

Daiwa Securities Group Inc. Corporate Governance Guidelines

The Company will respect the rights and interests of the shareholders, consider the position of all stakeholders and strive for sustainable growth and improvement of medium- to long-term corporate value through realization of its Corporate Principles “Building trust”, “Placing importance on personnel”, “Contributing to society” and “Maintaining healthy earnings results”.

Article 1: Basic approach to corporate governance and the positioning of these Guidelines

1. The Company practices group management based on a holding company structure, establishes a highly transparent and objective governance environment that conforms to international standards, realizes highly efficient oversight of group companies and builds a unified group management system that elicits synergies among group companies.
2. To achieve the matters stated in the preceding paragraph, the Company has established these Guidelines, which define the basic framework and policies of Daiwa Securities Group’s corporate governance.

Article 2: Organizational design (adoption of a Three Committees system)

The Company has adopted a Three Committees system (a company with Nominating, Compensation and Audit committees) as an institutional design in order to exhibit its management oversight function through the following (1) and (2).

- (1) Making swift and decisive decisions by having the Board of Directors assign wide-ranging authority to Corporate Executive Officers (Shikkoyaku) and clarifying the division of duties among Corporate Executive Officers (Shikkoyaku)
- (2) Improving transparency and fairness of the management by establishing three Committees in which highly independent Outside Directors account for a majority of the members: the Nominating Committee, Audit Committee, and Compensation Committee

Article 3: Role of the Board of Directors

1. The Board of Directors assumes responsibility for seeking sustainable growth and maximization of corporate value over the medium to long term based on the Company’s Corporate Principles.
2. The Board of Directors decides on core management matters, such as basic management policies, the election and dismissal of Corporate Executive Officers (Shikkoyaku), the development of internal control systems and risk management environments, and matters related to the division of duties and command system among Corporate Executive Officers (Shikkoyaku).
3. To ensure the flexibility of decision-making, the Board of Directors, in principle, delegates decision-making authority regarding business execution to the Corporate Executive Officers (Shikkoyaku) except for the matters that are to be decided by the Board of Directors under laws and regulations.
4. By overseeing the execution of duties by Directors and Corporate Executive Officers (Shikkoyaku), the Board of Directors fulfills the responsibility described in Paragraph 1 while ensuring the fairness and

transparency of the Group's management.

<Major matters decided by the Board of Directors>

- ◆ Basic management policies such as Medium-Term Management Plans and budgets for each fiscal year
- ◆ Matters related to internal control systems (refer to Article 18)
- ◆ Matters related to important business execution organizations, etc., such as the election and dismissal of the CEO and other Corporate Executive Officers (Shikkoyaku), the division of duties and command systems among Corporate Executive Officers (Shikkoyaku).
- ◆ Dividends (including interim dividends) and acquisition of treasury shares
- ◆ Matters related to the risk appetite framework and the Rules for Risk Management
- ◆ Matters related to General Shareholders Meetings, such as convocation of and proposals submitted at General Shareholders Meetings
- ◆ Other matters stipulated in laws and regulations or the Articles of Incorporation and matters delegated by General Shareholders Meetings
- ◆ Matters determined by the Board of Directors to be important, etc.

Article 4: Composition of the Board of Directors

1. The Board of Directors consists of all Directors, from three to up to 20 members. In order for the Board of Directors to exercise its supervisory function over management more appropriately, two or more and one-third or more of the members of the Board of Directors shall be independent Outside Directors with a high degree of expertise and a sense of ethics.
2. As a general rule, the majority of the Directors shall not concurrently serve as Corporate Executive Officers (Shikkoyaku).
3. Regarding the personnel composition of the Board of Directors, the Company endeavors to ensure a balance of knowledge, experience and abilities, and diversity including gender, internationality, etc. The Company shall aim to increase the ratio of female Directors to 30% or more by 2030.

