

# Materiality

To achieve both sustainable business growth and the resolution of social issues, even amid an external environment that is dramatically changing, the Hirata Group identified materiality (important issues) in fiscal 2021.

Materiality is organized into four themes and 10 items. Going forward, the Sustainability Promotion Committee will take the lead in setting KPIs and targets and then implement initiatives.

Based on changes in the business environment and social trends, the Company will periodically review its materiality.

## Materiality Identification Process

In addition to discussions at management meetings and Board of Directors' meetings, we received opinions and evaluations from external experts when identifying the important issues. In addition to incorporating these

materiality issues into the Medium-Term Management Plan, we will work to instill awareness of them throughout the Company by clarifying our basic sustainability policy and sustainability activity vision.

STEP 1

### Issue identification and management

Having referred to international guidelines on sustainability and survey results from ESG rating agencies, we have identified social issues that could conceivably have a significant impact on the Group's management and business. We have also organized into groups those issues that are candidates for materiality in light of the Company's future direction, such as its business characteristics, management plans, and targets.

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STEP 2

### Level of importance assessments by senior management and external experts

From among the extracted and organized issues, we assessed levels of importance to narrow down the important items in terms of the medium- to long-term management of the Group. For the assessments, we conducted a questionnaire survey of internal and external senior management as well as external experts. At that time, we asked them to assess the Company along two axes: Level of importance in terms of corporate value (horizontal axis) and level of impact on society (vertical axis).



**Materiality Matrix**

Level of impact on society

Level of importance in terms of corporate value

Cooperation was gratefully received from following external experts

<b>Tetsuro Ii</b> President and Representative Director, Chief Investment Officer Commons Asset Management, Inc.	<b>Yasuyuki Kamata</b> President Kamakura Investment Management Co., Ltd.	<b>Keisuke Takegahara</b> Executive Fellow and Deputy Director, Research Institute of Capital Formation; General Manager/Head of Research, Center on Financial Economics Development Bank of Japan Inc.
<b>Tsukasa Kanai</b> Executive Fellow and Chief Sustainability Officer, Sustainability Promotion Department, Corporate Planning Department Sumitomo Mitsui Trust Bank, Limited	<b>Koji Shimada</b> Professor, Graduate School of Economics Ritsumeikan University	<b>Kyoko Narita</b> Senior Manager CDP Worldwide Japan
	<b>Takahiro Suzuki</b> Associate Professor Department of Business Law Nihon University	<b>Megumu Murakami</b> Senior Specialist, Emerging Strategy Center The Japan Research Institute, Limited

STEP 3

### Approval and Inclusion in Medium-Term Management Plan

Following the assessments, the materiality proposal was deliberated at multiple management meetings and Board of Directors' meetings and finally approved at the Board of Directors' meeting held in January 2022. Having adopted "strengthening of ESG management initiatives" as a basic policy under the new Medium-Term Management Plan, which was announced in May 2022, we will set targets and work on producing visual forms of the initiatives throughout the duration of the Plan.

## Our Sustainability Activity Vision

## Identified Materiality (Important Issues)

Four Themes	Materiality (Important Issues)	Main Initiative Themes
Response to climate change	Reduction of environmental impact by our company and in the supply chain	Reduction of environmental impact Reducing emissions of GHGs Promotion of resource recycling society
	Contribution to carbon neutrality through products and services	Expansion of carbon-neutral market
Building of a sustainable society	Creation of new customer needs in accordance with social changes	Creation of new customer needs in accordance with social changes Harnessing of innovation
	Response to progress of digitalization	Response to progress of digitalization Development of infrastructure toward smart society
Bringing out the best in every person	Securing and training human resources	Securing and training human resources
	Creating diverse, safe and secure workplaces	Diversity & Inclusion Creating safe, secure, and rewarding workplaces
Strengthening of our management foundation	Improvement of product safety and quality	Improvement of product safety and quality
	Supply chain management	Supply chain management Respect for human rights
	Enhancement of corporate governance	Stakeholder engagement Enhancement of corporate governance
	Risk management	Respect for compliance with fair trade practices Risk management Maintaining soundness of financial capital

Contributing to the spread of sustainable social infrastructure through Hirata's business

Relevant SDGs



Aiming to remain a global company with diversity of human resources and the ability to respond to change

Relevant SDGs



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Hirata Integrated Report 2022

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