

Changes in the environment surrounding companies

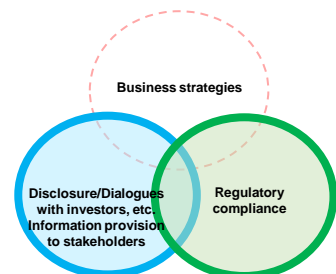
(climate change and other environmental challenges, human rights issues, cybersecurity risks, economic security, etc.)

Raising awareness of sustainability-related matters

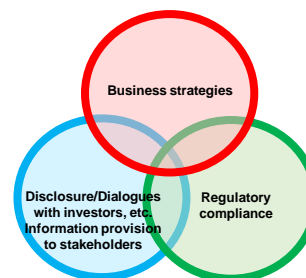
in capital markets, consumer markets, labor markets, etc.

Using sustainability-related data proactively in business strategies* Enhancing the sophistication of sustainability management

Mainly responding to disclosure and regulatory compliance



Using these three actions strategically in an integrated manner



Using the three actions strategically in an integrated manner,
taking a step beyond disclosure

*For example:

- Companies will be able to further iterate their business strategies and increase their corporate value by exercising their creativity and ingenuity in analyzing and using the data collected through responding to requests for disclosure.
- Companies will be able to enhance the sophistication of their business strategies by analyzing the data collected through regulatory compliance (e.g., introducing CFP in their products) and applying the results to product development and other activities.

Accelerating the development of standards for disclosure

(ISSB, CSRD in Europe, standards in the U.S., annual securities reports in Japan, etc.)

Enhancing related regulations

(a proposal for rules for batteries, CBAM, a proposal for a directive on human rights and environmental due diligence in the EU, etc.)

Establishing a system for efficient data collection that works as a foundation

<Current situation and challenges>

- Challenges in collecting data from consolidated subsidiary companies (including overseas bases);
- Challenges in collecting data on the value chain;
- Undeveloped tools for collecting data (IT systems, etc.);
- Lack of established business processes;
- Shortage in the number of human resources; etc.

<Directions for responses>

- **Establish a system for data collection**
(Clarifying the segregation of duties and establishing a supervising department, etc.; strengthening cooperation within a group of companies; responses to data collection related to the value chain; developing and conducting sufficient and appropriate internal control; and securing and training human resources)
- **Establish an operation for data collection**
(Establishing work processes in phases and systematic manner; introduction in phases of IT systems; formulating and operating comprehensive and standardized internal manuals; etc.)

Implement strategic use of data and develop a system for data collection necessary for such use under the leadership of business owners and the board of directors