Article 5: Chair of the Board of Directors

1. In principle, the Chairperson of the Board of Directors serves as Chair of the Board of Directors in accordance with the Regulations of the Board of Directors. The Chairperson of the Board of Directors is selected from among the Directors through a resolution by the Board of Directors.
2. In order for the Board of Directors to make highly transparent and objective decisions and fulfill their role of management oversight, the Chair of the Board of Directors endeavors to develop an environment for invigorating discussions at the Board of Directors and enhancing the quality of their discussions and to operate the Board of Directors efficiently and effectively.

Article 6: Composition of the Committees

1. The Committees (which refers to the Nominating, Compensation, and Audit Committees) are composed of three or more members selected by the Board of Directors from among the Directors, and the majority of the members are Outside Directors.

2. The Chairpersons of the Committees are appointed at the Committees from among the Outside Directors who are members of the Committees.

Article 7: Agenda setting and management of Board of Directors meetings

1. The agenda (matters to be resolved and matters to be reported) for Board of Directors meetings is decided in accordance with the Regulations of the Board of Directors in light of opinions and proposals from Directors and Corporate Executive Officers (Shikkoyaku).
2. The agenda and reference materials for Board of Directors meetings are delivered to each Director in advance for fruitful discussions at Board of Directors meetings. For Outside Directors, a prior briefing is held.

Article 8: The role and requirements of Directors

1. As members of the Board of Directors, Directors participate in the proceedings regarding decisions on core management matters while overseeing the execution of duties by Corporate Executive Officers (Shikkoyaku) and Directors.
2. Directors must satisfy the following requirements.
 - (1) Able to exert maximum effort to actualize the Daiwa Securities Group's Corporate Principles
 - (2) Have a high sense of ethics and morals and take the initiative to set a good example
 - (3) Have business experience or expert knowledge in law, accounting, management, etc.

Article 9: The role and requirements of Outside Directors

1. As Directors, Outside Directors oversee the execution of duties by Corporate Executive Officers (Shikkoyaku) from an independent and neutral standpoint, while providing appropriate opinions, or making appropriate determinations, as members of the Nominating, Compensation, and Audit Committees. In undertaking such roles, Outside Directors are expected to provide advice on management, based on their knowledge and experience.
2. Outside Directors must satisfy all of the following requirements for independence, in addition to the requirements stipulated in Article 8 Paragraph 2.
 - (1) Have no work experience as an Executive Director, Corporate Executive Officer (Shikkoyaku), Executive Officer (Shikkoyakuin), or any other persons equivalent to these, of Daiwa Securities Group, or as an employee of Daiwa Securities Group
 - (2) Not be a Director, Corporate Executive Officer (Shikkoyaku), manager or employee of a company for which Daiwa Securities Group is a major shareholder or a main business partner
 - (3) Have no other matters that may impair their independence in fulfilling their duties as an Outside Director

Article 10: The Outside Directors' Committee

1. The Company holds meetings of the Outside Directors' Committee composed of Outside Directors, in which Outside Directors share information and exchange opinions.
2. The Outside Directors' Committee is managed in accordance with the Rules for the Outside Directors'

Committee.

Article 11: Support systems for Directors (including the provision of information and training)

The Company develops a sufficient system including (1) to (4) below that is needed for Directors to effectively fulfill their roles and responsibilities.

- (1) The Company provides training and explanations to newly appointed Directors when they take office, and continues to help such Directors to acquire information and knowledge so that they can fulfill their roles after taking office.
- (2) The Company shares sufficient internal information with Outside Directors.
- (3) The Company bears the expenses necessary for Outside Directors to fulfill their roles (such as expenses for using outside experts).
- (4) The Company has established the Corporate Secretariat, which serves as the secretariat of the Board of Directors and supports Outside Directors

Article 12: Evaluating the effectiveness of the Board of Directors

1. The Board of Directors conducts a survey of the effectiveness of the Board of Directors once every year with each of the Directors.
2. The Board of Directors examines and discusses the results of the survey described in the previous paragraph and evaluates the effectiveness of the Board of Directors. They urge improvement for issues recognized as a result of such discussions and endeavor to maintain and improve the effectiveness of the Board of Directors.

