Material Issues

The S-Pool Group has revised its list of material issues to reflect new growth strategies in response to the changing social environment. These material issues are articulated for creating shared value (CSV) along three strategic axes: Creating a more inclusive society, realizing a sustainable society, and supporting community revitalization. Additionally, our business activities account for newly identified risks, opportunities, and targets to enhance the management foundations needed for CSV. The Group strives to achieve sustained growth in corporate value and social progress by concurrently strengthening social and economic value.

CSV Through Social Businesses for Society's Challenges

Striving to establish earnings foundations and pursuing unique business models that draw on our unique strengths

○: 95% or more, △: 65% or more and ×: Less than 65%

	Material Issues	Theme	Specific Initiatives	Fiscal 2025 Targets	Fiscal 2025 Results	Achievement	Fiscal 2026 Targets
S	Creation of a more inclusive society	• Creation of jobs for those who lack employment opportunities	• Creation of opportunities for people with disabilities	Creation of jobs for 5,000 people with disabilities	4,942 people	○	5,600 people
E	Realization of a sustainable society	• Support for a society characterized by decarbonization	• Calculation of greenhouse gas emissions • Seeking of consultations for environmental disclosure	Decarbonization support for 600 companies and 100 municipalities	689 companies and 97 municipalities	○	750 companies and 120 municipalities
S	Support for community revitalization	• Rectification of regional disparities through job creation	• Opening of locations and creation of jobs in provincial areas • Support for business succession	Operating of 25 regional centers	25 regional centers	○	26 regional centers
				Creation of jobs for 400 people	385 people	○	400 people

Enhancement of Management Foundations to Support ESG Value Creation

Streamlining the execution of business activities further by identifying opportunities and risks and managing key performance indicators (KPIs)

	Material Issues	Opportunities	Risks	Main KPI Targets for Fiscal 2025	Main KPI Results for Fiscal 2025	Achievement	Main KPI Targets for Fiscal 2026
S	Promotion of DE&I	• Leveraging of diverse human resources to create new value	• Loss of new business opportunities due to imbalances in attributes or skills • Less effective organization due to lack of diversity	Percentage of employees with disabilities: 3.5% or higher	4.01%	○	4.0% or more
				Percentage of female managers: 30.0%	18.1%	×	30.0%
				Gender wage disparity: 80.0%	78.0%	○	80.0% or more
	Promotion of employee well-being	• Improvement of productivity by strengthening engagement • Improvement of employee retention through workstyle transformation	• Impaired productivity due to lower satisfaction • Employees taking leave due to mental health concerns	Engagement score: 5.00 points	5.14 points	○	7.00 points by fiscal 2030
				Absenteeism: 2.3%	2.7%	△	2.5%
				Presenteeism: 70.5%	76.0%	○	78.0%
	Hiring and development of human resources to strengthen corporate value	• Creation of the next generation of managers • Securing of human resources and reskilling through enhanced HR measures	• Growing competition for human resources due to shrinking workforce • Stagnating strategy implementation due to human resource outflows and shortages	Number of employees having completed the Next-Generation Manager Training Program: 10	12	○	12
				Percentage of young managers (aged 35 and under): 30.0%	28.6%	○	30.0%
				Hours of training per employee: 30.0	21.8	△	30.0
G	Maintenance and strengthening of governance	• Enhancement of the Board of Directors' functions for business growth and increased corporate value	• Loss of business value due to dysfunctional governance	Annual assessment of the Board of Directors	Annual assessment of the Board of Directors	○	Annual assessment of the Board of Directors
				Attendance at Board of Directors, meetings: 100%	Attendance at Board of Directors, meetings: 100%	○	100%
				Percentage of female directors: 30% (by fiscal 2030)	16.7%	—	30% by fiscal 2030
	Thoroughgoing compliance	—	• Damage to reputation and loss of public confidence due to compliance violations	Percentage of employees having completed compliance training: 90%	84.4%	○	90%
				Number of major compliance violations: 0	0	○	0
	Information security	—	• Operational suspension or information leaks due to cyberattacks	Percentage of employees having completed information security training: 90%	80%	△	90%
				Number of major information security violations: 0	0	○	0
E	Response to climate change	• Increase in the provision of services with reduced environmental impact • Establishment of a sustainable operating structure	• Amendments of regulations and policies for existing businesses • Operational shutdowns due to typhoons and earthquakes	Disclosure and strategy execution in line with TCFD and TNFD recommendations	Disclosure and strategy execution in line with TCFD and TNFD recommendations	—	Disclosure and strategy execution in line with TCFD and TNFD recommendations
				Reduction of Scope 1 + Scope 2 GHG emissions: 40% (by fiscal 2030)	—	—	Reduction of Scope 1 + Scope 2 GHG emissions: 40% (by fiscal 2030)
				100% renewable energy procurement by 2030	9.24%	—	100% renewable energy procurement by 2030

Identification Process for Material Issues

STEP 01 Topic recognition

Listing a wide range of environmental, social, and economic issues with reference to ISO 26000, the Sustainability Accounting Standards Board Standards, the United Nations Sustainable Development Goals, and other materials

STEP 02 Assessment of relationship to businesses

Identifying listed issues that are closely linked to Group business activities while keeping stakeholder perspectives in mind

STEP 03 Assessment of scope and significance for the Group

Prioritizing and validating issues to ensure consistency with the Group's philosophy, management policies, and growth strategies

STEP 04 Discussion and decision by the Board of Directors

Making the final decision through discussion by the Board of Directors, including independent outside directors