

Definition
“Events that have a material impact on the process of enhancing sustainable value-creation capabilities through the accumulation of financial and non-financial capital”

Approach to Materiality

Based on the above definition, our material issues (materiality) are determined by the Board of Directors and managed from both perspectives: opportunities that promote capital circulation and risks that hinder it.

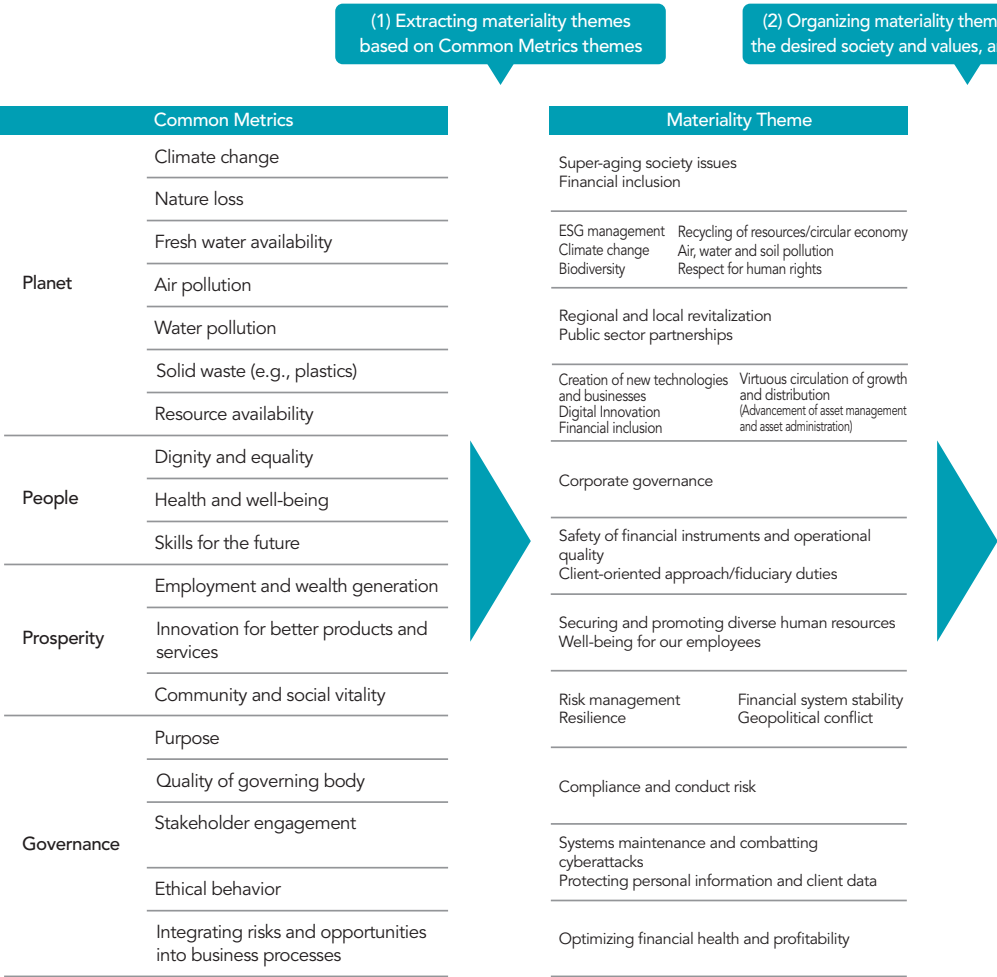
We adopt the concept of dynamic materiality, which recognizes that changes in social conditions and values can affect corporate value. Accordingly, we conduct annual reviews to identify emerging issues in response to shifts in the economic and social landscape, and report them to the Board. These reviews also take into account group-wide risk awareness and stakeholder expectations.

We first identified our materiality in FY2015, and revised it in FY2019 and FY2022. In the 2022 revision, we used

