Materiality

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

Incorporation of Stakeholder Perspectives

At our company, the Corporate Planning Department and the Sustainability Management Department engage in dialogue with relevant divisions, acting as "simulated investors" based on feedback from ESG rating agencies and discussions with actual investors. This initiative, referred to as "Internal Engagement," serves as a stakeholderoriented check-and-balance mechanism, distinct from the oversight function of the Board of Directors based on a management perspective.

In FY2024, internal engagement was conducted across 10 themes with 10 departments, focusing on topics such as human capital and financial inclusion. Each department recognized the issues as operational and disclosurerelated challenges, leading to improvements in business practices and enhanced transparency. The identified issues and corresponding action plans were reported to the Sustainability Committee, the Executive Committee, and the Board of Directors.



■ Identification of materiality based on Common Metrics*

(1) Extracting materiality themes based on Common Metrics themes

(2) Organizing materiality themes into items related to the desired society and values, and identifying materiality

	Common Metrics		
Planet	Climate change		Super-aging soc Financial inclusion
	Nature loss		
	Fresh water availability		ESG management Climate change
	Air pollution		Biodiversity
	Water pollution		Regional and lo Public sector pa
	Solid waste (e.g., plastics)	and busines Digital Innov Financial inc Corporate Safety of fi quality Client-orie Securing a Well-being Risk manag Resilience Compliance Systems m cyberattac Protecting	Creation of new ter and businesses Digital Innovation Financial inclusion
	Resource availability		
People	Dignity and equality		Corporate gove
	Health and well-being		
	Skills for the future		Safety of financi quality
Prosperity	Employment and wealth generation		Client-oriented
	Innovation for better products and services		Securing and pr Well-being for c
	Community and social vitality		Risk manageme
Governance	Purpose		Resilience
	Quality of governing body		Compliance and
	Stakeholder engagement		Systems mainte
	Ethical behavior		Protecting person
	Integrating risks and opportunities into business processes		Optimizing finar

Super-aging soci Financial inclusio		S	
ESG management Climate change Biodiversity	Recycling of resources/circular economy Air, water and soil pollution Respect for human rights		
Regional and loc Public sector par			
Creation of new tec and businesses Digital Innovation Financial inclusion	hnologies	Virtuous circulation of growth and distribution (Advancement of asset management and asset administration)	
Corporate gover	nance		
Safety of financia quality Client-oriented a		ents and operational	
Securing and pro Well-being for o		diverse human resources yees	
Risk management Resilience		Financial system stability Geopolitical conflict	
Compliance and	conduct	risk	
Systems mainten			
cyberattacks Protecting perso	nal inforn	nation and client data	

	Materiality	Overview
Impact Materiality	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.
Items in which our corporate activities have impacts (both positive and negative impacts) on	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.
the economy, society, or the environment. Items that are in a phase where we can take concrete	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.
steps toward achieving both social value and economic value.	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.
	Corporate governance	Establishing a management framework that achieves balanced creation of both social value and economic value.
Governance and Management Framework Materiality Items where environmental or	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.
societal issues affect our corporate value enhancement process. Non-financial items where	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.
environmental or societal issues do not immediately affect our corporate value enhancement	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.
process, but are likely to affect our finance over the long term, so they are highly defensive issues.	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.
	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.
Financial Materiality Items where environmental or societal issues affect our finance.	Financial strength expected by stakeholders	Sound finance and sustained growth. Securing stable earnings.

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^{*} Common metrics in "Toward Common Metrics and Consistent Reporting of Sustainable Value Creation"