

Sustainability

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Message from the Head of Sustainability



Keiko Tashiro

Deputy President
Head of Asset Management, Securities Asset
Management, Sustainability and Financial Education
Daiwa Securities Group Inc.

Communicating the significance of sustainability through disclosure

Sustainability values and initiatives differ by country and region, with diverse challenges. As sustainability conditions shift, companies face growing complexity in their responses. In Japan, we still rank low in the World Economic Forum's Gender Gap Index. Another major challenge is that our energy self-sufficiency remains low amid rising geopolitical risks. These are just some of the issues we must address. We must keep pushing forward with our sustainability efforts.

In this context, Japan's first sustainability disclosure standard was released in March 2025 by the Sustainability Standards Board of Japan (SSBJ). Using standards based on the IFRS Sustainability Disclosure Standards from the International Sustainability Standards Board (ISSB) ensures international comparability and consistency, aiding dialogue with investors and boosting corporate value. This should lead to better disclosure by Japanese companies and progress in their efforts.

We see sustainability disclosure not as a mere obligation, but a key tool for communicating our intentions. We will actively share this information. We have set "Creating a prosperous future through financial and capital markets" as the core concept of our Vision 2030. Through various initiatives based on Materiality, we aim to boost corporate value and help solve social issues, creating a prosperous future. Our sustainability KPIs include D&I indicators like the percentage of female managers and directors, and decarbonization indicators like greenhouse gas emissions.

Through this Integrated Report, we hope to provide stakeholders with a broad view of our initiatives, helping them to appreciate the importance of our commitment to sustainability.



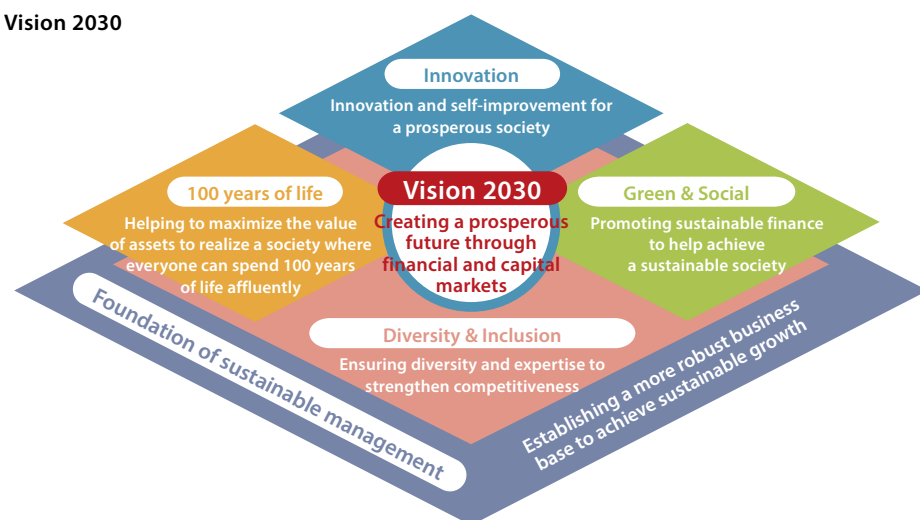
At the IFRS Foundation Trustees Meeting
(Montreal, Canada, October 2024)
Photographer: Paul van den Boom

Vision 2030

Materiality under our Vision 2030

The core concept of our Vision 2030 is creating a prosperous future through financial and capital markets. In an era where people are enjoying 100 years of life, we will provide high-quality solutions as professionals in the financial and capital markets, while at the same time contributing to a carbon-free society and promoting innovation inside and outside the Group in order to realize a prosperous future for all.

Vision 2030



Materiality

Diversity & Inclusion

In order to strengthen our competitiveness, we aim to become an organization in which employees can express their individuality and demonstrate their expertise, and achieve personal growth and job satisfaction.

Innovation

In addition to aiming to generate innovation for a prosperous society through cooperation with our partners both in Japan and overseas, we will expand the number of new business opportunities and take on the challenge of self-transformation.

Foundation of sustainable management

In order to achieve these themes of 100 years of life, Innovation, Green & Social, and Diversity & Inclusion, we will make the base that supports sustainable corporate management even more robust.

100 years of life

In preparation for achieving a society where anybody can live comfortably in the area of 100-year lifespans, we will help to maximize the value of assets to meet the diversifying needs of customers.

Green & Social

In order to achieve a sustainable and carbon-free society, we will focus on providing financial products and services that help resolve social issues.

Process of formulating and revising Vision 2030

In 2021, Daiwa Securities Group formulated Vision 2030, its management vision for the Group through to 2030. As part of the process, we singled out and evaluated important medium- to long-term social issues, and through dialogue with stakeholders identified Materiality.

When formulating our Medium-Term Management Plan “Passion for the Best” 2026 in 2024, we updated Vision 2030 after re-opening discussions on what kind of group we believe Daiwa Securities Group should be, including from the perspective of sustainability.

We aim to achieve our Vision 2030 goals by managing the progress of our efforts using KPIs so as to achieve a sustainable society and further improve the Group’s value.

Process of identifying Materiality

Step 1
Understanding and assessing social issues

Step 2
Dialogue with internal and external stakeholders

Step 3
Formulation of Materiality (draft)
















Step 4
Management’s discussions and decisions

Taking on Materiality and realizing Vision 2030

Representatives of various headquarters and Group companies will manage progress, seek to understand issues, and implement related measures.






The state of progress will be regularly monitored by management through committees, including the Sustainability Promotion Committee and Board of Directors.

Sustainability KPIs






Materiality	Sustainability KPIs	FY2026 target	FY2024 4Q	Purpose of setting (expected effect on business)	Connection with corporate value improvement
Diversity & Inclusion	 NISA-eligible public stock investment trusts balance (excluding ETFs)	¥4.6 trillion	¥3.4 trillion	Increase income by expanding targets to include new investors generated by the expansion of the NISA scheme	Increase income Diversify profit opportunities
	 Number of customers who have purchased sustainability-related products	Continuously expand	59,035 accounts	Expand investor base by disseminating the meaning of sustainability investments among customers	
	 Ranking of GX Transition Bond Primary Dealer Bids	In the top 3	1st	Expand the SDG bond market, diversify revenue opportunities, and improve reputation through our track record as a primary dealer	
100 years of life	 SDGs-related bond league table	In the top 2	1st	Increase profits by diversifying capital procurement methods such as SDG bonds	Expand sustainable business
	 Sustainability-related investment balance	¥180 billion	¥131 billion	Increase income by investing in the renewable energy and infrastructure fields where stable investment returns can be expected	
	 ESG investment balance	¥100 billion	¥120 billion	Improve reputation by participating in investments that contribute to solving social issues	
Innovation	 Green building certification ratio (DOI/DLI/DLP)*1	65/20/25%	67.5/23.2/37.6%	Improve reputation with tenants and increase asset value	Improve reputation
	 Number of value created digital projects *2 / digital project trials*3	10 projects/50 trials	2 projects/45 trials	Create value and increase productivity by transforming our business model and building new business models	
	 Ratio of female managers (consolidated / Daiwa Securities)	20/25% or higher	20.4/23.2%	Improve productivity through business operations based on diverse opinions	
Green & Social	 Rate of childcare leave taken by male employees (consolidated / Daiwa Securities)	100/100% or higher	103/101%	Improve productivity through business operations based on diverse opinions	Increase productivity
	 Engagement survey score (consolidated)	80% or higher	81%	Improve productivity by creating an environment that allows employees to exert their capabilities	
	 Ratio of female directors on the Board (Daiwa Securities Group Inc.)	30% or higher	50%	Strengthen governance by incorporating diverse perspectives into management decisions	
Foundation of sustainable management	 Greenhouse gas emissions (Our own*4 / investment portfolio*5)	Net zero / 186 to 255	2,725/243*7	Strengthen governance through climate change response and environmental management	Enhance governance
	 Renewable energy switching rate for offices and data centers	100%	100%	Contribute to the realization of a carbon-neutral society by expanding renewable energy to data centers and offices	
	 Numbers provided with financial and economic education	2.5 million*6	1.7 million*8	Contribute to medium- and long-term growth in investor population	

*1 DOI: Daiwa Office Investment Corporation, DLI: Daiwa Securities Living Investment Corporation, DLP: Daiwa Securities Logistics Private Investment Corporation *2 Projects that utilize new digital technologies and are either innovative or contribute to business transformation (FY2026) *3 Trials of DX projects and AI/Data Science projects (FY2026) *4 Total of Scope 1 and 2 (Unit: t-CO₂e) (FY2030) *5 The target is project finance for the power sector. (Unit: g-CO₂/kWh) (FY2030) Includes some estimated values. *6 Cumulative total for FY2005-FY2030 *7 Results for FY2023 *8 Cumulative total for FY2005-FY2024

Risks and Opportunities

Materiality	Diversity & Inclusion 	100 years of life 	Innovation 	Green & Social 	Foundation of sustainable management 
Risks	<ul style="list-style-type: none"> ◆ Risk of being unable to respond to changes in the environment due to failure as an organization to capitalize on the flexibility and diversity of human resources ◆ Risk that the Group HR strategy falls behind that of other companies, making it difficult to attract human resources ◆ Risk of weakening in the human resources base or customer base due to increasing social disparity and poverty issues 	<ul style="list-style-type: none"> ◆ Risk that contraction in capital markets will occur due to the instability of public finances in each country and to mounting geopolitical risks ◆ Risk of a deterioration in the earnings environment if factors such as a slumping market contribute to reduced customer investment demand ◆ Risk that the Group's customer base will shrink under a widening gap between the rich and poor as well as deterioration in regional economies 	<ul style="list-style-type: none"> ◆ Risk of falling behind the competition in meeting changing needs of customers and in developing new services and products ◆ Risk of worsening earnings environment in the financial industry with the influx of new entrants with disruptive technologies and new business models ◆ Risk that a relative decline in market positions will occur due to industry realignment 	<ul style="list-style-type: none"> ◆ Risk of fewer underwriting business and other business opportunities in industries that are easily affected by tightening regulations ◆ Risk of a decrease in the value of assets held by the Group due to the declining performance of investee companies affected by worsening social issues ◆ Risk of a lower market evaluation stemming from the inadequate response to the issue of sustainability or delays in responding to tightening regulations 	<ul style="list-style-type: none"> ◆ Risk of damage to the Group's reputation if and when actions that run contrary to corporate ethics occur ◆ Risk of sustaining damage such as information leaks if and when subjected to cyberattack ◆ Risk of losing stakeholder trust and corporate value stemming from delays in responding to sustainability issues and the tightening of related regulations
Opportunities	<ul style="list-style-type: none"> ◆ Productivity gains through stronger employee engagement that recognizes diversity ◆ Acquiring and retaining talented human resources through enhanced human resource measures ◆ Improved organizational performance through the promotion of health management 	<ul style="list-style-type: none"> ◆ Growing need for wealth management and asset succession services in line with concentration of financial assets among the elderly population ◆ Increasing needs for asset management to support old age, improving financial literacy in Japanese society ◆ Growing momentum toward regional revitalization 	<ul style="list-style-type: none"> ◆ Growing demand for corporate financing and M&As to realize innovation ◆ Advancement of inorganic strategies focused on open innovation ◆ Possibility of offering new financing methods and products, such as security token offerings using blockchain or other digital technologies ◆ Expanding investment demand for new asset classes ◆ Greater productivity and increased business development opportunities through the recruitment and training of digital IT personnel 	<ul style="list-style-type: none"> ◆ Mounting demand for finance that helps solve social issues ◆ Opportunities to invest in and enter businesses that contribute to solutions to social issues ◆ Development and provision of new financial products and services that balance economic returns and social impact 	<ul style="list-style-type: none"> ◆ Positive impact on Group corporate value due to improved ESG evaluation ◆ The Group's efforts may lead to advising of client companies or project acquisitions ◆ Stronger foundation for the value chain ◆ Promoting dialogue with stakeholders

Risks and Opportunities

Materiality	Diversity & Inclusion	100 years of life	Innovation	Green & Social	Foundation of sustainable management
					
