

■ Materiality identification

We review materiality from time to time in response to changes in the business and social environment. Based on the "Musashi Philosophy," we analyze what Musashi can do, which areas we should focus on, and what responsibilities we should fulfill as a company, and identify material issues in management. The identification of materiality is conducted in terms of both Musashi's value proposition for solving social issues and what the company should focus on to fulfill its social responsibilities, and incorporates international guidelines and standards such as the SDGs and SASB (ESG disclosure standards), as well as opinions obtained through dialogues with stakeholders.

By selecting priority themes based on the expectations and demands of society and taking into consideration the characteristics of our business, including the value chain, we will deepen common understanding with our stakeholders and effectively promote sustainability initiatives.

STEP 01

Problem extraction

After organizing and evaluating past activities, identify issues for Musashi with reference to SDGs and ESG trends (including MSCI, FTSE, SASB, etc.) agreed upon by the international community

STEP 02

Analysis of stakeholder expectations

Analyze issues for stakeholders with reference to the themes ESG investors are focusing on and the expectations and requests of local communities and customers

STEP 03

Prioritization of issues

Discussions and prioritization are held at the Sustainability Strategy Meeting from the two perspectives of "importance to stakeholders" and "importance to the Musashi Group".

STEP 04

Management decision-making

After the Management Committee discusses the materiality proposal identified in STEP 3, the Board of Directors also considers the proposal and makes a decision.

Top Priority issue

Creating a sustainable social system for the next-generation



Second Priority issue

Work style change Improvement in productivity



Creation of sustainable energy



Promotion of diversity and inclusion



Background social issues

Despite world-wide workforce is increasing, employment opportunities are decreasing. Quality of employment gets worse and poverty expands.

3 billion people rely on wood, coal, charcoal, and animal waste for cooking and heating. Greenhouse gas warms the globe.

A gap is expanding between rich and poor. Behind this, unequal job opportunities by race, ethnicity, gender, etc. exist.

Why does Musashi take action?

Responsibility as a global company to assure quality of employment. Stable economic and social infrastructures are necessary for corporate development.

Responsibility for the automobile industry which emits vast amounts of CO2. Keeping the global environment is essential for business continuity.

Responsibility as a global company. Human resources need to be assured for business growth. Personality of each employee can contribute to corporate growth.

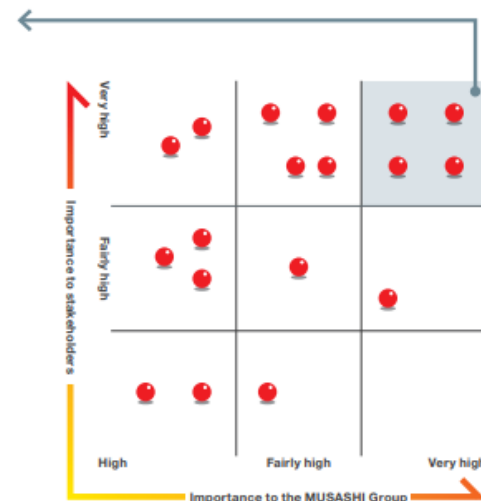
Infrastructure of economic growth



Sustainable energy system



Realization of diverse work styles Better quality of employment



Materiality to solve social issues and strengthen management foundation through business

Key issue

Musashi's Initiatives

SDG themes that are sustainability ideas

Climate change & Energy management	<u>Musashi GX (promotion of green strategy)</u> We aim to achieve carbon neutrality in our business activities*1 (Green Operation 100) by 2038, the 100th anniversary of our founding, and in the entire value chain by 2050. We will formulate and implement green strategies for all of our business activities to convert energy conservation, increased use of renewable energy, and other initiatives into value.
Promotion of electrification	<u>Establish strong core businesses and create new businesses</u> We will work to expand our core businesses and improve profitability by seizing the opportunities presented by electrification, pursuing optimal manufacturing from the perspective of QCD+E (Quality, Cost, Delivery + Environment), as well as preparing new technologies for the future and creating new businesses through open innovation. We aim to grow as a key device supplier in the age of electrification by strengthening the competitiveness and expanding the lineup of products for electrified vehicles by leveraging our specialty technologies, as well as by continuously enhancing the earning power of existing products. In the area of new businesses, we are working to create businesses that can contribute to solving social issues.
Efficient use of resources	
Supply chain management	
Quality and safety of products and services	<u>Building a Robust Quality System</u> By establishing a system to evaluate and guarantee product quality throughout the process from development to mass production, we maintain a production and supply system that our customers can rely on.
Highly efficient business processes / data utilization	<u>Musashi DX Realization</u> We will make business processes more efficient by standardizing, automating, and optimizing operations through the use of digital technology, and we will also take on the challenge of creating new value through the utilization of data accumulated in digitalized processes. We are building a corporate culture based on digital technology, which will serve as the foundation for growth in the new era.
Human Resource development	<u>Embodying the Musashi Philosophy, challenging vision</u> To put the 100-year vision of Musashi into practice on a global scale, we aim to develop highly skilled professional human resources who will lead the future and autonomous human resources who will create value through new ways of working. With regard to the Musashi Philosophy, which is the cornerstone of all our activities, we are creating an environment and corporate culture in which each individual can enhance his/her abilities, demonstrate his/her capabilities, and play an active role by concretizing the expected behaviors by job level, developing educational programs to put them into practice, and introducing a personnel evaluation system mechanism linked to them.
Health/occupational health and safety	
Diversity	
Compliance	<u>Strengthen risk management mechanisms</u> We have established a corporate governance system to appropriately address social issues surrounding sustainability with the aim of becoming a company that is needed by society. Through appropriate information disclosure and dialogue with society, we will strengthen our governance, compliance, and risk management mechanisms to achieve sustainable growth and enhance corporate value in the future.
Governance	

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

13 CLIMATE ACTION

7 AFFORDABLE AND CLEAN ENERGY

15 LIFE ON LAND

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

10 REDUCED INEQUALITIES

5 GENDER EQUALITY

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

1 PEOPLE WITH DISABILITIES

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

*1 Scope1&Scope2 of GHG Protocol

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