## **Materiality** (Key Issues)

	Social Issues/Megatrends		Opportunities and Risks		Time of occurrence  Short- Medium- Long-term term			Corporate impact Positive Negative (Pisks)	
Business Operations		<ul> <li>Provide both innovations in automotive technology (electrification and intelligence) and a safer mobility society</li> <li>Changes in company competitiveness with accelerating digital/IT transformation</li> </ul>	Expansion of CASE (BEV/FCEV) market	Strategic market entry of new technologies and products driven by BEV adoption (OEM and supply chain evolution)	•	•	•	<b>†</b> †	<b>↓</b> ↓
				Expansion of BEV-leading markets and the rise of BEV-leading OEMs (shifts in market and power dynamics)	•		•	1	<b>†</b> ‡
				Increased demand for environmentally friendly HEVs and PHEVs	•	•	•	<b>†</b> †	
				Expansion of FCEV market			•	<b>↑</b> ↑↑	
				Advancement of technology for preventing traffic accidents	•			111	
				Reduced demand for fuel system components					11
ons			Expansion of MaaS market	Changes in user values on vehicle and vehicle usage (development of transportation infrastructure, demand for a more comfortable cabin environment)			•	<b>†</b> †	11
Manageme			Market changes	Automotive market expansion due to infrastructure improvements and laws and regulations in emerging countries			•	111	
			Accelerate adoption of digitalization, IoT, and DX	Optimization from production to delivery (real-time monitoring, predictive maintenance, automation, etc.)	•		•	111	
		<ul> <li>Increasingly serious problems in the global environment</li> </ul>	Environment and resources	Market expansion in new fields through green technology* and green transformation	•		•	111	11
				Change in competitiveness due to adoption of carbon pricing			•	111	111
		<ul> <li>Business transformation due to climate change and resource shortages (tightening of regulations)</li> </ul>		Full utilization of rubber and plastic materials and development of materials (recycled materials, lighter weight, material replacement, and new materials)	•		•	111	<b>†</b> ‡
				Large-scale disasters due to extreme weather conditions	•		•	<b>†</b> †	111
				Promotion of energy efficiency and renewable energy (reducing energy costs, GHG emissions)	•	•		111	
		<ul> <li>Demographic changes (declining birthrate and aging population)</li> <li>Changing values and diversifying work styles</li> </ul>	Human capital	DE&I promotion for diversification of thinking, skills, and experience			•	111	
				Human resource portfolios for efficient use of human capital	•		•	111	
				Rising labor costs, hiring difficulties	•		•		11
			Supply chain	Production impact, supply chain disruptions, and human casualties due to geopolitical risks, infectious diseases and disasters			•	11	111
ent Base		BCP risks     Rising geopolitical risks		Shortages and rising costs of parts and raw materials, along with increasing logistics costs	•				111
ISe				Serious quality issues and recalls	( • )	( • )	( • )		111
			Governance	Cyberattacks and scam emails	( • )	( • )	( • )		111
				Leakage of confidential information	( • )	( • )	( • )		<b>†</b> ‡
				Antitrust law violations (bid rigging and cartels)	( • )	( • )	( • )		11
				* Green technology:  Technologies and products that solve or mitigate environmental problems (e.g., technologies and products that contribute to more lightweight designs and decarbonization)	Short-term (within 3 years), medium-term (until 2029), long-term (after 2030)			↑: Positive impact, ↓: Negative impact	