Key Initiatives	<ul style="list-style-type: none"> ◆ Improvements in engagement and productivity <ul style="list-style-type: none"> Ascertaining the strengths and challenges of each level and organization based on the results of engagement surveys and implementing improvement actions ◆ Achieving a human capital portfolio in which the right person is matched to the right job <ul style="list-style-type: none"> Introduction of a talent management system to visualize employee skill levels ◆ Creating a work environment that values openness <ul style="list-style-type: none"> To assist in the early return to work from childcare or nursing care leave, expanded our flextime system by relaxing requirements for its use As part of our efforts to create environments in which each and every employee can maximize their performance, permitted office casual wear year-round 	<ul style="list-style-type: none"> ◆ Promotion of a wealth management business model <ul style="list-style-type: none"> Expanded our lineup of alternative investment products (funds, real estate investment loans, aircraft leasing, etc.) to provide new investment opportunities Following on from the tie-up with Shikoku Bank, entered into a business alliance with Bank of Iwate. Implemented organizational reforms to promote business collaboration with regional partner financial institutions Through a capital and business alliance with Aozora Bank, plan to provide high value-added consulting services to mutual customers and develop new products and services that utilize Aozora Bank's loan and trust functions ◆ Initiatives in line with Promoting Japan as a Leading Asset Management Center published by the Government of Japan <ul style="list-style-type: none"> Launched an Emerging Manager Program (EMP), a program which invests in funds managed by emerging managers, with JAPAN POST INSURANCE and an EMP investment framework, in which Daiwa Securities Group Inc. invests, and undertook initial investments in each Entered into a business collaboration with the Sumitomo Mitsui Trust Group to realize improvements in efficiency across the asset management industry by building a data sharing platform between asset management companies and trust banks 	<ul style="list-style-type: none"> ◆ Utilization of AI technology and digital tools <ul style="list-style-type: none"> Began providing an inquiry service with AI operators to respond to a variety of customer inquiries Began providing our D-Port service, a smartphone app that presents customer assets in visual form and provides an overall picture of their financial assets, including NISAs, defined contribution pension plans, and stock ownership plans ◆ Further promotion of cryptocurrency-related business <ul style="list-style-type: none"> Fintertech's cryptocurrency lending service, Digital Asset Stake (loans for consumption), launched as a service to receive yen lending fees ◆ Support for startups <ul style="list-style-type: none"> Anticipating expansion of the secondary market for unlisted stocks, signed a memorandum of understanding with the Kepple Group with respect to a capital participation and business alliance ◆ Development of human resources capable of developing digital IT services <ul style="list-style-type: none"> Introduced the Digital IT Master certification system as an employee development program 	<ul style="list-style-type: none"> ◆ Promoting sustainable finance <ul style="list-style-type: none"> Supporting a variety of sustainable finance issuances, including Japan's first sustainability-linked bond to adopt nature positive-related KPIs Focusing on expanding the scope of impact finance in Japan through investments in impact investment funds Selected as a member of the Advisory Council of the International Capital Market Association (ICMA) Advisory Council for the second consecutive year ◆ Expanded renewable energy-related business investment and business tie-ups <ul style="list-style-type: none"> Invested in onshore wind and solar power projects in the US and Australia Participation in a demonstration test for the development of a hybrid power storage facility with sharing functionality by NR-Power Lab (joint venture between NGK and Ricoh) 	<ul style="list-style-type: none"> ◆ Increasing the sophistication of information security <ul style="list-style-type: none"> NEC and Daiwa Institute of Research (DIR) will utilize AI in trade surveillance operations to monitor market manipulation and other unfair trading practices Implemented an automated recording system for customer interactions that utilizes generative AI and voice recognition to ensure transparent communication with customers DIR and Receipt Inc. entered into a capital and business alliance to provide next-generation personal information management services to prevent unnecessary exchanges of personal information ◆ Strengthening governance and risk management <ul style="list-style-type: none"> Maintaining a ratio of female directors of 50% to incorporate diverse perspectives into management decisions Revising the Daiwa Securities Group Environmental and Social Policy Framework while initiating the regular screening of investment and lending destinations for child labor, forced labor, and human trafficking ◆ Expanding the disclosure of sustainability-related information <ul style="list-style-type: none"> Expanding disclosure on natural capital and biodiversity initiatives

Sustainability-related Business

Under Vision 2030, the Group is actively pursuing sustainability-related business to build a sustainable society and increase corporate value.

The Medium-Term Management Plan “Passion for the Best” 2026 sets sustainability KPIs aligned with the Materiality identified in Vision 2030. We monitor progress through the PDCA cycle and have set multiple KPIs for specific business areas, including SDG-related bonds, publicly offered equity investment trusts under NISA, and sustainability-related investments. We are steadily working to track results and achieve our targets.

We are also strengthening our foundation for sustainable management, engaging in meaningful dialogue with stakeholders through appropriate disclosure, and actively contributing to rule-making through our participation in domestic and international initiatives.

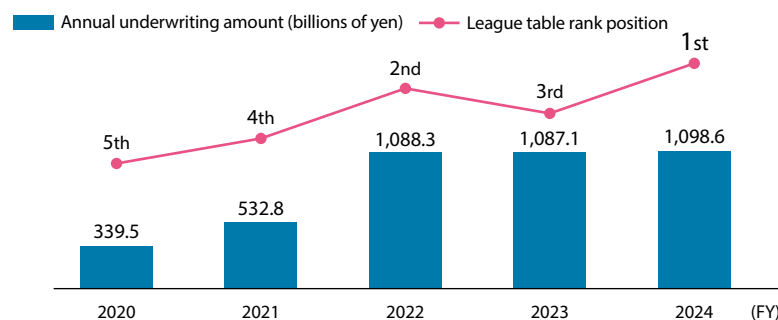
Looking ahead, the entire Group will continue to work together on sustainability to drive long-term corporate value.

Promoting sustainable finance

As the sustainable finance market grows, the Group is using its long-standing experience and expertise to deliver a wide range of solutions meeting diverse customer needs. We aim to lead the market by creating and offering innovative financial products that address environmental and social issues, strengthening our sustainable revenue base and increasing corporate value.

The Group has consistently ranked among the top lead managers in Japan's SDG-related bond market.*¹ With our average annual transaction volume growth of 34.1%,

Domestic SDG bonds: Daiwa Securities underwriting amounts and league table position



outpacing the overall market growth of 20.8%,*² we have firmly established our leadership in this space. We have also played a pioneering role in launching numerous market firsts globally and in Japan. These include the world's first government transition bond (GX Economy Transition Bonds), the first blue bond in the global shipping industry (Mitsui O.S.K. Lines), and Japan's first transition bond issued by a financial institution (Development Bank of Japan).

Our work in sustainable finance extends beyond supporting individual projects, helping to enhance the Group's corporate value. We engage deeply with clients on management challenges such as ESG strategy planning, goal-setting, and disclosure. By offering long-term, hands-on support, we build strong, trust-based relationships that reinforce our revenue base. This approach is backed by the Sustainability Solutions Department, a dedicated unit established in 2021. Drawing on cross-product expertise and collaboration with internal and external specialists, we have led advanced initiatives in both bond and equity finance markets. We will also continue to explore emerging fields, including impact IPOs.

As investor and societal expectations grow more diverse and sophisticated, we stay ahead of market trends by developing and providing innovative financial solutions that open new revenue streams. At the same time, with concerns about greenwashing on the rise, we are working to foster a sound, sustainable finance market. One such effort involves developing generative AI tools to evaluate the environmental and social characteristics of SDG bonds during underwriting.

Our initiatives have earned strong external recognition. For example, we became the first securities firm to win the Ministry of the Environment's ESG Finance Award Japan (Silver Award) two years in a row.

As a leader in sustainable finance, we will continue to deliver forward-looking solutions that help address social challenges, enhance our clients' corporate value, and drive the Group's own sustainable growth.



DEALWATCH
AWARDS 2024

CELEBRATING THE ACHIEVERS IN JAPAN'S CAPITAL MARKETS

*¹ Bonds issued to tackle environmental and social issues as part of the issuer's sustainability strategy, including sustainability bonds.

*² 2020-2024 CAGR

Sustainability-related Business

Offering attractive NISA-eligible funds

Vision 2030, viewed through the lens of sustainability, positions the era of 100 years of life as a component of our Materiality. In line with this Vision, Daiwa Asset Management is working to provide attractive products tailored to the NISA system, supporting asset formation in the era of 100 years of life. We are targeting a publicly offered equity investment trusts balance of ¥4.6 trillion (excluding ETFs) eligible for NISA by FY2026, and are taking various steps to achieve this goal.

Guided by the concept “More freedom to invest,” our initiatives for individual investors include the iFree Series—funds designed to meet diverse investment needs, many of which are now available under the new NISA system. For beginners, we created an introductory video, “Let’s start! The new NISA,” which is available on the websites of Daiwa Asset Management and its sales partners, as well as on screens at retail locations. To reach the younger generation, we appointed model and actress Aya Marsh as our asset formation ambassador. She communicates the importance of asset formation through ETF listing events and video content aimed at a broad audience.



To support sales partners, we published a NISA Guidebook that provides sales staff with a practical, systematic overview of the program, including FAQs and usage examples. We also created a one-sheet Q&A resource, NISA: What You Need to Know Now, addressing common questions.

The Japanese government's target of ¥56 trillion in cumulative NISA investments by the end of 2027—part of its Doubling Asset-based Income Plan—was reached nearly three years ahead of schedule, driven by surging investment activity following the launch of the new NISA system. Daiwa Asset Management is actively responding to this shift, working with both individual investors and sales partners to deliver strong results.

In FY2024, total inflows* into NISA-eligible funds across the industry reached ¥13.9 trillion. Daiwa Asset Management captured about 7% of this market, with ¥1.03 trillion in inflows—ranking third among asset management firms.* Several of our NISA-eligible funds attracted notable investor interest, including the iFreeNEXT FANG+ Index and

NISA Guidebook

List of sections

- Chapter 1: What is NISA?
- Chapter 2: NISA from 2014 to 2023
- Chapter 3: The New NISA from 2024
- Chapter 4: Case Studies of NISA Usage by Pattern
- Chapter 5: Key Points on NISA
- Appendix: Daiwa Asset Management's New NISA-Eligible Funds

Content

Talk script for explanations to customers

Answers to questions customers frequently ask, in a Q&A format

A primer on the NISA system!

NISA
ガイドブック

Total of 123 pages

A5 size

Daiwa Asset Management



Case studies of NISA use by pattern based on financial assets and investment experience

the Daiwa Dynamic India Equity Fund. In fact, three of our funds ranked among the top 30* for fund inflows in FY2024. The iFreeNEXT FANG+ Index Fund, in particular, saw substantial growth, ranking fourth* with ¥350.7 billion in net inflows over the year. As a result, our balance of publicly offered equity investment trusts eligible for NISA (excluding ETFs) reached ¥3.4 trillion by the end of FY2024—a year-on-year increase of approximately ¥1 trillion.

Looking ahead, Daiwa Asset Management will continue expanding its lineup of NISA-eligible products and promoting the system to broaden its investor base.

* Daiwa Asset Management estimate

Sustainability-related Business

Investments in renewable energy and infrastructure

Daiwa Energy & Infrastructure is advancing strategic investments in renewable energy and infrastructure to help build a sustainable society while enhancing corporate value. It is expanding its role in decarbonization projects through a strong focus on solar power and battery storage businesses. In FY2024, it invested in grid-scale battery projects, onshore wind farms, and solar power plants in the US; solar power plants in Australia; and data centers designed to support generative AI and grid-scale battery projects in Japan.

As well as the social significance of these investments, which lower environmental impact, they also substantially contribute to strengthening our revenue base. Operating renewable energy plants, for instance, generate steady electricity sales, delivering predictable long-term cash flows and improving financial resilience. Battery storage, increasingly valuable in balancing the variable output of renewables, is emerging as a promising new revenue stream in the power market. Many existing investment assets generate stable, high cash flow through cost reduction and operational optimization. With tailwinds from the macro environment such as rising energy prices and stronger policy support, some assets generated capital gains far exceeding initial projections, contributing to revenue growth.