Article 13: The role of Corporate Executive Officers (Shikkoyaku)

Corporate Executive Officers (Shikkoyaku) execute business and make decisions on the execution of business delegated by the Board of Directors.

Article 14: The role of the Nominating Committee

1. The Nominating Committee examines matters such as the composition of the Board of Directors and basic approaches to the nomination of candidates for Directors in consideration of corporate governance, and selection of candidates for Directors. Specifically, the Committee resolves the following matters.
 - (1) The details of proposals related to the election and dismissal of Directors to be submitted to General Shareholders Meetings
 - (2) The establishment, revision, or abolition of basic policies, etc. necessary for resolution described in the preceding item
 - (3) Other matters stipulated in laws and regulations and matters that the Nominating Committee determines to be necessary in fulfilling duties
2. The Nominating Committee elects Director candidates as described in Item (1) of the preceding paragraph in accordance with the policy set forth in Article 8, Paragraph 2.
3. When nominating Outside Director candidates, the Nominating Committee elects those who satisfy all the requirements for independence set forth in Article 9, Paragraph 2, in addition to the policy set forth

in Article 8, Paragraph 2.

4. The Nominating Committee and Nominating Committee members conduct necessary investigations and evaluations, such as meetings with relevant parties, to resolve each item of Paragraph 1.

Article 15: Succession plans for the position of CEO

1. The CEO establishes a succession plan for the CEO based on management strategy, business strategy, and other matters, and reports it to the Nominating Committee. The Nominating Committee appropriately oversees the details of the plan.
2. The Board of Directors resolves the election and dismissal of the CEO based on discussions in the Nominating Committee.
3. The Board of Directors dismisses the CEO if they determine that the CEO cannot fully fulfill the roles of the CEO and conclude that it is appropriate to dismiss the CEO.
4. When the unexpected happens to the CEO, the COO substitutes for the CEO. Succession plans are also formulated in preparation for the unexpected that may happen to the CEO.

Article 16: The role of the Compensation Committee

1. The Compensation Committee considers matters related to Director remuneration policy and decisions upon individual remuneration, as well as incentive plans for the Group as a whole and other matters that contribute to improving consolidated earnings. Specifically, the Committee resolves on the following matters.
 - (1) Policies on determination of the details of individual remuneration, etc. received by the Company's Directors and Corporate Executive Officers (Shikkoyaku)
 - (2) The details of individual remuneration, etc. received by the Company's Directors and Corporate Executive Officers (Shikkoyaku)
 - (3) Other matters stipulated in laws and regulations and matters that the Compensation Committee determines to be necessary in fulfilling duties
2. In determining Paragraph 1, Item (2), the Compensation Committee determines the matters stipulated in each item below according to the classification of each item.
 - (1) Fixed amount: amount for each individual
 - (2) Non-fixed amount: specific calculation method for each individual
 - (3) Other than money: specifics of remuneration for each individual
3. Remuneration for Directors and Corporate Executive Officers (Shikkoyaku) is based on the following fundamental policies.
 - (1) To create effective incentives that contribute to the increase of shareholder value through sound business development and also lead to the improvement of business performance in the short term and the medium to long term
 - (2) To keep remuneration at both domestically and internationally competitive levels as a global securities group
 - (3) To ensure execution and oversight functions work effectively as a company with a Three Committees system

Article 17: The authority and role of the Audit Committee

1. The Audit Committee audits the legality and appropriateness of duties executed by Directors and Corporate Executive Officers (Shikkoyaku), as well as business reports, financial statements, and other documents. The Committee also prepares audit reports and determines the details of proposals to be submitted to General Shareholders Meetings regarding the election or dismissal and non-reappointment of the Accounting Auditor. In addition, the Committee has the right to consent regarding the determination of remuneration, etc. of the Accounting Auditor.
2. Audit Committee members appointed by the Audit Committee (appointed Audit Committee members), in principle, work full-time to ensure the effectiveness of audits.
3. In conducting audits, the Audit Committee appropriately exercises the authority to investigate the status of business and property of the Company and its subsidiaries.
4. The Audit Committee audits the status of installation and operation of internal control systems of the Company and its subsidiaries.
5. The Audit Committee conducts audits in collaboration with internal auditing divisions and the Accounting Auditor. The consent of the Audit Committee or appointed Audit Committee members is required for important matters related to internal audits, such as the development of internal audit plans and the delegation of internal audit work. The Audit Committee can delegate investigations to the Internal Audit Department, etc. as necessary.
6. The Company has established the Audit Committee's Office as an office that specializes in supporting the Audit Committee's work. The personnel affairs, organizational changes, and other matters for the Audit Committee's Office require consent of the Audit Committee or appointed Audit Committee members.

