# Review Process of Materiality Map and Reviews in FY2024

The Materiality Map is analyzed and discussed by members of the Sustainable Investment and other departments, and if necessary, engagement is conducted with internal and external stakeholders on the content. After that, it is reflected in our business activities, management, and stewardship activities through discussions and deliberations at the Sustainability Promotion Committee and Sustainability Advisory Council.

We believe that the important issues facing the environment and society are constantly changing due to factors such as changes in the environment and social conditions and the creation of innovations that solve these issues. On the other hand, there are also issues that gradually become apparent over the long term, such as when the actions of a small number of people lead to the activities of NGOs, and these activities, in solidarity, become a major movement that moves the international community. When issues are widely recognized by the international community, they have the potential to affect corporate value through consumer choice and regulations. We believe that it is important to take such movements into account, to look at them from a long-term perspective, and to promptly engage in dialogue with investee companies to encourage them to take action and to consider investment strategies, in order to improve the corporate value of investee companies and to improve the investment returns of our investments. Based on this idea, we conduct annual research and analysis on materiality, and when a social event occurs, we conduct an impact analysis based on the impact of the event, and reflect the results in the Materiality Map.

In the FY2024 review, which took place approximately three years after the initial establishment of the Materiality Map, we focused on reorganizing item names—integrating items that had lost relevance or appeared redundant with other items, and revising expressions to make them more widely understandable.

In this way, we accurately understand the environmental and social issues pertinent to these changing times while dynamically capturing sustainable materiality and financial materiality, and we work to contribute to initiatives that improve the corporate values of investees and effectively resolve environmental and social issues.

## 10 Updates to the Materiality Map

① Renamed “Excessive Concentration of Digital Power on Individuals, Corporations, and Nations” to “Concentration of Technology.”

② Integrated “Inequality in Access to Technology” into “AI & Digital Innovation.”

③ Integrated “Abuse and Human Rights Violations Against Vulnerable Groups in Local Communities (Women and Children)” into “Business and Human Rights.”

④ Integrated “Global Increase in Mental Health Disorders” into “Health and Well-being.”

⑤ Renamed “Refugee Movements Due to Conflicts, Disasters, and Discrimination” to “Forced Migration.”

⑥ Updated the financial materiality score for “Infectious Diseases” due to revised impact estimates (horizontal axis changed from 3 → 4).

⑦ For “Negative Impacts of Technological Progress,” integrated AI and digital technology-related issues into “AI & Digital Innovation,” and created a new category “Frontier Technologies” for other advanced technologies (e.g., brain-computer interfaces, biotechnology, geoengineering, quantum computing).

⑧ Combined “Weakening Social Bonds and Social Instability,” “Disillusionment Among Youth Toward Existing Political, Economic, and Social Systems,” and “Hostility and Criticism Toward Science and Scientists” into a single category renamed “Social Fragmentation.”

⑨ Integrated “Collapse/Insufficiency of Social Security Systems” into “Demographics.”

⑩ Integrated “Excessive Dependence on Critical Technologies” into “Cybersecurity.”

### Four processes for updating materiality

In addition to regular reviews, we also analyze and review the impact on the Materiality Map, considering the impact when events occur.

**1 Hypothesis building**

We analyze the interest level of each stakeholder and the economic impact by theme concerning environmental and social issues raised in reports from entities such as global NGOs, international institutions, investor initiatives, and economic organizations.

**2 Dialogue with stakeholders**

We undertake dialogue with entities such as NGOs, government agencies, and environmental and social initiatives concerning areas such as issue awareness, pathways to solving issues, and Japanese and global initiatives and recognition gap.

**3 Internal discussions**

Discussions with members of the Sustainable Investment Group and other departments.

**4 Discussions and deliberations at the Sustainability Promotion Committee and Sustainability Advisory Council**

Discussions with environmental and social experts and external advisors on the latest trends in materiality and medium- to long-term perspectives. Deliberations at the Sustainability Promotion Committee, followed by reflection in business plans.