The renewable energy market is expected to sustain high growth amid the global shift toward decarbonization. Several factors are expected to fuel rising power demand: the rapid expansion of data centers due to AI and cloud services, the proliferation of semiconductor and battery manufacturing facilities, and the growing adoption of electric vehicles and related infrastructure. As a result, investments in these areas will help secure medium- to long-term growth and a competitive edge. In renewable energy and infrastructure, scale and technology are key drivers of competitiveness. Early entry and accumulated expertise differentiate companies from competitors. We aim to achieve sustainable growth by continuously improving efficiency and capabilities across the value chain, from project development to operation and maintenance.



Brazos Onshore Wind Farm in Texas



Madison Solar Power Plant in Ohio

Efforts in impact finance

As climate change and demographic shifts—such as an aging population—become more pressing, interest is growing in the social impact of business activities. Impact finance, which seeks to minimize negative impacts and generate positive social outcomes, is gaining attention.

The Group is advancing a range of initiatives in this area. For example, Daiwa Asset Management has launched impact funds such as the decarbonization technology equity fund, and prepares impact reports. The Group has also invested in Impact Capital No. 1 Investment Limited Partnership, an impact investment fund, aiming to incorporate impact perspectives into financial services by applying lessons from real-world cases of impact measurement and management execution.

We were the first full-service securities group to join the Japan Impact-driven Financing Initiative, a commitment by financial institutions actively pursuing impact finance. We are also actively engaging in rule-making to develop and expand the impact finance market through participation in the Impact Consortium, a public-private partnership, and GSG Impact JAPAN, the Japanese branch of the global network organization Global Steering Group for Impact Investment.

Going forward, we will contribute to the creation of new impact-driven capital cycle schemes.

Carbon Neutrality Initiatives

The Daiwa Securities Group Net Zero Carbon Declaration

Daiwa Securities Group recognizes the importance and urgency of addressing climate change, one of the most serious issues facing the world, in order to realize a carbon neutral society as soon as possible. To that end, we have formulated the Daiwa Securities Group Net Zero Carbon Declaration to make a medium- to long-term contribution to the fight against climate change.

Based on this declaration, we aim to achieve (i) Scope 1 and 2 net zero GHG emissions within our own operations by FY2030 and (ii) Scope 3 net zero GHG emissions by 2050 for our investment and loan portfolios. In addition, we will (iii) continue to support our customers' efforts to decarbonize their businesses and new technologies that contribute to the realization of a decarbonized society in order to support a smooth transition to a decarbonized society through our financial business.



For details on Daiwa Securities Group Net Zero Carbon Declaration, please see the website below.
<https://www.daiwa-grp.jp/english/sustainability/environment/policy.html>

Net zero GHG emissions within our own operations

To achieve net zero GHG emissions within our own operations (Scope 1 and Scope 2), we will advance initiatives that are in line with the priority area. Specific measures include continuing energy-saving efforts and switching to renewable electricity. At present, we are introducing energy-saving technologies and systems at our sites and improving energy efficiency, and will keep up these efforts.

As far as renewable energy power is concerned, we introduced such power into all of the Group companies residing at the head office building (GranTokyo North Tower) in April 2021 by utilizing non-fossil fuel energy certificates with tracking information. In January and April 2024, respectively, Daiwa Securities and Daiwa Institute of Research switched to renewable energy for electricity used within Scope 2 emissions at all their offices in Japan. For domestic offices, interim targets for 2025 have been set and submitted to the GX League (Scope 1: 416 tons, Scope 2: 55 tons). Looking ahead, we will continue to consider switching to renewable energy sources at our overseas offices and the use of carbon credits for emissions we cannot cut through our own efforts. Our goal is to meet the 2025 interim target and reach Scope 1 and 2 net zero by FY2030. When

choosing renewable power plans for our offices, we consider not only their impact on cutting GHG emissions but also our internal carbon price. Specifically, we compare the expected future cost—calculated using the J-Credit price—with the extra cost of adopting renewable energy. The calculation uses data from power companies on expected GHG cuts from renewable adoption. We plan to keep using the internal carbon price to judge whether the extra cost is reasonable, and may review the price setting in the future.

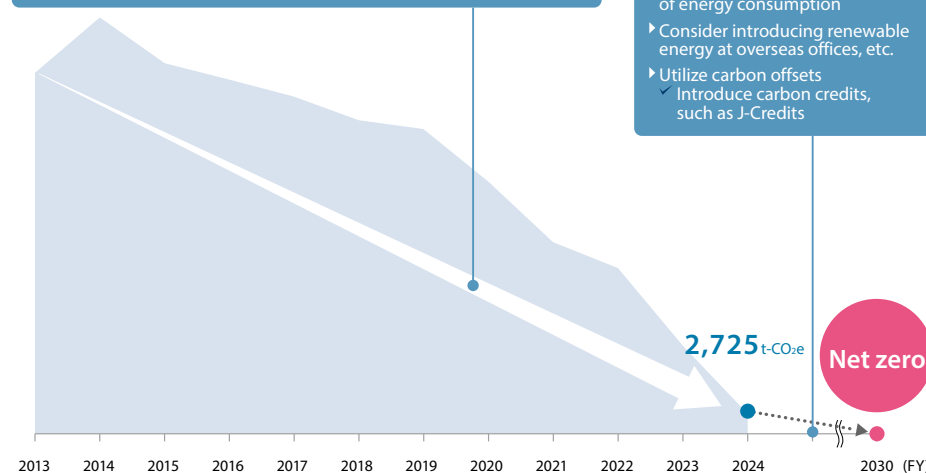
GHG emissions within our own operations (Scope 1 and Scope 2)

Examples of past initiatives

- ▶ More efficient energy use
 - ✓ Switch equipment (air conditioning, change lighting to LED)
 - ✓ Review operations, etc.
- ▶ Switch to renewable energy through utilization of non-fossil fuel energy certificate with tracking information, etc.
 - ✓ Switch to renewable energy for electricity consumption at all domestic offices of Daiwa Securities (from January 2024) and Daiwa Institute of Research (from April 2024)

Examples of future initiatives

- ▶ Continue to improve efficiency of energy consumption
- ▶ Consider introducing renewable energy at overseas offices, etc.
- ▶ Utilize carbon offsets
 - ✓ Introduce carbon credits, such as J-Credits



Notes: 1. GHG emissions within our own operations (domestic and overseas) are calculated for approximately 95% of the locations based on the number of employees.
 2. FY2023 results are market-based emissions.



For more information on the scope of our own GHG emissions data and calculation methods, please visit the following website.
https://www.daiwa-grp.jp/sustainability/data/pdf/daiwa_sustainability_data_2025.pdf

Carbon Neutrality Initiatives

Net zero GHG emissions within our investment and loan portfolios, etc.

To lay out a concrete path toward our goal of net zero GHG emissions within our investment and loan portfolios, etc. by 2050 (Scope 3), as set forth in the Declaration, the Group sets interim targets up to FY2030 for project finance in the power generation sector, which accounts for the largest proportion of emissions in our own investment and loan portfolios.

Measurement of actual values in FY2023

For FY2023 results, the scope of measurement was expanded compared to previous fiscal years and was not limited to high-emitting sectors. In addition to Scope 1 and Scope 2, Scope 3 emissions were also measured for investees and lenders.

Measurement scope

- › Sectors: All sectors
- › Asset classes: Listed equity (including REIT), unlisted equity (including REIT), corporate bonds, commercial real estate, business loans, project finance

Notes: 1. Subjects are Daiwa Securities Group Inc.'s invested companies, assets managed by the Asset Management Division (own holdings, excluding unlisted stocks via funds), and companies managed by Daiwa Next Bank.
2. Not applicable for commercial real estate and business loans. 3. Some estimates are based on the PCAF Database (excluding subjects that cannot be referenced in the Database)

Setting interim target

Results for FY2023 fell short of FY2022* due to improvements in the power generation efficiency of investment and loan recipients and progress in renewable energy investment and loan.

* FY2022 results: 379 g-CO₂e/kWh

GHG emissions from project finance in the power generation sector (Emission scope is Scope 1)

FY2023 actual values*	
Total emissions	387,431 t-CO ₂ e
Emission intensity (g-CO ₂ /kWh)	243 g-CO ₂ e/kWh
PCAF score	Average 2.73

* Some calculations are based on estimated values.

Interim target value for FY2030	
Metric	Emission intensity (g-CO ₂ e/kWh)
Target value	186-255 g-CO ₂ e/kWh
Reference scenario	IEA NZE - APS

FY2023 results

(Unit: t-CO ₂ e)	Listed equities include REITs	Unlisted equities include REITs	Corporate bonds	Project finance	Scope1 + 2	Scope3
Power generation	56,675	0	166,683	397,634	620,993	175,009
(Air)	40,091	–	–	–	40,091	8,642
Transport						
(Maritime)	429	–	–	–	429	536
(Land)	105	0	0	–	105	42
Metal & metal products *1	1,984	14,426	–	–	16,410	14,332
Chemicals	239	2,507	0	–	2,746	4,746
Real estate	1,204	397	10	–	1,611	2,924
Automobile manufacturing	37	–	656	–	692	13,149
Packaged food and meats	532	–	–	–	532	898
Paper and forest products	332	–	–	–	332	293
Oil and gas	267	–	0	–	267	678
Capital goods *2	152	–	0	–	152	18,030
Coal	57	–	–	–	57	27
Steel	45	–	0	–	45	35
Aluminum	24	–	–	–	24	85
Agriculture	22	–	–	–	22	11
Construction materials	11	–	–	–	11	2
Beverages	3	–	0	–	3	19
Cement	–	–	–	–	–	–
Others	3,426	45	183	–	3,654	24,003
Total	105,638	17,374	167,532	397,634	688,178	263,461

Total: If not applicable, "–"; if rounded down, "0". *1 Excluding steel and aluminum *2 Buildings etc.



For climate-related disclosures (formerly TCFD disclosures) based on sustainability disclosure standards (ISSB standards and SSBJ standards), please see the website below. (Scheduled for disclosure in September 2025.)
<https://www.daiwa-grp.jp/english/sustainability/environment/tcf.html>



For information on our approach to natural capital and biodiversity based on the TNFD framework, please see the website below.
<https://www.daiwa-grp.jp/english/sustainability/environment/tbfd.html>

Human Capital

Message from the Head of Human Resources



Hiromasa Kawashima

Senior Managing Director
Deputy Head of Corporate Planning, Head of Human Resources (CHO), Head of Legal, Deputy Head of Sustainability

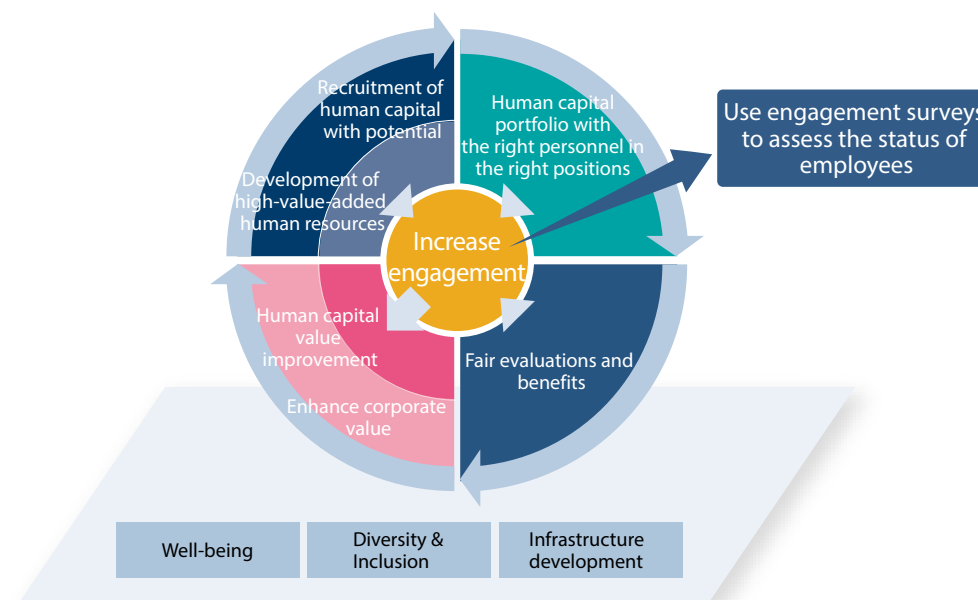
The source of Daiwa Securities Group's competitiveness lies in its human resources, and "placing importance on personnel" is one of its Corporate Principles. "The Group will promote the creativity of employees by offering them a challenging and self-directed working environment that encourages their abilities and appropriately rewards their contributions." Through our HR strategy and human capital investment that are based on this philosophy, we are working diligently to create environments in which employees who want to improve their performance and contribute to the organization are highly motivated and passionate about their work. Going forward, we will continue to promote HR strategies that help **maximize customer asset value**, as stipulated in the Basic Group Management Policy, and lead to the realization of sustainable improvement in the Group's corporate value.

