

# Priority subjects (materiality)

USS identifies the economic, social and environmental impact its businesses and priority subjects it needs to address.

The Board of Directors approved reforms in the fiscal year ended March 31, 2023 from the perspective of long-term USS financial risks and opportunities.

We have set key performance indicators (KPIs) for each priority subject in the fiscal year ended March 31, 2024.



Reason	Long-term financial impact ( <b>O</b> : Opportunity <b>R</b> : Risk)
<p>In the pursuit of securing the circular economy required by society at large:</p> <ul style="list-style-type: none"> <li>• The auto auction business will contribute to the reuse of automobiles.</li> <li>• The recycling business will contribute to the resource recovery and recycling of automobiles and plant facilities.</li> </ul>	<ul style="list-style-type: none"> <li><b>O</b> Stable demand of used vehicles (auto auction business)</li> <li><b>O</b> Broader dismantling and recycling needs for automobiles and plants (recycling business)</li> <li><b>R</b> Shrinking used car market due to a sharing economy and other shifts in values</li> </ul>
<p>In the pursuit of carbon neutrality throughout society at large:</p> <ul style="list-style-type: none"> <li>• An increase in the EV share of the new car market could have a financial impact on the auto auction business.</li> <li>• USS and everyone throughout the value chain must engage in initiatives to reduce greenhouse gas emissions.</li> </ul>	<ul style="list-style-type: none"> <li><b>O</b> Demand to shift to EV alternatives energizing the used car market</li> <li><b>R</b> Increasing costs related to the reduction of greenhouse gas emissions (net zero emissions) at USS and throughout the value chain</li> </ul>
<p>The auto auction business must secure automotive inspectors, digital professionals, and other diverse human resources to foster long-term growth as the workforce in Japan dwindles.</p>	<ul style="list-style-type: none"> <li><b>O</b> Recruitment of human capital with a wide range of skills</li> <li><b>R</b> Lower number of job seekers due to a smaller workforce</li> <li><b>R</b> Business stagnation due to an aging employee base</li> </ul>
<p>The auto auction business handles personal member information and confidential information.</p>	<ul style="list-style-type: none"> <li><b>O</b> Business expansion versatily capitalizing on big data</li> <li><b>R</b> Loss of reputation and decline in membership in the event of any personal or confidential information leaks</li> </ul>
<p>Unfair and unequal auctions due to preferential treatment of some members or other inappropriate behavior.</p>	<ul style="list-style-type: none"> <li><b>O</b> Enhanced brand power made possible by securing and promoting a fair and equal standing for everyone</li> <li><b>R</b> Loss of reputation and decline in membership in the event of any improper business dealings</li> </ul>