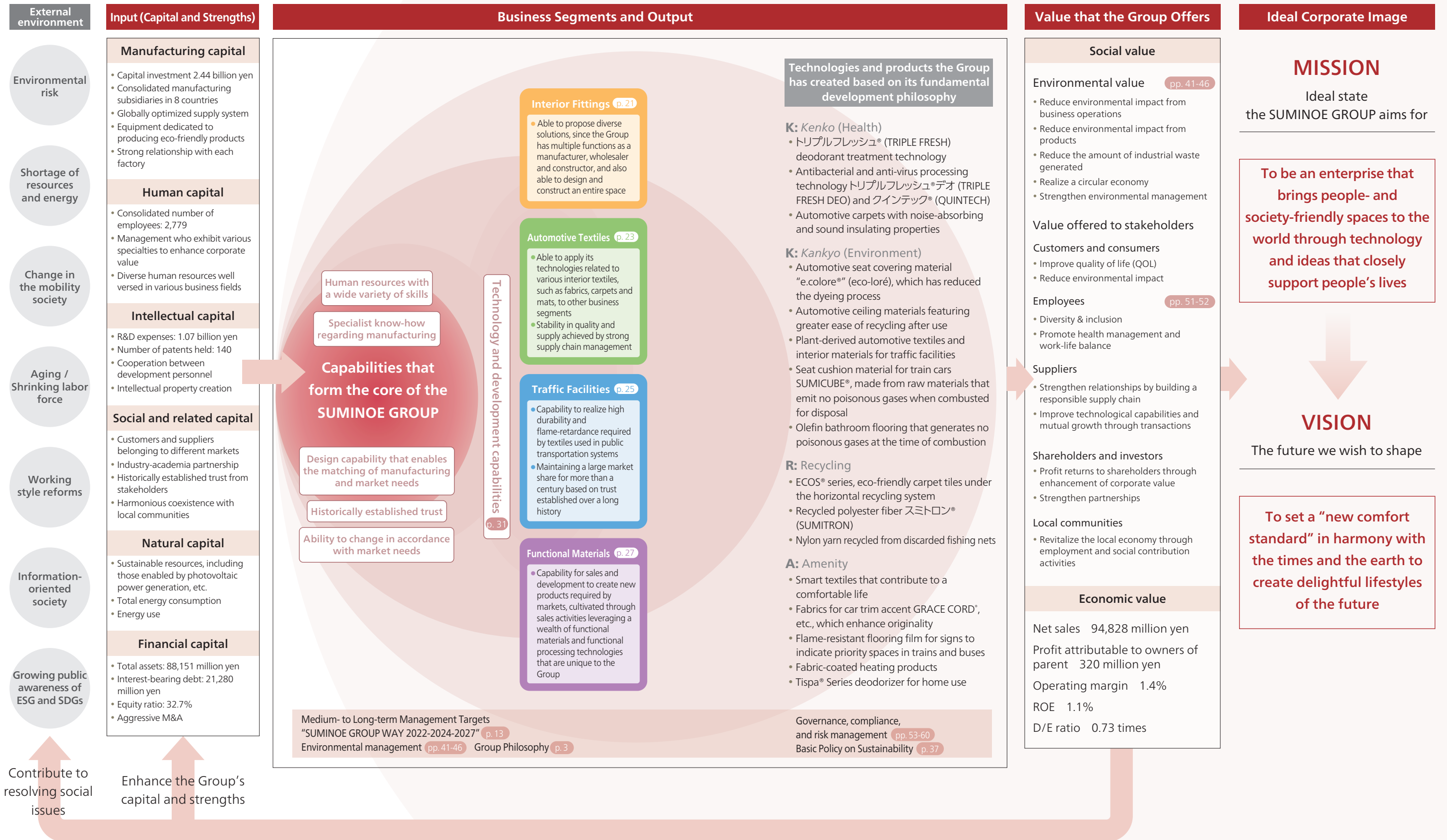


Value Creation Model

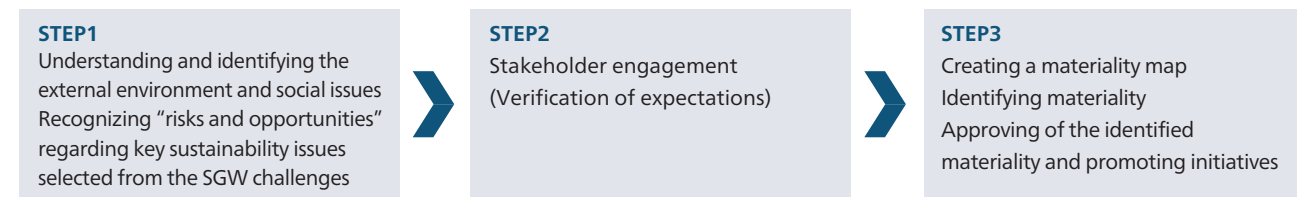
Based on its Group Philosophy, the SUMINOE GROUP will create value that contributes to society, thereby helping realize a sustainable society and enhancing our corporate value.



Identifying materiality based on key sustainability issues selected from the SGW challenges

In the course of formulating the Medium- to Long-term Management Targets "SUMINOE GROUP WAY 2022-2024-2027" (hereinafter SGW), the SUMINOE GROUP identified its nine key challenges, taking into account the priority issues specified under the Medium-term CSR Plan, while referencing international standards regarding social responsibilities and sustainability. Amid the increasing importance of sustainability, we are going to identify materiality as an extension of the key sustainability issues selected from the SGW challenges. In accordance with the Basic Policy on Sustainability, the Group will identify its materiality based on the results of interviews with and surveys of stakeholders both inside and outside the Company.

Materiality identification process

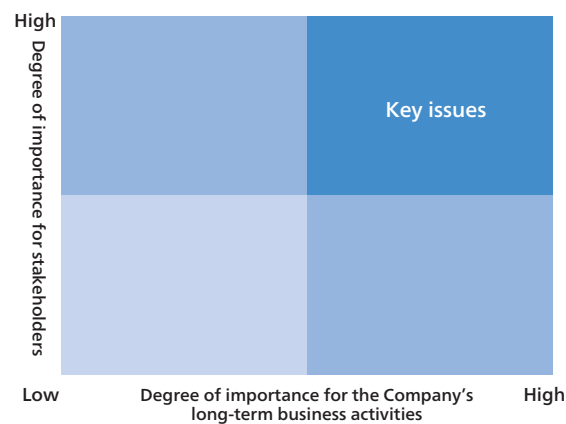


As of the end of September 2023, we had finished Step 1 (see p. 18).

Procedures and organization

Procedures	Descriptions	Members in charge of materiality identification*	Experts	Directors and Officers	Executive Committee	CSR Promotion Committee
STEP1	Understanding and identifying the external environment and social issues ● Grasp social issues based on the international standards regarding social responsibilities and sustainability indicators (reference indicators: ISO 26000, GRI Standards, etc.).				○	○
	Recognizing "risks and opportunities" regarding key sustainability issues selected from the SGW challenges ● Extract and summarize risks and opportunities that have significant impact on management strategies, in light of the SUMINOE GROUP Philosophy.				○	○
STEP2	Stakeholder engagement (verification of expectations) ● Extract and summarize risks and opportunities that have significant impact on management strategies. Stakeholders refer to employees, labor unions, customers, suppliers, investors, banks, etc.	○	○	○	○	○
STEP3	Creating a materiality map ● Evaluate the importance of the issues based on the two axes: Importance for the Company's long-term business activities and importance for stakeholders. (Global indicators, business segment reports, investor expectations, etc.)	○	○			○
	Identifying materiality ● Prioritize the importance of each evaluated issue so as to identify materiality. Also draw up plans for measures and indexes to be used in each material issue.	○		○	○	○
	Approving of the identified materiality and promoting initiatives ● Approve of the materiality after its validity has been verified in light of management strategies, at meetings of the Executive Committee and the Board of Directors.	○		○	○	○

* These members comprise representatives of Headquarters & Administration Headquarters—mainly the CSR Promotion Department, the Corporate Planning Department, the Personnel Department and the Finance and Accounting Division—and division managers of respective business headquarters.