Approach to human capital management

At Daiwa Securities Group, HR strategy is positioned as an integral part of its management strategy. To strengthen our competitiveness, we work diligently to create an organization where each and every employee can shine based on their diversity and expertise while experiencing personal growth and job satisfaction. By advancing and deepening the foundations of Hiring, Training, and our Human Capital Portfolio, as well as Evaluation and Compensation, our goal is to enhance employee engagement and fully leverage the added value generated by human capital, leading ultimately to sustainable growth and the enhancement of long-term corporate value.

Hiring human resources with potential

Due to its significant impact on sustainable growth and the enhancement of its corporate value, Daiwa Securities Group considers recruitment to be a critical component in its management strategies. To identify and hire personnel with high potential, each Group company is making creative efforts to conduct recruitment activities that are suited to their respective characteristics. For the (year-round) Daiwa Securities recruitment of new graduates, we use the personal histories submitted by



applicants to ascertain and share the experiences that have influenced their values and actions. By then selecting candidates from multiple perspectives, such as those of on-site heads of departments and branch managers, we guide them toward stretching their potential in line with their career paths after having joined the company. We have introduced the Job Supporter System that enables applicants to interview employees from various departments of their choosing. This allows applicants to gain a deeper understanding of the thoughts of employees in each department, the workplace atmosphere, and career paths, which helps reduce mismatches. The implementation of practical, specialized, and tailored internships, departmental hiring that identifies the department to which employees will be assigned when they join the company, and the introduction of the Expert Course human resources system that evaluates personnel who can utilize advanced expertise in business have all led to increased recruitment of high-potential personnel. Additionally, we are actively recruiting mid-career talent who possess diverse knowledge and experience, and in FY2024 37.3% of the 764 people we hired, who included new graduates, were mid-career hires. As part of our onboarding measures to embrace the diversity of our recruits and to create environments in which they can settle in and thrive within the Group, we hold induction ceremonies, implement a mentoring system, establish communication channels for mid-career recruits, and hold social gatherings with senior management.

Human Capital

Development of high-value-added human capital

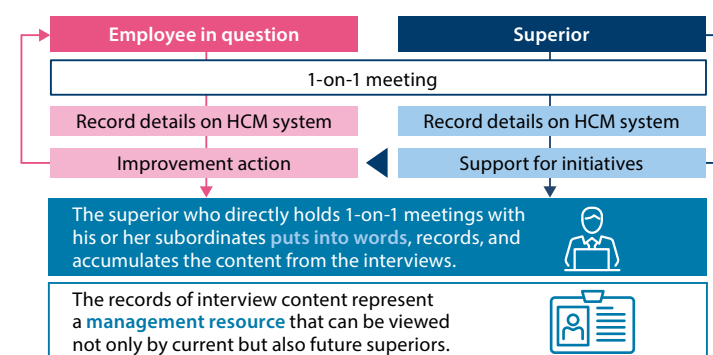
Investing in human resources increases their value, refines them into human capital, and leads to corporate growth. This is the form of human capital management to which the Group aspires. As far as training is concerned, it is essential to create environments in which each and every employee is able to think about what they need to improve their performance and realize their career while continuing self-guided learning. In addition to customized education and training programs that utilize the company's knowledge and know-how, Daiwa Securities has introduced an online video learning platform that can provide individually optimized learning to all employees. We allow employees to select and acquire the knowledge and skills they need from the latest and most highly acclaimed business courses, including management, data analysis, and marketing.

To realize the overarching goal of helping to **maximize customer asset value**, we also encourage our employees to obtain core qualifications, such as CFP or securities analyst certifications, which will lead to the proposal of high-quality solutions. To support our employees, we also subsidize the cost of exam preparation courses and examination fees while encouraging them to engage with internal communities to facilitate the exchange of ideas. As of the end of March 2025, we have the highest number of CFP-certified employees among financial institutions in Japan. To drive digital innovation, Daiwa Securities is maintaining its strong commitment to developing digital talent. Examples of that commitment include the Digital IT Master certification system to nurture talent capable of leading business transformation using advanced digital technologies, the introduction of Daiwa Digital College courses to help all employees enhance their digital skills, and the holding of internal competitions in programming and data science.

A human capital portfolio with the right people in the right places

For employees to continually perform at their best by leveraging their unique strengths, it is essential for them to think about and act on their own careers. To support independent career development, the Group has in place a self-reporting system, which allows employees to directly communicate their desired career paths and thoughts about the work environment to human resources departments at any time, and an intra-Group open recruitment system, which allows them to volunteer for transfers to various positions within the Group. We also utilize a human capital management (HCM) system that can display in visual form and in real time each employee's career perspective and skill level. We accumulate current information about each employee by inputting and updating the strengths, challenges, and career

visions shared between employees and their supervisors during 1-on-1 meetings. We will work to build an optimal human capital portfolio by putting into visual form the careers of human resources, who are the source of our competitiveness, supporting continuous career development, and utilizing the accumulated human capital information.



Fair evaluation and compensation

The Group is working to put in place an evaluation system that encourages employees to work hard at higher levels and positions of greater responsibility, regardless of their year of employment. As far as compensation is concerned, we continuously evaluate appropriate levels and distribution based on individual achievements and performance while advancing our investment in human capital. We have been raising salary levels for four consecutive years since FY2022, and in the FY2025 compensation revision, we raised salary levels by about 5% across the Group, bringing the cumulative increase over the past four years to more than 20%. With the aim of strengthening our competitiveness in attracting talent, we are raising compensation standards, especially for employees who have made significant contributions to the Group, and for reemployed senior employees, we are revising the compensation system to reflect their expertise and performance, thereby ensuring thorough Pay for Performance. Also conducting comprehensive evaluations that consider not only quantitative, but also qualitative aspects, we look closely at the validity of the evaluations from multiple perspectives. At the same time, we regularly conduct internal surveys to examine whether the level of evaluation and compensation was appropriate based on employee feedback, and are endeavoring to improve the level of satisfaction through two-way communication.

Human Capital

Improvement in engagement

■ Engagement survey implementation

The Group regularly conducts anonymous engagement surveys to comprehensively measure engagement that correlates with corporate performance and leads to increased productivity and business results. Through the survey, we systematically ascertain sustainable engagement* and its components as well as analyze the results by making external comparisons with various benchmarks and internal comparisons with respect to age, gender, and between organizations. Additionally, we have set sustainable engagement, which is believed to have a high correlation with business performance, as a Group KPI.

* Sustainable engagement refers to a high level of willingness to contribute toward achieving goals as well as a strong sense of belonging to the organization, which is maintained through a productive work environment, physical and mental health and other factors. Willis Towers Watson (WTW) states that companies with high scores tend to show future performance growth exceeding the average growth rate for the industry to which those companies belong.

Engagement survey scores

Category name	FY2021 2H	FY2022 1H	FY2022 2H	FY2023 2H	FY2024 2H
Sustainable engagement	—(81)	79(82)	79(81)	80(83)	81(82)

Notes: 1. Figures in parentheses indicate Daiwa Securities' score.

2. Figures and analysis materials provided by survey partner WTW. Figures are calculated by aggregating the ratio of employees that provided an affirmative response to the questions in each category out of all employees, taking the average value of such ratio for all questions in such category.

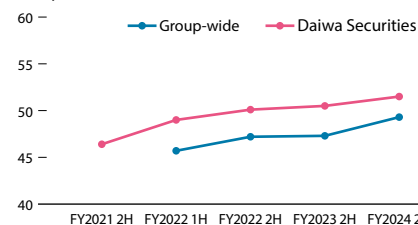
■ Main issues identified from survey results

① Business operation systems/digital transformation initiatives

Based on the level of each category score, we believe that the main areas for improvement for our Group are in our business operation systems and digital transformation initiatives. Having implemented initiatives across the Group and by organization, the scores have been consistently increasing since the survey was introduced.

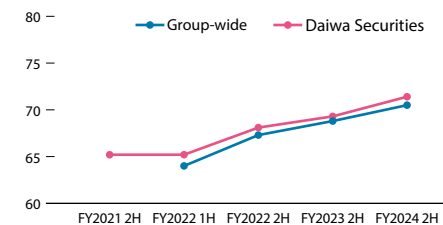
Business operation systems

- Regularly carry out business inventory
- Review business operation rules and approval flow by department



Digital transformation initiatives

- For details, see page 48 Digital Strategy

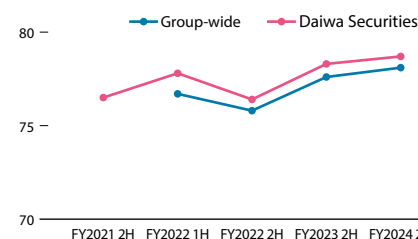


② Gender gap

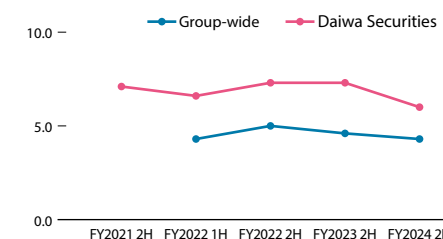
Compared to the overall population, women's engagement scores are at a low level, and we believe that improving women's engagement is an important issue in improving organizational performance. We are continuously implementing a range of measures, and women's scores are gradually improving.

- For details of our efforts, please see page 66 Diversity & Inclusion

Female employee scores (sustainable engagement)



Gender score difference (sustainable engagement)



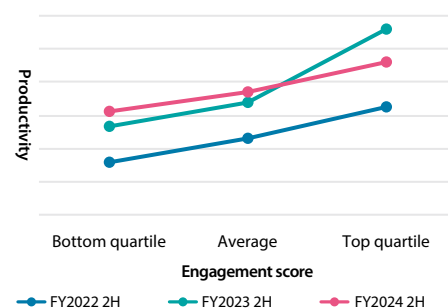
Human Capital

■ Analysis of the correlation between engagement survey scores and financial metrics

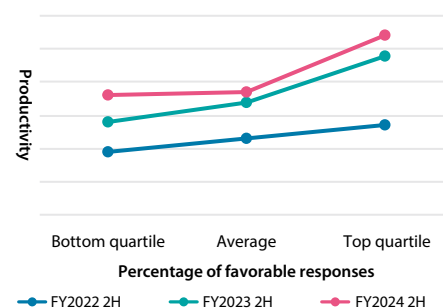
Daiwa Securities Group analyzes the correlation between engagement survey results and financial metrics. In addition to sustainable engagement, which has been set as a Group KPI, we were able to confirm that the scores of approximately half of the 15 categories statistically correlate significantly with productivity (revenue per working hour). In particular, when dividing the target organizations into the top quartile, bottom quartile and the average for all organizations based on the scores in the categories of sustainable engagement and digital transformation initiatives, we verified that segments with higher scores have higher productivity, and that the overall average productivity has improved over time. We believe that promoting Digital Strategies, such as developing digital IT personnel, strengthening collaboration between departments promoting Digital Strategies and each division, and enhancing data utilization, is leading to increased corporate value.

