



Foundation for Value Creation

A group that independently thinks and takes action on sustainability

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Sustainability management that delivers long-term corporate value

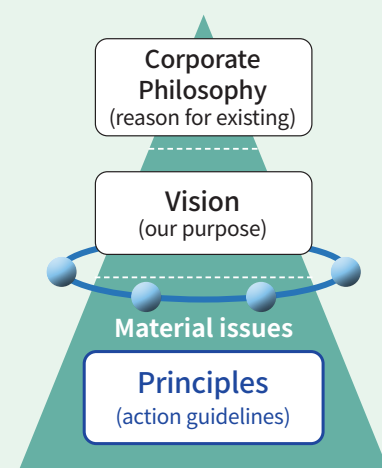
I firmly believe that “focusing on sustainability in management boosts long-term corporate value” and I have made this my management policy. Creating social value through business will enhance corporate value and further develop operations. Embracing sustainability in business is the most effective way to enjoy this virtuous cycle and it plays a crucial role in a company’s lasting growth.

While advancing those efforts, we revised our material issues in line with the “Group Vision 2030” that we announced in April 2023. Our new material issues tie together our Vision (our purpose) and Principles (action guidelines). We have built them into our management framework, showing everyone in the Company “what we should do” and “why we do it.” In the previous descriptions, we emphasized defining the issues in a way that would be easy to understand. In the revised text, we have taken the further step of outlining our goals

more clearly. The idea is that these material issues will resonate with each employee and be shared across the Company, driving action toward achieving the Vision.

The material issues for our business activities follow three storylines. These are: what our desired society and economy should be; our approach to using our strengths in public projects and telecommunications; and our expansion into new business models. In addition, as a material issue for strengthening our management foundation, we have included human capital and governance, aiming to enhance corporate value.

The non-financial indicators set in the “Medium-term Plan 2025” are the revised material issues that we have integrated into our management measures. We have set numerical targets for seven sustainability items. Their progress and results will add value to our Group’s business and be reflected in our financial figures over the long term. As such, the non-financial indicators should be tracked as leading indicators of future financial targets.



● Our material issues

Business activities	Promotion of decarbonized society and circular economy
	Promotion of establishment of social and ICT infrastructure
	Creation of new services and businesses to resolve social issues
Management foundation	Investment in human capital
	Pursuit of corporate governance that supports improved corporate value

● Principles: Four Shinka

Advance (Co-creation with customers)	Deepen (Deepen relationships with customers)	Update (Corporate culture)	True value (Corporate value)
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A year of building a framework and embedding sustainability into our business

In FY2024/3, we put in place a framework to drive initiatives led by the Sustainability Committee as a company-wide effort. As a result, we recognized that we should address themes like climate change, human capital, governance, and human rights across the entire company, rather than handling them individually within the headquarters function. With a shared sense of purpose and clear goals within the Company, we have set up a comprehensive company-wide framework. This ensures no activities are overlooked.

We can say that this was a year in which we embedded sustainability into our core business activities. Going forward, we will use our company-wide framework to roll out specific actions.

In principle, the Sustainability Committee holds two meetings per year, but also holds discussions as needed. It reviews the status of activities at monthly PDCA Committee.

We also hold ongoing “dialogue sessions” between employees and management. In FY2024/3, we engaged in extensive discussions about sustainability during these dialogue sessions in order to deepen understanding among our employees and foster a sense of ownership toward sustainability. These dialogue sessions focused on the key concept of “innovation and challenges,” highlighting the importance of taking risks that are necessary from a long-term perspective and



Dialogue session (Kiski in the center, towards the back)

delivering social value more broadly. Employees have shown themselves to be motivated by “innovation and challenges,” which they see as a positive initiative. We hope this will kindle in them a greater awareness of sustainability.

In the first year of the “Medium-term Plan 2025,” our progress on non-financial indicators was good overall. We performed well in environmental and social issues, particularly around items linked to the material issue of “Promotion of establishment of social and ICT infrastructure.” In human capital, the ratio of female managers rose, but employee engagement scores were flat year on year. We think the benefits from events like dialogue sessions have yet to be seen, but we have made improvements on all key metrics. We will continue regular checks to monitor future score impacts.

Rolling out the company-wide framework and further fostering a sense of ownership

Our sustainability efforts in FY2025/3 will follow the company-wide framework to implement specific actions, as mentioned. However, we recognize that some departments need improvement, therefore we will work to further foster a sense of ownership. I believe the Company’s commitment is gradually getting across, but for it to take hold properly, sustainability must be seen as beneficial for everyone’s future. We aim to become a group in which everyone thinks about sustainability and takes action on their own initiative.

By valuing what makes sense and what seems right, we strive to contribute to society while growing our business. We want our employees to feel pleased with their efforts. That is the core of the sustainability efforts, and we want to greatly broaden that awareness.

We are strongly committed and work with a firm belief in the concept I touched on earlier, that “focusing on sustainability in management boosts long-term corporate value.” If we stay confident in the right direction and see it through, we should be able to reap future returns as a result. We hope stakeholders will continue to focus on us with these expectations in mind.

● Medium-term Plan 2025 Non-financial indicators (excerpts)

	Objective	Description	FY2023/3 (Actual)	FY2024/3 (Actual)	FY2026/3 (Target)
Environmental and social issues	CO ₂ reductions to achieve carbon neutrality	Scope 1+2: Rate of decline compared to FY2023	157t-CO ₂	13% reduction 137t-CO ₂	20% reduction
	Establishment of social infrastructure	Cumulative contracts for government offices and local governments	¥127.8 bn	¥148.4 bn	¥400 bn*
	Promotion of cyclical use following expansion of ICT business	Total number of disposals of products whose lease has ended	200,000 units	250,000 units	700,000 units*
	Promotion of response to climate change	Renewable energy power generation capacity (power generators owned)	43MW	59MW	100MW
	Promotion of activities contributing to society with natural capital in mind	School biotope education total increase in number of schools	3 schools	3 schools	10 schools*
Human capital	Improve employee engagement	Employee engagement score	21%	21%	34%
	Promotion of diversity	Ratio of female managers	5.5%	6.7%	10%

* over three-year period