Article 18: Internal control systems

The Board of Directors resolves "a system to ensure the appropriateness of business" (internal control systems) based on laws and regulations, and develops systems for ensuring effective audits by the Audit Committee and systems for ensuring that the execution of duties by Corporate Executive Officers (Shikkoyaku) conforms to laws and regulations and the Articles of Incorporation.

<Major systems for ensuring that the execution of duties by Corporate Executive Officers (Shikkoyaku) complies with laws and regulations and the Articles of Incorporation>

- ◆ Compliance system, risk management environment, and internal audit environment of the Company and the Group
- ◆ Whistleblowing system aimed at early detection and correction of conduct in violation of rules, etc.
- ◆ Internal control for financial reporting
- ◆ System for ensuring the appropriateness of business in the Group

Article 19: Information disclosure

1. The Company makes fair and timely disclosure of material information regarding the Group (including

financial, social, and environmental information), while complying with relevant laws, regulations, and rules, in order to help shareholders, investors, and all other stakeholders to enhance their understanding of the Company and in order to receive appropriate evaluations. The Company has formulated and announced this basic policy on information disclosure as the “[Daiwa Securities Group Inc. Disclosure Policy](#).”

2. The Company has established the Disclosure Committee to make decisions on details, methods, and other matters concerning information disclosure.

Article 20: Securing equality of shareholders

The Company treats all shareholders equally according to their respective stakes and strives to carry out early delivery of notice of convocation, set schedules for General Shareholders Meetings appropriately, and develop the use of an electronic voting platform and other environments in order to ensure that all stakeholders can appropriately exercise their voting rights. The Company also makes timely and appropriate information disclosure so that information disparity does not occur between shareholders.

Article 21: Related party transactions

In order to avoid harm to the common interests of the Company and its shareholders, the Company undertakes appropriate procedures in accordance with the Companies Act and other applicable laws and regulations when conducting transactions with Directors, Corporate Executive Officers (Shikkoyaku), major shareholders, and other related parties.

Article 22: [Dialogue with shareholders and investors](#)

1. The Company places importance on constructive dialogue with shareholders and others. To achieve sustainable growth and maximize corporate value over the medium to long term based on the Company’s Corporate Principles, the Company engages in dialogue through various opportunities, such as financial results briefings, briefings for individual investors, and meetings with institutional investors and analysts.
2. The Company provides feedback regarding issues and opinions obtained through dialogue as described in the preceding paragraph to Directors and Corporate Executive Officers (Shikkoyaku). The Company also endeavors to expand opportunities for its Directors and Corporate Executive Officers (Shikkoyaku) to hold dialogue with shareholders, individual investors, institutional investors, and analysts, etc.

Article 23: Dialogue with stakeholders

1. Towards the realization of the Corporate Principles, the Company identifies social issues through active dialogue not only with shareholders and investors but also a broader range of stakeholders, helps to resolve such issues through its business, and aims to achieve a balance between social and economic value.
2. For implementing the policy stated in the preceding paragraph, the Company has established [the Policy on Communication with Stakeholders](#).

Article 24: Basic policy on strategic shareholding

The Company will establish a basic policy on strategic shareholding and a basic policy on the exercising of

voting rights related to strategic shareholding, and will disclose the outline of such policies.

Article 25: Amendments to and revocation of the Guidelines

Amendments to and revocation of the Guidelines will be made following a resolution by the Board of Directors.

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