Correlation between engagement scores/survey scores and productivity

Sustainable engagement



I believe I have acquired the digital skills needed to improve my performance

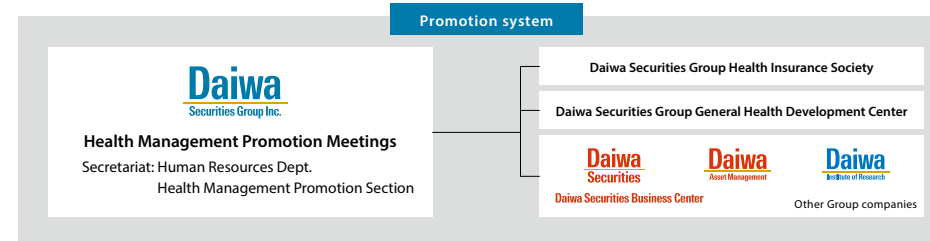


Note: This data and analysis were provided by WTW, our survey partner. The numbers represent the percentage of employees who gave positive responses to questions in the sustainable engagement category or relevant survey questions, with the scores of each organization divided into quartiles.

Improved wellbeing

■ Health management promotion system

We have appointed the Head of Human Resources as Chief Health Officer (CHO), and Group company executives are also actively involved in promoting health management. Every year, we prepare a White Book on Health that analyzes the health status of all Group executives and employees and regularly hold a Group-wide Health Management Promotion Meeting hosted by the CHO to identify issues, evaluate initiatives, and make improvements, using the PDCA cycle for health management. As a result of these efforts, in March 2025, Daiwa Securities Group was selected as a Health & Productivity Stock, a designation awarded by the Ministry of Economy, Trade and Industry (METI) in Japan in cooperation with the Tokyo Stock Exchange to recognize publicly listed companies that take a strategic approach to employee health from a managerial perspective. This marks the tenth time Daiwa Securities Group has been selected, since the Health & Productivity Stock program began in 2015.



■ Targets

The following indicators are used to improve productivity through health management. As a result of the ongoing implementation of various measures, the presenteeism loss percentage has been improving since FY2019.

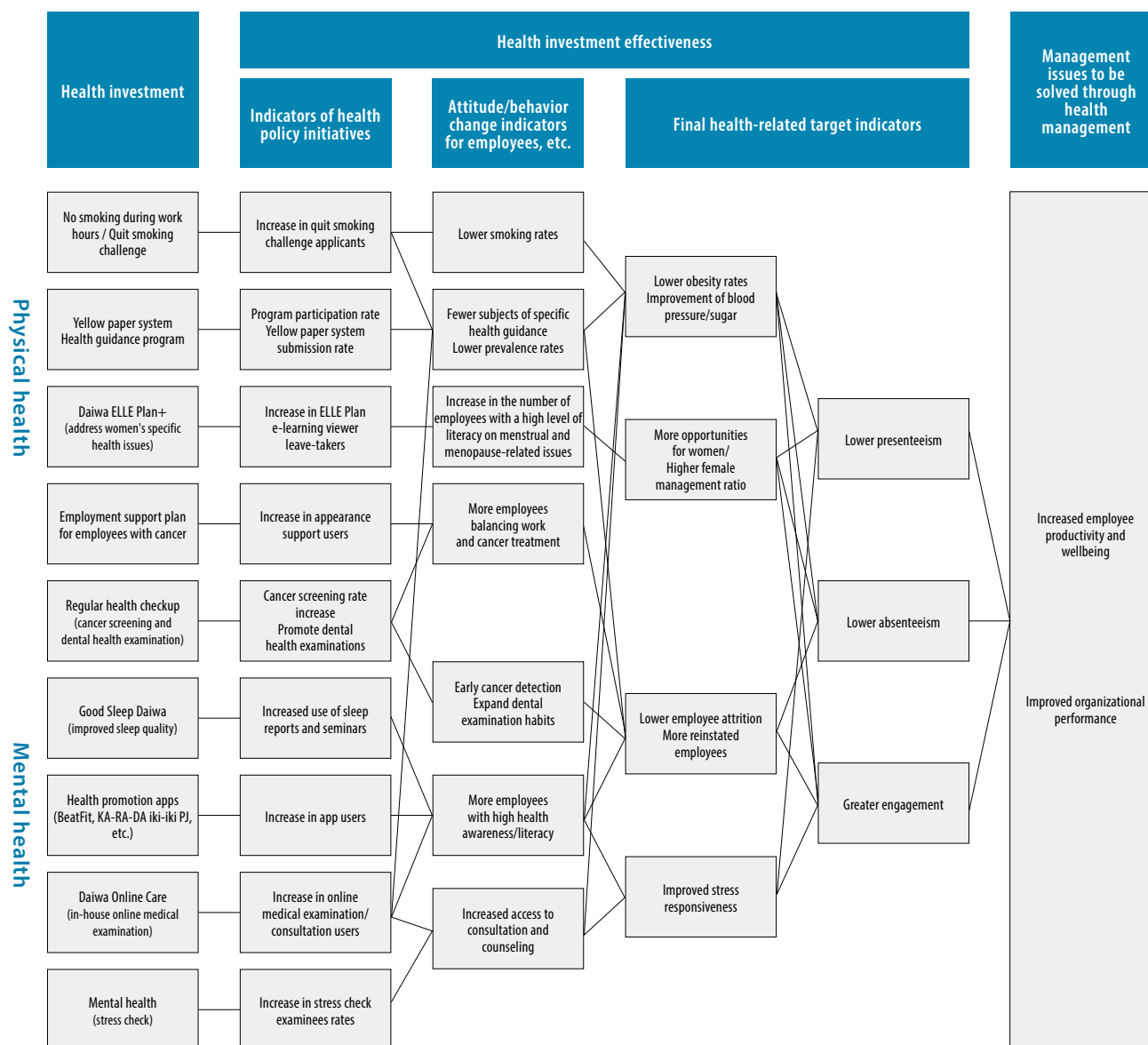
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Target (FY2030)
Presenteeism loss percentage*1	18.7%	17.0%	15.2%	12.6%	13.9%	14.5%	Less than 10.0%
Absenteeism average*2	3.8 days	3.4 days	3.4 days	3.1 days	3.9 days	4.0 days	3.0 days or less

*1 A condition in which a person goes to work with some illness or symptom that reduces his or her ability to perform work and productivity. Calculated by conducting a questionnaire that evaluates one's own work for the past four weeks, taking as 100% the work performance that can be demonstrated in the absence of illness or injury. The smaller the number, the higher the productivity.

*2 Employees taking sick leave. Calculated by conducting a questionnaire that asks how many days one has missed from work due to one's own illness in the past year. The fewer the number of days, the higher the productivity.

Human Capital

Health management strategy map



Initiatives

① Addressing specific issues for women's health
In the context of promoting women's advancement, we introduced the Daiwa ELLE Plan in 2018 to provide comprehensive support for women's health. As a part of this initiative, we established ELLE leave to be taken for physical issues caused by menstruation and menopause and for infertility treatment, secured the time necessary for treatment, put in place an e-learning program to improve health literacy, and set up a consultation service. Gynecology specialists have been assigned within general health development centers since 2023, and gynecology care has begun using the Daiwa Online Care system, an online medical service for use by Group employees. Moreover, we have introduced a program that uses an app to track menstruation-related symptoms with the aim of alleviating physical burdens and mental stress. Starting in FY2024, we made available videos to employees that feature specialists in various fields of gynecology, and began offering gynecological examinations for employees at key life stages.

② Provide online medical care
Since 2020, Daiwa Online Care* has been available to employees across Japan, providing online access to the medical office at our head office (general health development center). Since FY2022, consultations have doubled the number in the initial year, exceeding 1,000 annually. In addition to regular consultations about internal medicine, for example, the service offers a wide range of healthcare, such as consultations on health checkup results, mental health, and clinics to help quit smoking. Employees are responsible for medical and prescription fees, while the Group covers shipping costs to ensure next-day delivery of medications, regardless of the employee's location.

* Daiwa Online Care medical specialists (medical care and consultation): Cardiology, respiratory medicine, gastroenterology, brain/neurology, nephrology/hypertension/diabetes, psychiatry, gynecology

Human Capital

Diversity & Inclusion

Message from the Head of Diversity & Inclusion Promotion Section



Tomomi Hirano
Head of Diversity &
Inclusion Promotion
Section

It is my belief that differences are the very driving force behind opening up new possibilities. The interaction of diverse values and experiences makes an organization more flexible and stronger. By building a culture where each and every individual's voice is respected and challenges are celebrated, we are working diligently to be a company where everyone can thrive and excel. Believing that innovation that capitalizes on diversity will lead to providing the best value to our customers and society, we will continue to work hard to promote D&I.

Our approach to D&I: Transforming diversity into a strength

To strengthen our sustainable competitiveness, every effort is being made to remain a growth-oriented, motivating organization by promoting the maintenance of environments in which each and every employee can draw on their strengths, individuality, and expertise and perform to the best of their ability from a variety of perspectives, including gender, age, disability, LGBTQ+, human rights, and recruitment routes.

D&I Promotion Committee

As chair of this Committee, the President and CEO leads discussions on a wide range of themes involved in D&I together with several executives and employees from branches and departments throughout Japan that have been appointed as advisers for specific themes. Committee meetings can also be observed online by all executives and employees.

■ Gender diversity

Of all the issues that fall under the diversity banner, we view the promotion of women's empowerment as key and have thus been working on a range of measures since 2005. Through ongoing efforts, the ratio of female managers was 20.4% by the end of FY2024. This fulfills the goal of lifting the ratio to 20% or more (on a consolidated basis) by FY2026, which we had set as one of our sustainability KPIs.

① Job transfer system and career training

Having put in place a job transfer system through which employees are able to take on the challenges of a wide range of careers, since 2009 more than 1,100 employees have moved from clerical positions to career-track positions. Moreover, we conduct training for women in pre-managerial positions to think about their own careers and to nurture their own unique management style.

② Systems for supporting balance

To help employees balance work and childcare/nursing care, we have introduced various systems, including babysitting, housekeeping services, and a nursing care concierge, that employees can use irrespective of gender.

③ Encouraging the taking of childcare leave among male employees

We are encouraging male participation in childcare, and the ratio of male workers taking childcare leave had reached 103.0% on a consolidated basis by the end of FY2024. To encourage employees to take more days of leave, the Group has guaranteed a maximum of four weeks of wages for both childcare leave at birth and for childcare support leave since 2022. As a general rule, we also require employees to take at least two weeks of leave.

④ Initiatives aimed at addressing women's health issues

◆ For details, please refer to page 65.

■ Expansion of diverse work styles

We have implemented revisions to various human resources systems with a focus on creating environments in which employees can choose flexible work styles, including those with individual circumstances, such as childcare or nursing care, and employees other than those directly involved.

In addition to supporting the balance between work and childcare/elderly care, we are expanding subsidies for childcare facility costs to support the early return to work. We have also relaxed the requirements for using the flextime system and expanded the short-time work system, primarily geared toward employees whose working hours are restricted due to childcare or elderly care responsibilities.

■ Promoting increased understanding of and establishing systems for LGBTQ+ issues

We are also focusing on creating workplace environments in which members of the LGBTQ+ community can work with peace of mind. Under the Group's internal system, partners officially recognized under the partnership system of each local government are recognized as equivalent to spouses. We also advanced the setting up of internal and external consultation desks and the building of the Daiwa ALLY Network with the aim of increasing the understanding of and support for the LGBTQ+ community. These initiatives having gained recognition with the Group receiving the highest Gold rating in the 2024 PRIDE Index.

Corporate Governance Dialogue

Turbulent times present an opportunity to truly earn the trust of stakeholders



Seiji Nakata
Chairperson of the Board
Daiwa Securities Group Inc.

Katsuyuki Nishikawa
Outside Director
Chair of Audit Committee
Daiwa Securities Group Inc.

With a focus on the theme of **maximizing customer asset value**, Chairperson Nakata and Director Nishikawa sat down to talk about the future of Daiwa Securities Group. Their discussion ranged from the corporate culture and the compliance framework to employee training, even touching on growth strategies.

Striving for a corporate culture that enhances customer trust

Nakata: You were appointed as an outside director of the Group in 2019. At the same time, you are serving as a member of the Audit Committee. For us as insiders in the company, we tend to be subjective in evaluating management; you are highly valuable to us not only because you bring an outside perspective to the Board

of Directors but also because you look at issues objectively, informed by your legal knowledge.

Nishikawa: I have built my career at the Public Prosecutor's Office. When an incident occurs, the job of a prosecutor is to interpret the law to determine whether what happened constitutes a crime, to gather evidence, to determine the facts, and to decide on the appropriate course of action. In addition to a legal perspective, I've

always been mindful of the importance of due process. I hope to contribute to the Group by drawing on this perspective in terms of monitoring and offering advice on corporate management.

