

## PEST Analysis

We will review the business environment surrounding the Daiseki Group through PEST analysis (four perspectives of politics, economy, society, and technology) to fully understand the risks and opportunities based on the impact of macro-environmental factors and how they will affect materiality issues.

	Item	Risks	Opportunities
Politics	Start of the GX-ETS system in Japan	Decrease in demand for fossil fuels	Increased demand for renewable energy and increased efforts to reduce greenhouse gas emissions
	Geopolitical risks	Stagnation of the Japanese economy due to terrorism or war	Growing necessity of the circular economy due to skyrocketing prices of raw materials
	Shift in climate change policies	Stagnation of climate change measures, intensification of climate	Stabilization of energy prices
Economy	Stagnation and hollowing the domestic manufacturing industry	Decrease in demand for intermediate treatment of industrial waste and recycled products	Growing need for new businesses due to changes in demand for the domestic manufacturing industry
	Circular economy	Decrease in the volume of industrial waste generated	Creation of new markets aligned with a circular economy society
	Depreciation of the yen against the U.S. dollar	Soaring prices of resources imported from overseas	Expansion of the domestic manufacturing industry to benefit from the weaker yen
Society	Climate change	Decline in competitiveness of the domestic manufacturing industry due to soaring energy prices	Raising the public awareness of the importance of environmental protection and securing talented employees
	Necessity of human resources development and work environment improvement	Poor employee performance and loss of company credibility	Maintain mental and physical health, improve labor productivity, and secure excellent human resources
	Respect for human rights	Compliance violations related to human rights	Stable business continuity, retention of excellent human resources
Technology	Development of new technologies	Obsolescence of existing technologies	Improving productivity, reducing costs