

# Materiality

The Group identifies the risks and opportunities relating to the action guidelines (the CSR Policy) aimed at achieving the Sustainability Management Policy and assesses the impacts on its businesses and society to determine key sustainability issues (materiality) concerning the CSR Policy. In addition, the Group has compiled business plans to deal with materiality (the materiality response plans), taking into account such aspects as enhancement of business foundation and corporate value, and has set management indicators and targets to track the progress of the plans. The conference body (the Sustainability Promotion Committee), tasked with promoting sustainability in the Group, regularly reviews and determines materiality and the materiality response plans, taking into account the needs and expectations of stakeholders and sustainability issues. As for significant risks relating to the CSR Policy, the Group implements appropriate responses to them by utilizing its risk management system.

## Materiality and the Mid-Term Management Plan

The GS Yuasa Group has been steadily expanding its business areas since the corporate merger in 2004. In 2023, we formulated our long-term vision "Vision 2035" that sets out the vision we aim to achieve by 2035, and we are promoting business activities to realize this vision.

As the first step toward this vision, we started the Sixth Mid-Term Management Plan in FY2023. The Sixth Mid-Term Management Plan is positioned as a period for laying the foundation for reform to realize our vision. While taking into account changes in the external environment, we are formulating growth strategies and key initiatives to transform our business structures, as well as creating materiality response plans.

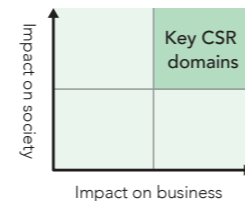
The GS Yuasa Group aims for enhanced management of financial and non-financial operations, as well as for sustainable growth from both the corporate and social perspectives through business processes that incorporate materiality in the Long-Term Vision and Mid-Term Management Plan.

● P.32-35 Sixth Mid-Term Management Plan

## Materiality Identification Process

<b>Step 1</b> Select risks and opportunities relating to the CSR Policy	The Group selects risks and opportunities relating to the CSR Policy, taking into account key issues of the Mid-Term Management Plan formulated based on the Sustainability Management Policy. When selecting risks and opportunities, the Group refers to international guidelines related to responsible business conduct.
<b>Step 2</b> Identify significant risks and opportunities relating to the CSR Policy	The Group conducts a scoring evaluation on the risks and opportunities selected in Step 1 and identifies the risks and opportunities that may have significant impacts on businesses. Regarding the risks and opportunities with significant impacts, the Group then assesses the impacts of its business activities on society and identifies significant risks and opportunities relating to the CSR Policy.
<b>Step 3</b> Determine materiality	The Group analyzes the risks and opportunities identified in Step 2 and determines key sustainability issues (materiality) relating to the CSR Policy. The Group determines materiality, incorporating the opinions of external experts and other stakeholders, to ensure the appropriateness of materiality.

● Domains for identifying significant risks and opportunities relating to the CSR Policy (key CSR domains)



## Summary of Materiality Response Plans

		Materiality	Major activities and targets (FY2025 target)	Reference page
<b>E</b> Environment	<b>Environment</b> Global Environmental Conservation ▶ P.76	<ul style="list-style-type: none"> <li>Promoting environmental protection</li> <li>Developing and popularizing environmentally considered products</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of reduction of CO<sub>2</sub> emissions: <b>15%</b> or more (compared with FY2018)</li> </ul>	▶ P.78
			<ul style="list-style-type: none"> <li>Ratio of reduction of water use: <b>15%</b> or more (compared with FY2018)</li> </ul>	▶ P.79
			<ul style="list-style-type: none"> <li>Ratio of recycled lead used: <b>70%</b> or more</li> </ul>	▶ P.77
			<ul style="list-style-type: none"> <li>Sales ratio of environmentally considered products: <b>45%</b> or more</li> </ul>	▶ P.77
<b>S</b> Social	<b>Social</b> Creation of a sustainable society based on respect for human rights ▶ P.84	<ul style="list-style-type: none"> <li>Respect for individuality</li> <li>Respect for diversity</li> <li>Human resources development</li> <li>Enhancement of work environments and occupational health and safety</li> <li>Provision of high-quality products</li> <li>Responsible procurement promotion</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of compliance education and thorough management of human rights risks</li> </ul>	▶ P.85
			<ul style="list-style-type: none"> <li>Promotion of diversity &amp; inclusion</li> </ul>	▶ P.87
			<ul style="list-style-type: none"> <li>Promotion of human resource development programs</li> </ul>	▶ P.86
			<ul style="list-style-type: none"> <li>Work-life balance</li> </ul>	▶ P.89
			<ul style="list-style-type: none"> <li>Promotion of occupational health and safety risk management</li> </ul>	▶ P.89
			<ul style="list-style-type: none"> <li>Promotion of health management</li> </ul>	▶ P.90
			<ul style="list-style-type: none"> <li>Strengthening of product safety management, promotion of quality improvement and strengthening of quality communication</li> </ul>	▶ P.90
<b>G</b> Governance	<b>Governance</b> Promotion of fair, transparent, and Sound business activities ▶ P.92	<ul style="list-style-type: none"> <li>Ensuring compliance</li> <li>Respect and protection for intellectual property</li> <li>Strict management of confidential information</li> </ul>	<ul style="list-style-type: none"> <li>Responses to responsible mineral procurement and managing CSR risks in the supply chain</li> </ul>	▶ P.91
			<ul style="list-style-type: none"> <li>Promotion of compliance education, thorough provision of legal information</li> </ul>	▶ P.100
			<ul style="list-style-type: none"> <li>Thorough avoidance of patent infringement and elimination of counterfeit products</li> </ul>	▶ P.68
			<ul style="list-style-type: none"> <li>Promotion of security measures and information security training</li> </ul>	▶ P.104

We operate and manage the materiality response plans based on measurable targets and management criteria, and we are making ongoing improvements, and performing effective maintenance and management. The plans are periodically reviewed and revised according to changes in sustainability issues and the needs and expectations of stakeholders.

● P.34-35 Sixth Mid-Term Management Plan - Progress of Materiality

## Evolution of Materiality Response Plans

	2017	2020	2025
GS Yuasa	<b>2017</b> Identified materiality for first time	<b>2018</b> Formulated materiality response plan that set key performance indicators (KPIs)	<b>2022</b> Started operation of materiality response plan incorporating financial indicators for evaluating impact on business
Affiliates in Japan		<b>2023</b> Formulated materiality response plan that set key performance indicators (KPIs)	<b>2025</b> Started operation of materiality response plan incorporating financial indicators for evaluating impact on business
Overseas affiliates			<b>2024</b> Formulated materiality response plan that set key performance indicators (KPIs)