I've served as Chair of the Audit Committee since FY2024. The Group is engaged in a wide range of businesses, and is also pursuing various businesses overseas, so I try to take as broad a view as possible. That means I really have to do my homework. I especially want to keep a close eye on the headway the Group is making in **maximizing customer asset value**, which is the Basic Group Management Policy set out in the Medium-Term Management Plan. In addition to Group companies, I am closely following the status of the external connections the Group is actively pursuing.

Nakata: Since becoming Chairperson, I've been involved in more outside activities, such as the Japan Business Federation (Keidanren) and the Japan Securities Dealers Association. My involvement has reminded me that there are many issues facing the industry, the economy, and society. Recognizing that taking the lead in activities that benefit the industry and society as a whole will also benefit the Group, I've come to view things from the perspective of finding other ways that we can make a difference.

Unfortunately, there've been a series of scandals at major financial institutions in Japan. Companies must never violate laws or the rules of trade—it undermines the interests of customers and damages trust. I think a robust corporate framework can be helpful in preventing such things to a certain extent, but eliminating inappropriate behavior by unscrupulous employees altogether is extremely difficult. This is a major issue for the Group as well.

Corporate Governance Dialogue

Nishikawa: Financial institutions are a textbook example of a business whose existence is grounded in relationships of trust with customers and society. So, if that trust is lost, management will find running their company hard going. I think unflagging vigilance is essential here, as are steady, day-to-day efforts such as continuing to educate employees and strengthen compliance frameworks.

Nakata: In terms of education, we tell employees again and again that misconduct inevitably comes to light and, when it does, it not only causes losses for customers and the company, but the person responsible also faces harsh social sanctions. There may also be warning signs with unscrupulous employees, a sense that something doesn't quite seem right. If the superiors and colleagues who interact with employees exhibiting such signs can pick up on the changes and make a point of

communicating with them, I think this will lead to prevention. In addition to mechanisms for prevention, the most important thing is cultivating a sound corporate culture that doesn't allow misconduct to occur in the first place.

Nishikawa: Whenever someone asks me my impression of the Group, I always say that it's a sincere company. A survey targeting all Group employees had this question: What would you do if your boss gave you instructions that were problematic in terms of compliance? I heard that nearly every employee said they would put priority on compliance over the boss' instructions. Things like this have given me the impression that the Group is rigorously fostering awareness about compliance.

At the same time, since some employees think about things in different ways, we can't rule out the chance that an employee might misconstrue the instructions of a superior. So, I think it's crucial to repeatedly educate staff on a day-to-day basis, including the superiors who give instructions, on the importance of compliance.

Nakata: There was a time in the securities industry when various companies competed against each other to gain the biggest commission revenue under the same business model. The focus now, however, is on putting customers first, and the Group is pursuing its own initiatives to make improvements in this regard with the aim of **maximizing customer asset value**. This is meant to be an ongoing effort, and there will never be a point when we "reach the goal," but I feel we have shifted gears in a significant way.

The leadership of the CEO in the first year of the Medium-Term Management Plan

Nakata: In FY2024, with the expansion and permanent implementation of the NISA system in Japan, the inflow of funds from individual investors into the capital market has increased. My sense is that the shift "from savings to investment" in this country has finally gotten under way in earnest.

In this environment, the Group's consolidated ordinary income surpassed ¥200 billion for the first time in 19 years, and our full-year dividend was also the highest ever. Under the Basic Group Management Policy of **maximizing customer asset value** set out by CEO Ogino, Base Income* climbed to ¥137.5 billion. It's fair to say that the new CEO has gotten off to a good start in terms of the figures as well.

* Base Income: Total ordinary income from the Wealth Management Division, Securities Asset Management, and Real Estate Asset Management

Nishikawa: The Audit Committee has been closely monitoring how much the Policy of **maximizing customer asset value** has made inroads among sales personnel in the field. To put the Policy into practice, it is vital to grasp the situation of customers more fully than ever, discover their real needs, and truly earn their trust. This is no easy task to accomplish, and in a sense it's never really done, but employees in the Group are taking it to heart and my sense is that we are seeing steady progress.

Nakata: The concept of **maximizing customer asset value** involves finding ways of approaching all the assets customers hold—not just their financial assets but real



Corporate Governance Dialogue

estate as well—and seeking to maximize these assets in line with the customers' life plans. This calls for a variety of creative measures. In this sense, I think the true value of our approach will be tested not so much when market conditions are favorable, like they were in 2024, but in times like the present, when markets worldwide are in turmoil due to the impact of the Trump administration's tariff policies. This is a rare opportunity to tackle the customer challenges that have materialized, and work to truly earn customer trust.

I also consider it highly likely that individual financial assets in Japan will double over the next 20 years. I think it's important to engage with customers from this kind of long-term perspective.

My hope is that CEO Ogino will steadfastly continue working out the message he has been articulating. I'd like him to keep conveying a message that is easy to grasp, and that shows the direction the Group should aim for and really motivates employees to work to get there. On the other hand, one characteristic of the Group is that we're involved in businesses beyond the securities industry. I am looking to him to exercise leadership in continuing to plant various seeds and take various actions in these areas as well.

Nishikawa: I think the Group's employees are beginning to understand the joy of being entrusted with the management of customer assets from a long-term perspective and earning customers' trust, rather than simply the thrill of meeting numerical targets. For example, CEO Ogino is pointing employees in the right direction by changing the selection criteria for the President's Award. He's also actively pursuing external alliances, and I think he's showing great leadership there.

Capitalizing on Group strengths to enhance corporate value

Nishikawa: With regard to enhancing corporate value, the Board of Directors has repeatedly discussed ways of improving ROE, which represents the Group's earning power, and has talked about future growth potential. We have also discussed PBR, but since these valuation indicators also include a stock price element, I think we need to take efforts so that the Group's profitability and growth potential are externally evaluated.

Nakata: The key point is whether we can stick to the goal of **maximizing customer asset value** set out in Vision 2030 and the Plan, no matter what happens with the environment. If we can continue to increase ROE, PBR will naturally follow suit. PBR is a result—what we're aiming for is stable profit growth. I think the challenge is to achieve long-term, continuous growth even in the midst of changes in the environment.

Nishikawa: The Audit Committee will closely monitor various activities to support corporate value from the perspectives of governance and compliance. Our hope is to help the Group become the excellent company you speak about so often. I believe, as outside directors seeking to ensure that management and employees have the strong trust of customers and stakeholders and that the Group continues to grow, our role is to speak out about the things we notice and, where appropriate, offer suggestions.








Nakata: A sense of unity and trust within the organization is a strength of the Group, and I believe it is



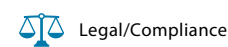
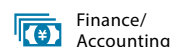
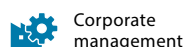
precisely this sense of unity and trust between superiors and their subordinates and among employees that enables us to provide good service to our customers.

Nishikawa: All of the employees of Daiwa Securities Group are outstanding, and bring a high degree of specialization to their work. On top of that, they are highly motivated and have a strong sense of both ethics and solidarity. The environment for the securities industry is changing, opening up possibilities for the Group to expand into new business domains. As this unfolds, I would like to see you refine this outstanding culture even further and enhance corporate value.







































Directors (Members of the Board)

Internal directors		Years on the Board	Attendance at Board of Directors' meetings	Nominating Committee	Audit Committee	Compensation Committee	Career	Expertise and experience	Significant concurrent positions
		(* indicates committee Chair)							
	Chairperson of the Board Seiji Nakata Corporate Executive Officer	10	11/11	●		●	1983 Joined Daiwa Securities Co. Ltd. He served successively as the Deputy Head of Corporate Planning and Human Resources of the Company, the Head of Corporate Institution and the Head of Sales of Daiwa Securities, and COO and the Head of Retail of the Company, and accordingly has broad experience related to all of Daiwa Securities Group. Also, he served as the President and CEO of the Company from 2017 to 2024 and has broad experience and insights as a manager.	They have expertise and experience to execute adequately the management and control of the Group.	Chairperson of Daiwa Securities Co. Ltd.
	Akihiko Ogino Corporate Executive Officer, President and CEO	5	11/11	●		●	1989 Joined Daiwa Securities Co. Ltd. He served successively as the Head of Legal, the Deputy Head of Overseas Operations, and the Head of Corporate Planning of the Company and the Executive Head of Human Resources and Corporate Planning of the Company. He has served as the President, and CEO of the Company since 2024. He has expertise and experience in presenting management strategies based on a wide vision and also to adequately execute the management and control of the Group.		President of Daiwa Securities Co. Ltd.
	Shinsuke Niizuma Corporate Executive Officer, Deputy President and COO Head of Wealth Management	1	9/9*				1988 Joined Daiwa Securities Co. Ltd. He served successively as the Head of Chiba Branch and Nagoya Branch of Daiwa Securities. He became the Senior Managing Director of Daiwa Securities in 2015, and since then he has served successively as the Head of Retail Marketing Strategy, the Head of Sales, the Executive Head of Sales, and the Head of the Product Solution Division of Daiwa Securities. He has broad knowledge and experience in Wealth Management.		Deputy President of Daiwa Securities Co. Ltd. Director of Daiwa Next Bank, Ltd.
	Keiko Tashiro Corporate Executive Officer, Deputy President Head of Asset Management, Securities Asset Management, Sustainability, and Financial Education	11	11/11				1986 Joined Daiwa Securities Co. Ltd. She served successively as the Head of Investor Relations Office of the Company and the Head of the Daiwa Direct Planning Dept. of Daiwa Securities. She became a Senior Managing Director of the Company in 2009, and since then she has served successively as the Head of Daiwa Direct Business, the Head of Fixed Income, Currency, and Commodities and as the Head of Americas, the Head of Overseas Operations and the Executive Head of Overseas Operations. She has broad knowledge and experience in Overseas and Corporate Planning.		Director of Daiwa Asset Management Co. Ltd.
	Eiji Sato Corporate Executive Officer, Senior Executive Managing Director Head of Corporate Planning, Deputy Head of Overseas Operations	1	9/9*				1991 Joined Daiwa Securities Co. Ltd. He served as the Head of the Finance Dept. and the Head of the Corporate Planning Dept. of the Company. He became a Senior Managing Director of the Company in 2017, and since then he has served successively as CFO and the Deputy Head of Corporate Planning of the Company. He has a solid record and experience in Planning and Finance and also has experience in Investment Banking.		Senior Executive Managing Director of Daiwa Securities Co. Ltd.
	Hiroko Sakurai Corporate Executive Officer, Senior Executive Managing Director Head of Compliance	Newly appointed	—				1988 Joined Daiwa Securities Co. Ltd. She served as the Head of Investor Relations Office of the Company and the Head of Global Equity Sales Dept. (I) of Daiwa Securities Co. Ltd. She became a Senior Managing Director of Daiwa Securities Co. Ltd. in 2016, and since then she has served successively as the Head of Private Banking, the Head of Contact Center, and the Head of Mass Affluent Marketing. She has broad experience and knowledge in areas such as Global Markets Division, Wealth Management Division, and Compliance Division.		Senior Executive Managing Director of Daiwa Securities Co. Ltd.
	Sachiko Hanaoka Non-executive director	6	11/11		●		1990 Joined Daiwa Securities Co. Ltd. After serving in the Research and Product Divisions, she served successively as the Head of the Products Planning Dept., the Education and Training Dept., and the Investment Strategy Dept. of Daiwa Securities. Throughout her broad accumulated experience in the Research Division, she has developed a strong analytical ability and broad knowledge in business accounting and broad accumulated experience in management.		Audit & Supervisory Board Member of Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., and Daiwa Institute of Research Ltd.

