (Materiality)

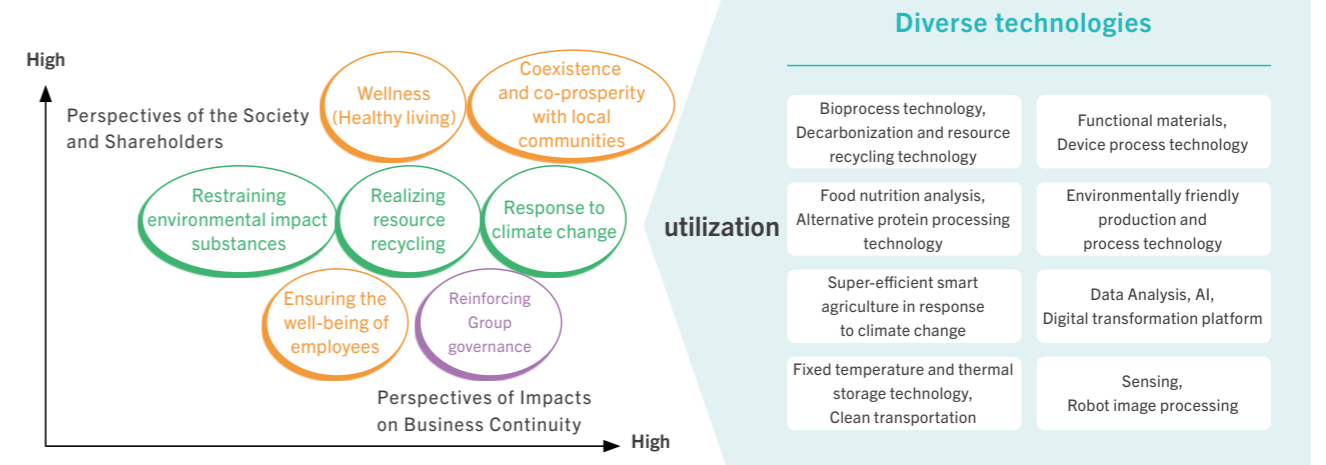
We have identified Materiality by considering their importance in building a sustainable society and business in terms of enhancing corporate value. The process includes consideration of the social and business environment, relevant risks and opportunities, and stakeholder relationships.



Pillars to Success (Materiality)

We have identified factors below that are highly important from both “perspectives of impacts on business continuity” (horizontal axis) and “society and stakeholders’ perspectives” (vertical axis). Through innovation that leverage our diverse technologies, we will be making our Sustainability Vision a reality.

Materiality Map



Materiality	Opportunities	Risks	Relevant Business Domains					Related SDGs
			Digital & Industry	Energy Solutions	Health & Safety	Agriculture & Foods	OTHERS	
1 Response to climate change	<ul style="list-style-type: none"> Using biomass to establish the locally produced and consumed energy supply system Switching from petroleum-based energy to low-carbon energy and offering the related equipment Providing decarbonization solutions such as next-generation fuels (hydrogen, liquefied biomethane) 	<ul style="list-style-type: none"> Stricter regulations on fossil fuel use and CO2 emissions Shrinking existing energy markets with less demand due to energy conversion Severer natural disasters impacting production and logistics such as storm surges and floods 	●	●	●	●	●	7, 9, 11, 12, 13
2 Realizing resource recycling	<ul style="list-style-type: none"> Providing collection, refining, and purifying systems for industrial emissions (CO2 capture and fixation, etc.) Reducing waste by promoting recycling and reuse Building a waste-recycling supply chain (e.g., treatment systems for food waste, livestock manure) 	<ul style="list-style-type: none"> Stricter waste treatment restrictions and higher disposal costs Spreading environmental issues/risks due to resource depletion, population growth, etc. 	●	●		●	●	6, 11, 12, 13
3 Restraining environmental impact	<ul style="list-style-type: none"> Providing waste gas refining equipment, water treatment facilities, and products for waste gas/water and soil remediation Using plastic alternatives in drink containers and packaging materials 	<ul style="list-style-type: none"> Water's scarcity and worse quality impacting procurement/production activities Higher costs due to tighter regulations on chemical substance and plastics 	●			●	●	6, 11, 12, 13, 14, 15
4 Coexistence and co-prosperity with local communities	<ul style="list-style-type: none"> Providing solutions to minimize risks from natural disasters Delivering products and services that contribute to the better social infrastructure system such as sewage systems Creating businesses that boost regional employment and revitalize regional economies More needs for smart factories and smart agriculture 	<ul style="list-style-type: none"> Declining local economies due to fewer population (falling birthrate and aging population) and urban concentration Operations for severe damage from natural disasters and aging social infrastructure Higher maintenance costs 	●	●	●	●	●	2, 3, 6, 8, 9, 11, 12, 13
5 Wellness (Healthy living)	<ul style="list-style-type: none"> Delivering products and services that contribute to the advancement and remote control of medical care Delivering products and services that enable self-medication Supplying food ingredients that are tasty, safe, reliable, and healthy 	<ul style="list-style-type: none"> Increasing medical costs by aging population and extending healthy-life expectancy Changes in disease patterns, such as chronic and complex lifestyle diseases 			●	●		2, 3, 4, 5, 8, 12
6 Ensuring the well-being of employees	<ul style="list-style-type: none"> Enhancing workstyle and work-life balance through ICT Promoting employees' career development and diversity management Promoting a workplace environment where employees can work with peace of mind and in good physical and mental health 	<ul style="list-style-type: none"> Decreased labor productivity and outflow of excellent human resources if without appropriate measures Risk of impaired employees' health Diversified values of employees by business globalization 	●	●	●	●	●	3, 4, 5, 8, 10, 11, 17
7 Reinforcing Group governance	<ul style="list-style-type: none"> Enhancing internal controls by integrating/reorganizing subsidiaries Ensuring compliance and reinforcing risk management Higher stakeholders' trust through greater transparency 	<ul style="list-style-type: none"> Business continuity risk and unexpected losses from dysfunctional internal controls Losing social credibility due to compliance violations Inadequate risk management due to M&As and business expansion 	●	●	●	●	●	8, 16, 17