Activities in FY2023

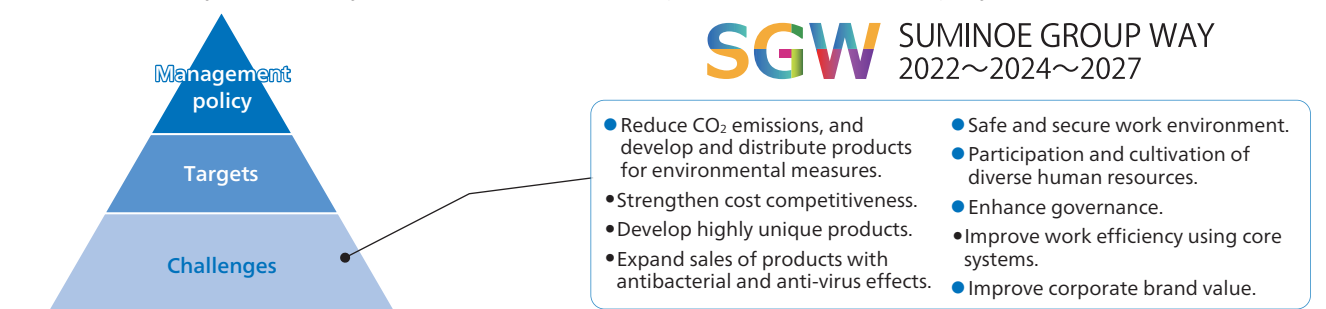
Identification of key sustainability issues from the SGW challenges and recognition of "risks and opportunities"

Since January 2023, the CSR Promotion Department has collected information on the identification of materiality. It held two workshops on materiality identification in February and May, 2023. With outside experts invited as instructors, these workshops were organized for participants from the Corporate Planning Department, the Finance and Accounting Division, and the Personnel Department.

The CSR Promotion Committee confirmed that the Company made appropriate responses to the risks and utilized the opportunities regarding the five key sustainability issues that had been selected from the nine SGW challenges in our business activities.

Key sustainability issues selected from the SGW challenges (5 issues marked with a ●)

We identified key sustainability issues that were deemed important for both the Company and stakeholders.



Changes to note in the external environment	Key sustainability issues selected from the SGW challenges	Recognition of "risks and opportunities" ● Risks ○ Opportunities
E Related to the environment Climate change Recycling-oriented society	● Reduction of CO ₂ emissions, and development and distribution of products for environmental measures	● Risks of business damage caused by natural disasters ● Increase in costs by observing environmental regulations ● Environmental destruction and impact that may arise during production processes and waste generation ○ Establishment of business strategies through reduction of CO ₂ emissions ○ Growing need for technologies that facilitate efficient utilization and reuse of resources, and expansion of related markets
S Related to social issues Decrease in working population Diversification of working styles Visibility of human capital Increasing awareness of human rights	● Safe and secure work environment	● Occurrence of occupational accidents caused by an inadequacy of occupational health and safety measures ○ Creation of a safety culture
	● Participation and cultivation of diverse human resources	● Labor shortage due to changes in Japan's demographic structure ● Talent drain because of inability to meet diverse needs ● Confusion in the supply chain due to a lack of human rights governance ○ Expansion of opportunities for diverse human resources to display their capabilities ○ Productivity improvement through implementation of working style reforms and health management, and creation of innovations through motivation enhancement ○ Corporate activities based on human rights policy in conformity with international norms
Increasing expectations for the value of the Company's existence for society	● Improvement of corporate brand value	● Loss of social credibility due to the pursuit of profit only for the Company ○ Empathy from stakeholders ○ Behavioral changes of management and employees ○ Fostering of a challenging spirit
G Related to governance Changes in laws and regulations Increased compliance awareness	● Enhancement of governance	● Loss of credibility due to the occurrence of scandals resulting from malfunction of governance and internal control ● Threat of cyber security ● Delay in compliance with laws and regulations ○ Improving credibility of management by securing appropriate business activities thanks to properly functioning governance ○ Decision-making transparency

* Results of initiatives in FY2023 (pp. 39-40)

Tasks in FY2024

We will implement the procedures of Step 2 and Step 3.

Focusing on "individuality" such as business model continuity, we will proceed with the identification of materiality unique to the Group.