* Attendance at Board of Directors' meetings since being appointed in June 2024



Directors (Members of the Board)

Outside directors		Years on the Board	Attendance at Board of Directors' meetings	Nominating Committee	Audit Committee	Compensation Committee	Career	Expertise and experience	Significant concurrent positions
				(★ indicates committee Chair)					
	Eriko Kawai Outside director	7	11/11			★	She held positions such as the Pension Funds Administrator of Bank for International Settlements (BIS) and the Organization for Economic Cooperation and Development (OECD), and she has extensive experience at global companies and international organizations, as well as experience and a solid record as a manager. The Company has drawn on her ample expertise and insight related to corporate management accumulated throughout her career in providing management advice.	  	Outside Audit & Supervisory Board Member of Yamaha Motor Co., Ltd.; Outside Director of Mitsui Fudosan Co., Ltd.; Senior Advisor of International Management Forum Co., Ltd.; External Director of DMG Mori Co., Ltd.
	Katsuyuki Nishikawa Outside director	6	11/11		★		He held positions such as the Vice-Minister of Justice, the Superintending Prosecutor of the Tokyo High Public Prosecutors Office, and the Prosecutor General, and is currently an attorney-at-law. The Company has drawn on his wealth of experience and expertise on legal and compliance issues nurtured throughout his career in providing management advice.	 	Attorney at Nishikawa Katsuyuki Law Office; Outside Audit & Supervisory Board Member of Aeon Hokkaido Corporation
	Toshio Iwamoto Outside director	5	11/11	★			He held positions such as the President of NTT DATA Corporation. The Company has drawn on his significant accumulated experience in the management of global companies and extensive knowledge about IT nurtured throughout his career in providing management advice.	   	Outside Director of East Japan Railway Company; Outside Director of Isetan Mitsukoshi Holdings Ltd.; Outside Director of Sumitomo Forestry Co., Ltd.
	Yumiko Murakami Outside director	4	11/11				She worked for the United Nations, Goldman Sachs Japan Co., Ltd., and Credit Suisse Securities (Japan) Limited, and served as the Head of Organization for Economic Cooperation and Development (OECD) Tokyo Centre. The Company has drawn on her significant global experience and knowledge about corporate management and understanding of the securities business nurtured throughout her career in providing management advice.	  	General Partner of MPower KK; Outside Director of Raksl Inc.
	Noriko Iki Outside director	2	11/11				She has held positions such as the Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare, the Director-General of Tokyo Labor Bureau, Ministry of Health, Labour and Welfare, and Ambassador Extraordinary and Plenipotentiary to Brunei. The Company has drawn on her expert knowledge and experience related to labor administration and diversity and significant global experience cultivated through that experience in providing management advice.	  	Special Adviser of Japan Institute for Women's Empowerment & Diversity Management; Outside Director of FUJI KYUKO CO., LTD.
	Mami Yunoki Outside director	1	9/9*				She has been involved in auditing many listed companies as a certified public accountant for many years at PricewaterhouseCoopers Aarata (currently known as PricewaterhouseCoopers Japan LLC). The Company has drawn on her expert knowledge and experience related to financial accounting nurtured throughout her career in providing management advice.	 	Representative of Mami Yunoki Certified Public Accountant Office; Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd.; Outside Director of ORIX Corporation
	Akira Ichikawa Outside director	Newly appointed	—				He held positions such as President of Sumitomo Forestry Co., Ltd. and is currently Chairman of the company. In order to leverage his extensive experience in management of a global company and wealth of knowledge on sustainability-oriented management in the Company's management, he was newly appointed as an outside director at the Company's 2025 General Meeting of Shareholders.	  	Chairman of the Board and Representative Director of Sumitomo Forestry Co., Ltd.; Outside Director of Sumitomo Chemical Company, Limited.; Representative Director and Chairman of Wooden Home Builders Association of Japan and Organization for Landscape and Urban Green Infrastructure

Messages from Outside Directors



Eriko Kawai
Outside Director

Looking back at the first year of the Medium-Term Management Plan, the Group made steady progress with its wealth management business model, guided by the new Basic Group Management Policy of **maximizing customer asset value**. I highly value the shift toward an earnings structure that is resilient to the external environment. Based on our strategy of Promoting Japan as a Leading Asset Management Center, I hope to see the Group fulfill its role as a trusted partner in asset formation, helping citizens achieve stable, long-term investment returns.

The challenge, however, is that overseas operations continue to face low profitability. While the Group is implementing cost-cutting measures, outside directors are also conducting ongoing interviews with leaders responsible for overseas operations and offices to assess the business environment and governance. The overseas business network plays a key role in the Group's business, and I look forward to seeing further improvements.

📍 P45 Overseas Business



Katsuyuki Nishikawa
Outside Director

Combined with the conflicts in Ukraine and Gaza, President Trump's tariffs have raised the level of uncertainty in the global economy. In challenging conditions like these, the Group's total asset consulting approach—to **maximize customer asset value**—shows its strength. The Group is steadily continuing its efforts to understand customers' situations and needs, providing proposals that truly benefit them. I expect staff to build strong relationships of trust with customers. To do so, they should deepen their knowledge so they can answer any asset-related questions, always providing clear explanations and attentive follow-up with sincerity and integrity.

In recent years, financial institutions have faced a sharp increase in fraud cases where customer accounts are taken over by using tactics such as phishing. The Group's relevant departments will work together to implement measures that protect customers from crime.

📍 P67 Corporate Governance Dialogue



Toshio Iwamoto
Outside Director

Global risks are growing—not just from military conflicts, but also from economic threats like tariffs. The decline of Pax Americana has unsettled the international order. This is truly an era of paradigm shift. Against this backdrop, we have entered the second year of our Medium-Term Management Plan, the highest priority of which is to **maximize customer asset value**. It is now clear that further advancing digital transformation, including generative AI, will be a major driver of growth. Actively building these technologies into business operations will be key to sparking innovation. At the same time, the Group must take firm steps to manage risks that could hinder the business, such as by strengthening cybersecurity. These actions will help the Group successfully deliver on the Plan.

📍 P48 Digital Strategy



Yumiko Murakami
Outside Director

Japan is moving away from decades of deflation and entering an era of positive interest rates. Uncertainty is growing worldwide, driven by political changes and geopolitical risks. We are at a historic turning point for global finance and the economy. Even in this unpredictable environment, Daiwa Securities Group remains true to its principle of **maximizing customer asset value** and plays a key role in promoting the shift "From savings to investment." Drawing on my many years of experience in international finance, I will continue working as an outside director to support Daiwa Securities Group's progress.

Messages from Outside Directors



Noriko Iki
Outside Director

The steady progress of business activities under the Medium-Term Management Plan launched in FY2024 reflects the dedicated hard work of every Group department. At the same time, political, social, and economic conditions in Japan and abroad are changing more sharply than anyone expected. In 2024, Japan's number of births fell to 686,000—well below the baseline scenario in the published population projections. The accelerating population decline will have a major impact not only on public policies like pensions and taxes, but also on how companies and industries operate. Daiwa Securities Group must continue to help solve the tough social challenge of ensuring a safe and prosperous retirement in the era of 100 years of life. I believe this requires constant review and creative experimentation.



Mami Yunoki
Outside Director

Given the many unpredictable factors in today's stock market, securities firms must stand by a clear management policy while being ready to respond quickly and adapt to environmental change. The Basic Group Management Policy is to **maximize customer asset value**. The Group focuses on wealth management, and has put in place systems and training to ensure a strong customer-first mindset, making sure this approach is carried out in daily work. At the same time, the Group values its human capital and continues to invest in it without hesitation. In the second year of the Medium-Term Management Plan launched in FY2024 and its KPIs, the Group is on track to meet its goals. I believe this progress comes from maintaining a steady management focus while also steering quickly in response to changes in the business environment.

Message from the newly appointed outside director



Akira Ichikawa
Outside Director

I was appointed as an outside director from FY2025. I hope to be of service to the Group in this new capacity.

Although Japan is working to move “From savings to investment,” households still hold much of their wealth in cash and deposits. Building wealth requires a long-term outlook, and the government is expanding programs like NISA to support this. Daiwa Securities Group, with its Basic Management Policy of **maximizing customer asset value**, helps underpin Japan's financial and capital markets, and has a major role to play.

As financial products become more varied and complex, customers need clear, thorough explanations and support. It is also important to raise financial literacy, so younger people can start investing for their future with confidence.

The environment remains uncertain, but Japan cannot grow without a sound financial and capital market. I will continue to deepen my knowledge and work to drive both the Group's growth and higher corporate value.

Corporate Governance

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 our corporate principles “Building trust,” “Placing importance on personnel,” “Contributing to society” and “Maintaining healthy earnings results.” For that purpose, the Company practices group management based on a holding company structure, adopts a Three Committees System (a company with a nominating committee, etc.) as its institutional design in order to clearly separate the management supervision and business execution functions, and establishes a highly transparent and objective governance environment that conforms to international standards. At the same time, the Company realizes highly efficient oversight of Group companies and builds a unified group management system that elicits synergies among Group companies. The Company has disclosed the details of its basic views on corporate governance through its website, Securities Report^{*1}, and Corporate Governance Report^{*2}.

System/Institutional Design	Purpose
Adoption of a holding company structure	In addition to the Company's corporate executive officers, employees responsible for head office functions are also in charge of the securities subsidiary, which serves to improve the efficiency of head office operations, demonstrate synergies between Group companies to the greatest extent possible, and maximize corporate value. This arrangement also enhances competitiveness and growth potential by enabling each independent business to draw on its individual strengths while maintaining cohesiveness as a Group.
Adoption of a Three Committees System	Clearly separating the management supervision and business execution functions.
	Making swift and decisive decisions by having the Board of Directors assign wide-ranging authority to corporate executive officers and clarifying the division of duties among corporate executive officers.
	Improving transparency and fairness of the management by establishing three committees: the Nominating Committee, Audit Committee and Compensation Committee with highly independent outside directors as a majority of their members.

History of Daiwa's Corporate Governance

The efforts the Company has made to strengthen corporate governance to date are shown on the right. The initial major transformation was the Company's transition to a holding company structure in 1999, a first for a listed company in Japan, amid calls for fundamental revisions to the securities company business model following Japan's version of the financial Big Bang. This move made the Company a leader among its peers in building a consolidated Group management structure. In order to separate the management supervision and business execution functions, and to enable agile decision-making, the Company transitioned to a Committee System (currently, a company with Three Committees System) in 2004. Since this time, it has tirelessly continued to perfect its approach to corporate governance in aims of greater improvement.

March 1998	Establishment of the Corporate Principles
June	Elected outside auditors
April 1999	Became the first listed Japanese company to adopt a holding company structure Established the Advisory Board Established the Group Management Committee
June 2000	Established the Compensation Committee
June 2002	Elected outside directors Shortened directors' terms of office from two years to one year
July 2003	Established the Internal Control Committee
June 2004	Shifted to a Committee System (currently, a company with Three Committees System)
October 2015	Complied with the Corporate Governance Code and established the Outside Directors' Committee as part of this effort
April 2017	Appointed outside directors as chairs of all three committees
June 2020	The majority of directors shall be non-executive directors
April 2021	Established Corporate Governance Guidelines
June	Appointed half of the directors (seven out of 14) as outside directors
December	The Company selected for inclusion in the new Prime Market segment on the Tokyo Stock Exchange (transferred on April 4, 2022)
June 2023	Percentage of female directors exceeds 30% (five out of 14 directors, 35.7%)
June 2024	Percentage of female directors reaches 50% (six out of 12 directors)

Note: The status of compliance with the Corporate Governance Code is disclosed in the Corporate Governance Report^{*2}

Corporate Governance Guidelines

Corporate Governance Guidelines (hereafter, CG Guidelines) stipulate the basic framework and policy for Daiwa Securities Group corporate governance. They organize the purpose of the Group's corporate governance; the institutional design; the roles and composition of the Board of Directors and each committee; the roles and requirements of the outside and internal directors; CEO successor planning; the management and support systems for the Board of Directors; information disclosure; engagement with shareholders, investors, and other stakeholders; and the commitment to ensuring shareholder equality, among others.



