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.

Process to identify KPIs

STEP 1
Identify social issues

USS meticulously identified potential social issues to address by referring to the GRI Standards, Sustainable Development Goals, and other international guidelines.

STEP 2
Prioritize social issues

USS determined the priority of each social issue based on the characteristics of Group businesses, long-term business strategies, and stakeholder requirements.

STEP 3
Set and revise priority subjects

USS has set five priority issues with the approval of the Board of Directors. We also clarified the long-term impact for each of these material subjects.

STEP 4
Set KPIs

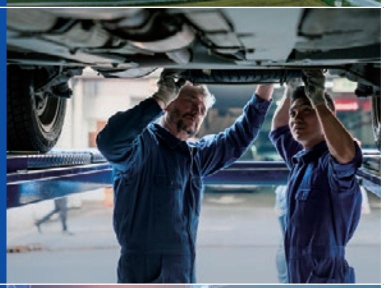
USS set KPIs to manage initiatives to address each priority issue through a PDCA cycle (see pp. 27–28).

Priority subjects (Materiality)

Resource recycling

Climate change

Human resources management



Information management

Fair and equitable business dealings

Reason	Long-term financial impact (O : Opportunity R : Risk)
In the pursuit of securing the circular economy required by society at large: • The auto auction business will contribute to the reuse of automobiles. • The recycling business will contribute to the resource recovery and recycling of automobiles and plant facilities.	O Stable demand of used vehicles (auto auction business) O Broader dismantling and recycling needs for automobiles and plants (recycling business) R Shrinking used car market due to a sharing economy and other shifts in values
In the pursuit of carbon neutrality throughout society at large: • An increase in the EV share of the new car market could have a financial impact on the auto auction business. • USS and everyone throughout the value chain must engage in initiatives to reduce greenhouse gas emissions.	O Demand to shift to EV alternatives energizing the used car market R Increasing costs related to the reduction of greenhouse gas emissions (net zero emissions) at USS and throughout the value chain
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.	O Recruitment of human capital with a wide range of skills R Lower number of job seekers due to a smaller workforce R Business stagnation due to an aging employee base
The auto auction business handles personal member information and confidential information.	O Business expansion versatilely capitalizing on big data R Loss of reputation and decline in membership in the event of any personal or confidential information leaks
Unfair and unequal auctions due to preferential treatment of some members or other inappropriate behavior.	O Enhanced brand power made possible by securing and promoting a fair and equal standing for everyone R Loss of reputation and decline in membership in the event of any improper business dealings

KPIs for priority subjects

Priority subjects (materiality)	Main initiatives	Key performance indicators (KPIs)	
Resource recycling	• The auto auction business will enhance the efficiency and member convenience of automotive inspections through the use of digital technologies. • The recycling business will promote plant recycling through SMART Inc.	Digital consignment rate at auto auctions	(%)
		Waste rate (tons of waste produced / tons of receivables)	(%)
		Metal recycling rate (tons of metal shipments / tons of metal receivables)	(%)
		End-of-life vehicle recycling rate	(%)
		R2 certification	
		Recycling rate (excluding materials containing asbestos)	(%)
Climate change	• Surveys and research on handling EV • Identification and reduction of greenhouse gas emissions (In the process of promoting activities to reduce Scope 1, 2, and 3) • Introduction of energy-saving measures, renewable energy, and solar power generation at business sites	Total Scope 1 and 2 CO_2 emissions	(t-CO_2)
		Scope 3 CO_2 emissions	(t-CO_2)
Human resources management	• Respect of human rights and diversity • Fair and equal treatment and working conditions • A higher level of education and training • Occupational health and safety management	Employees with a level three or higher vehicle inspector certification	(people)
		Average length of time necessary to acquire a level three vehicle inspector certification	(months)
		Women appointed as executive officers (deputy senior staff or above)	(%)
		Ratio of women in management	(%)
		Acquisition rate of paid leave	(%)
		Employment ratio of persons with disabilities	(%)
		Turnover rate	(%)
		Number of occupational accidents	(incidents)
		Frequency rate of occupational accidents requiring leave	
		Severity rate of occupational accidents requiring leave	
		Ratio of employees attending external training (regular employee or above excluding those seconded)*1	(%)
Information management	• Establishment of a privacy policy • Proper management of member information • Acquisition of the PrivacyMark	Ratio of employees attending PrivacyMark training	(%)
		ISO 27001 certification	
Fair and equitable business dealings	• Thorough awareness-raising about the corporate philosophy to create a fair market • Operation of a unique system to monitor inappropriate transactions • Formulation and distribution of anti-corruption and other basic policies on websites	Wrongful acts by employees	(incidents)

*1 The training format changed from group training to e-learning in fiscal 2023, which encourages greater employee participation.

Scope	Actual (fiscal year)					Target	Relevant pages	Relevant SDGs
	2020	2021	2022	2023	2024			
USS Co., Ltd.	0.0	0.2	2.0	7.6	29.3	Online vehicle consignment rate of 50% or higher	pp. 43–44	
ARBIZ Co., Ltd.	13.1	8.3	6.0	3.6	3.4	15% or less in receivables		
	45.7	43.7	52.4	54.2	60.2	Over 40% in receivables		
	100.0	100.0	100.0	100.0	100.0	100.0%		
	Yes	Yes	Yes	Yes	Yes	Maintain certification		
SMART Inc.	95.6	94.3	94.3	96.0	95.6	Over 90%		
USS Group	16,838	16,735	15,703	14,076	13,866	42% reduction by FY2030 (Base year: FY2021)	pp. 60–66	
	241,146	256,369	265,347	267,692	268,954	25% reduction by FY2030 (Base year: FY2021)		
USS Co., Ltd.	258	261	255	272	291		pp. 33–34 pp. 55–59	
	26 months	26 months	26 months	15 months	8 months	8 months		
	5.9	6.8	7.6	8.9	9.4	Over 8% of all employees		
	0	0	0	2.6*2	3.9	Over 5% by FY2025 Over 10% by FY2030		
	50.6	64.4	63.3	69.6	61.4	Maintain an acquisition rate over 60%		
	1.63	2.09	2.48	2.25	2.47	Maintain an employment rate at or above that mandated by law (2.3%)		
	2.9	4.7	6.0	6.0	5.1	5% or less		
ARBIZ Co., Ltd.	3	2	3	2	9	0		
	9.47	6.53	9.33	6.27	27.28	6.0 or less		
	1.55	0.99	0.05	0.00	0.08	0.5 or less		
	3.5	48.2	100.0	46.0	64.0	Over 50%		
USS Co., Ltd.	–	100.0	100.0	100.0	100.0	100.0%	p. 55	
ARBIZ Co., Ltd.	Yes	Yes	Yes	Yes	Yes	Maintain certification		
USS Co., Ltd.	0	0	0	0	0	0	p. 49 p. 55	

*2 Data current as of April 1, 2024.