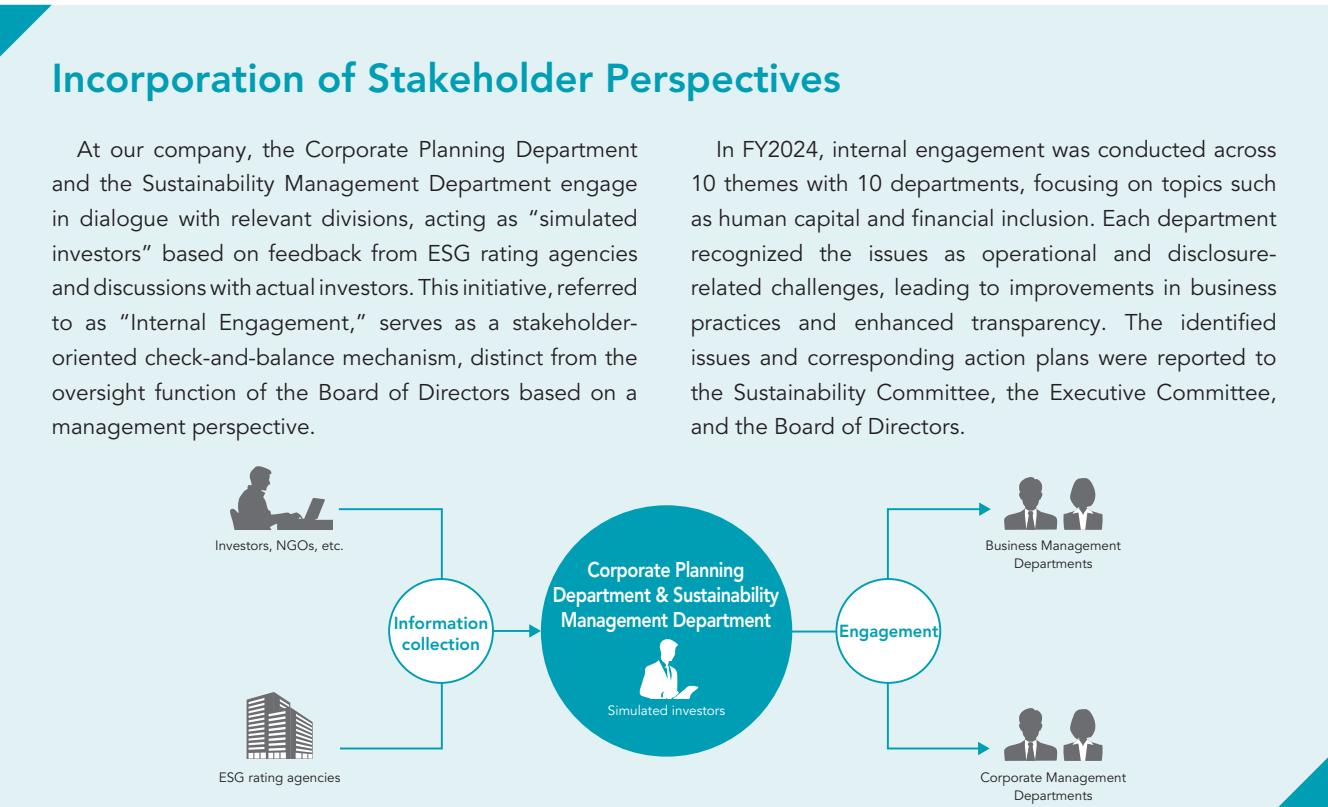
Common Metrics* as a starting point to extract materiality themes. These themes were then organized into categories reflecting the society and values we aim to realize, based on our corporate purpose and strategic priorities. This process led to the identification of our current materiality.

In the FY2024 regular review, we anticipated heightened uncertainty in the political and economic landscape, including potential policy shifts associated with the U.S. presidential election and rising geopolitical risks. While remaining attentive to both internal and external environmental changes, we confirmed that no revisions were necessary to our current materiality.

■ Identification of materiality based on Common Metrics*



* Common metrics in “Toward Common Metrics and Consistent Reporting of Sustainable Value Creation”



Materiality	Overview
Impact Materiality Items in which our corporate activities have impacts (both positive and negative impacts) on the economy, society, or the environment. Items that are in a phase where we can take concrete steps toward achieving both social value and economic value.	<div>The age of 100-year life Providing products and services that support a prosperous life by preparing for changes in social systems such as pensions and social security in a super-aging society, and societal issues such as extending healthy life expectancy. Creating conditions in which clients can use beneficial and affordable financial products and services that meet their requirements.</div> <div>ESG/Sustainable management Responding to climate change, biodiversity, resource recycling and the circular economy, air, water and soil pollution, respect for human rights, and providing support and means for environmental, social and governance-friendly management for the companies to which we extend investments and loans and our suppliers.</div> <div>Regional ecosystems and global investment chain (networking) Building mutually complementary relationships among agents in the region and establishing relationships with economic agents outside the region to promote multifaceted collaboration and co-creation. Providing investment opportunities by strengthening the investment chain through collaboration with advanced overseas players.</div> <div>Trust × Digital Transformation Driving force and function which promote a virtuous circulation of funds, assets and capital. Realization of virtuous circulation through the power of trust, including asset management and asset administration with appropriate management and thorough administration, and the power of DX, which creates new businesses through structural transformation of existing business processes and cross-business integration.</div>
Governance and Management Framework Materiality Items where environmental or societal issues affect our corporate value enhancement process. Non-financial items where environmental or societal issues do not immediately affect our corporate value enhancement process, but are likely to affect our finance over the long term, so they are highly defensive issues.	<div>Corporate governance Establishing a management framework that achieves balanced creation of both social value and economic value.</div> <div>Fiduciary spirit Fulfilling the trustee's responsibilities, i.e., acting faithfully on behalf of clients with the due care of a prudent manager. Realizing our clients' best interests.</div> <div>Human capital Recruiting and promoting human resources with diverse values, and building a group of them. Creating a situation where employees can utilize their value and strength under good relationship in which they are mentally and physically healthy, agree with our Purpose, and respect diversity.</div> <div>Risk management and resilience Appropriately identifying risks and taking necessary countermeasures to secure earnings and support sustained growth by ensuring sound management, and taking risks based on management strategy.</div> <div>Compliance and conduct risk Complying with laws and regulations, market rules, and internal regulations, as well as social norms in general. Preventing adverse effects resulting from breach of professional ethics or failure to meet the expectations and trust of stakeholders by directors, executive officers and employees.</div> <div>Security Preventing cyber-attacks against core infrastructure providers and addressing incidents when they occur. Continuously reviewing and improving the system risk management system. Acquiring and using client information in accordance with rules and regulations, and managing it strictly.</div>
Financial Materiality Items where environmental or societal issues affect our finance.	<div>Financial strength expected by stakeholders Sound finance and sustained growth. Securing stable earnings.</div>