Corporate Governance Guidelines

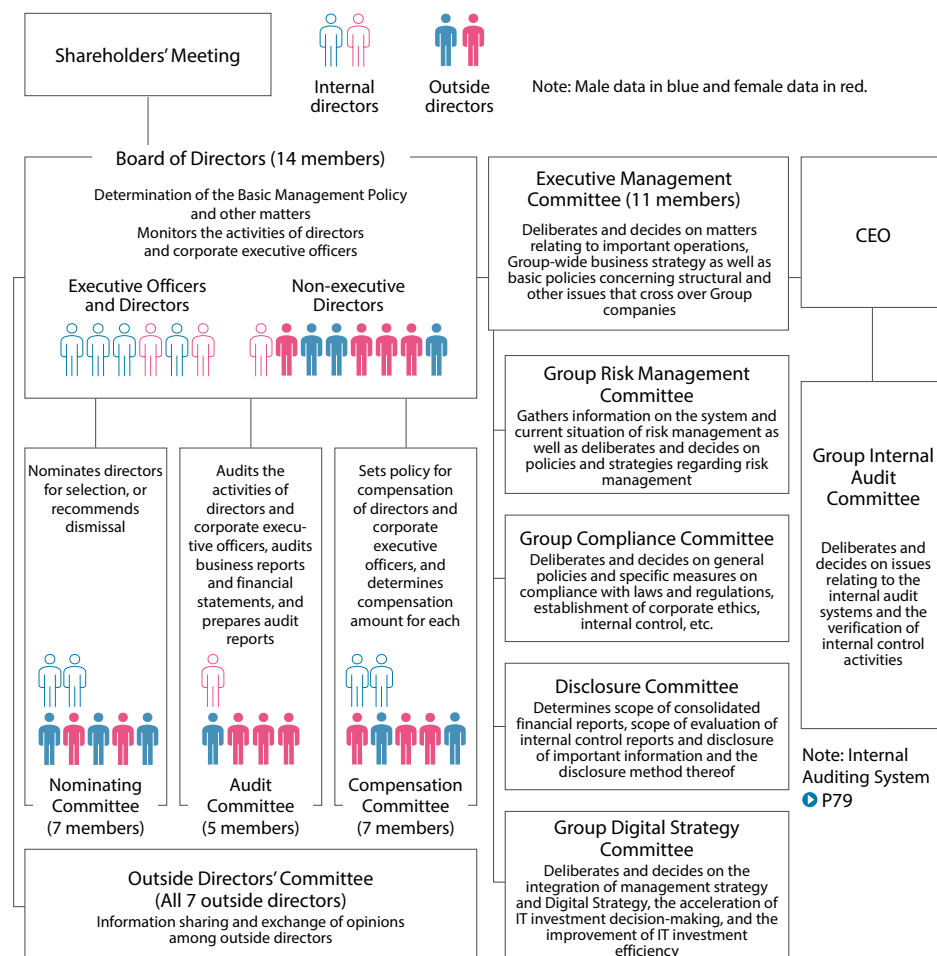
https://www.daiwa-grp.jp/english/about/governance/corporate_governance.html

^{*1} Securities Report: https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf ^{*2} Corporate Governance Report: https://www.daiwa-grp.jp/english/about/governance/pdf/corporate_governance_report.pdf

^{*3} 2024 Integrated Report: https://ssl4.eir-parts.net/doc/8601/ir_material13/241261/00.pdf

Corporate Governance

Corporate Governance System at Daiwa Securities Group



Notes 1. For details on governance involving sustainability, see Sustainability approach and initiatives (1) Governance in the Securities Report*1.

2. For details on governance involving climate change, see Climate-related Disclosure 2025 (former TCFD) on the Group's website at the following URL. (Scheduled for disclosure in September 2025.)

<https://www.daiwa-grp.jp/english/sustainability/environment/tcfd.html>

Roles, composition, and activities of the Board of Directors

(1) Roles of the Board of Directors

The Company's Board of Directors is responsible for ensuring sustainable growth and for maximizing medium- to long-term corporate value based on the Corporate Principles.

The Board of Directors determine core management matters such as basic management policy, matters related to election and dismissal of, division of duties and command system, etc., among corporate executive officers, and systems for internal control and risk management. In order to make management decisions promptly and to enhance efficient group management, the Board of Directors delegates decision-making powers to the corporate executive officers as much as possible. It also supervises the execution of duties of the directors and the corporate executive officers. In this way, the Board of Directors fulfills its responsibilities while ensuring the fairness and transparency of Group Management.

The Board of Directors' agenda involves matters to be resolved and reported. In addition to key management and other matters that are to be exclusively handled by the Board according to laws, regulations, and the Articles of Incorporation, matters to be resolved also include those that the Board of Directors deems as important and as requiring a resolution. In addition, the status of execution of duties by the committees and corporate executive officers, and other matters required by laws, regulations, and the Articles of Incorporation, matters to be reported also include those deemed necessary by the chairs of the Executive Management Committee and its subcommittees, by the directors, or by the Audit Committee, and those matters the Board of Directors deems important and as requiring a resolution.

Note: For details on the Board of Directors' agenda, see Explanation about corporate governance, etc. in the Securities Report*¹. In addition, for the Board of Directors' member attendance status for each director in FY2024, see Directors (Members of the Board) (page 70).

(2) Composition of the Board of Directors

The Company's Board of Directors serves as a monitoring board, and is required by the CG Guidelines to have independent outside directors account for at least one-third of its members for the purpose of appropriately exercising its management supervision function. Moreover, in principle, the majority of directors must also not concurrently serve as corporate executive officers. With a priority on ensuring the diversity of the Board of Directors as a whole, in principle, the ratio of female directors is required to stand at 30% or more.

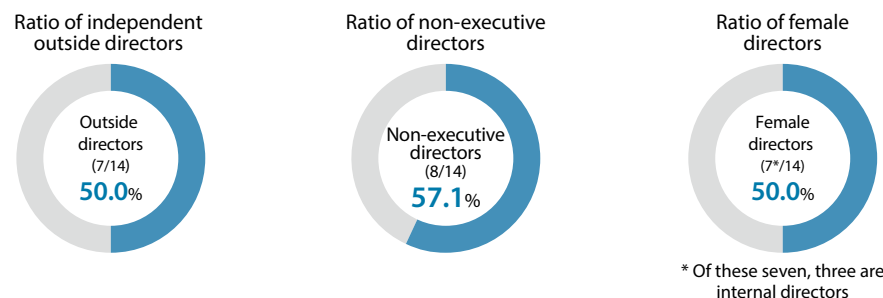
*1 Securities Report: https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf

*2 Corporate Governance Report: https://www.daiwa-grp.jp/english/about/governance/pdf/corporate_governance_report.pdf

*3 2024 Integrated Report: https://ssl4.eir-parts.net/doc/8601/ir_material13/241261/00.pdf

Corporate Governance

The current composition of the Board of Directors is as follows:



The Corporate Governance Code requires companies listed on the Prime Market to appoint independent outside directors to at least one-third of their director positions. The Company has currently appointed independent outside directors to a majority of its director positions, and therefore meets this condition. The majority of directors are also non-executive directors, and the majority of seats on each committee as a Company with Three Committees are held by independent outside directors, who also serve as the chair of each committee. As a result, the Company believes it has established a sufficient governance system.

For details on the process and criteria for electing and dismissing directors see the sections on the Nominating Committee in the Securities Report*¹ or the Corporate Governance Report*². The policy for selecting director candidates is laid out in Articles 8 and 9 of the CG Guidelines.

According to the CG Guidelines, the total tenure of outside directors shall not, in principle, exceed eight years, and shall not exceed 10 years under any circumstances.

The skills required of directors include corporate management, finance/accounting, legal/compliance, DX/ICT, global business, and sustainability. For the skills of each director, see the List of Directors.

The chair of the Board of Directors shall not possess the right to represent the Company, but shall serve concurrently as a corporate executive officer in order to ensure management continuity and seamless cooperation between the Executive Management Committee and the Board of Directors.

Meanwhile, the chair of the Outside Directors' Committee is responsible for coordinating the outside directors. The current Outside Directors' Committee chair is Director Katsuyuki Nishikawa.

(3) Activities of the Board of Directors

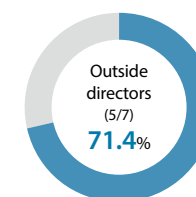
As a Company with Three Committees, the Company has established a Nominating Committee, an Audit Committee, and a Compensation Committee. In accordance with laws and regulations, outside directors account for the majority of each committee. Moreover, in accordance with internal rules and the CG Guidelines, one of the outside directors on each Committee is elected to serve as its chair.

◆ Nominating Committee

Roles

Review the composition of the Board of Directors in consideration of corporate governance and the basic idea for nominating candidates for director, select director candidates, and consider the CEO succession plan, etc.

Ratio of independent outside directors



Activity details and committee composition

For details on the FY2024 activities and member attendance status, and on the FY2025 committee composition, see page 103 of the Securities Report*¹

Composition of the Board of Directors and policy for selecting director candidates

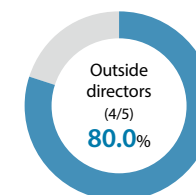
See page 103 of the Securities Report*¹

◆ Audit Committee

Roles

The Audit Committee is in charge of auditing the execution of duties by the directors and corporate executive officers in terms of legality and appropriateness, auditing business reports and financial statements, etc., preparing audit reports, and determining the content of proposals to be submitted at 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.

Ratio of independent outside directors



*1 Securities Report: https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf *2 Corporate Governance Report: https://www.daiwa-grp.jp/english/about/governance/pdf/corporate_governance_report.pdf

*3 2024 Integrated Report: https://ssl4.eir-parts.net/doc/8601/ir_material13/241261/00.pdf

Corporate Governance

Activity details and committee composition

- For details on the FY2024 activities and member attendance status, and on the FY2025 committee composition, see page 104, page 137, and 138 of the Securities Report*¹
- Reports on the agenda for Daiwa Securities meeting bodies (Group Compliance Committee, Group Digital Strategy Committee, Group Product Governance Council, Group Overseas Management Committee, etc.)
- The Appointed Audit Committee Members concurrently serve as the auditors for Daiwa Securities, Daiwa Asset Management, Daiwa Institute of Research, and other major subsidiaries, and participate in meetings, including the Board of Directors, for the relevant company. They also coordinate with the Accounting Auditor, and exchange information and opinions with the full-time Audit & Supervisory Board members of Group Companies
- Established the Audit Committee's Office as an office that specializes in supporting the Audit Committee's work



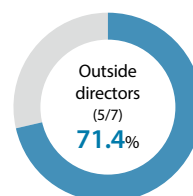
View of an Audit

◆ Compensation Committee

Roles

Reviews the Director remuneration policy and details of individual remuneration of the incentive plan of the Group as a whole, to ensure the enhancement of consolidated earnings and stock prices

Ratio of independent outside directors



Activity details and committee composition

For details on the FY2024 activities and member attendance status, and on the FY2025 committee composition, see page 104 of the Securities Report*¹

*1 Securities Report: https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf

*2 Corporate Governance Report: https://www.daiwa-grp.jp/english/about/governance/pdf/corporate_governance_report.pdf

*3 2024 Integrated Report: https://ssl4.eir-parts.net/doc/8601/ir_material13/241261/00.pdf

CEO successor planning

The Nominating Committee conducts periodic reviews of key officers, who could be considered as CEO candidates based on the current CEO's views on the selection of a successor and the attributes required of a CEO. In addition, a training program to develop future management candidates is implemented annually, and the status of implementation regularly reported to the Board of Directors.

Article 15 of the CG Guidelines outlines the CEO successor planning process along with the election and dismissal processes.

For details on the background to the election of the current CEO, see the Corporate Governance Dialogue (page 118) in Integrated Report 2024*³.

Support for outside directors

The Company established the Corporate Secretariat as an office dedicated to supporting the Board of Directors and the outside directors. Together with the Corporate Planning Department, the Corporate Secretariat serves as the secretariat for the Board of Directors.

Prior to Board of Directors and committee meetings, the related departments and the secretariat hold briefings. The secretariat also shares the details of key agenda items covered at the Executive Management Committee and other meetings with the outside directors.

The Outside Directors' Committee is held multiple times throughout the year as an arena for the outside directors to share information and exchange opinions with each other. Off-site meetings are also held as a location for internal directors and outside directors to strengthen communication by exchanging opinions in a more candid manner. For details, see page 105 of the Securities Report*¹.



An off-site meeting with a lecture by Takashi Imamura, President and CEO of Marubeni Institute

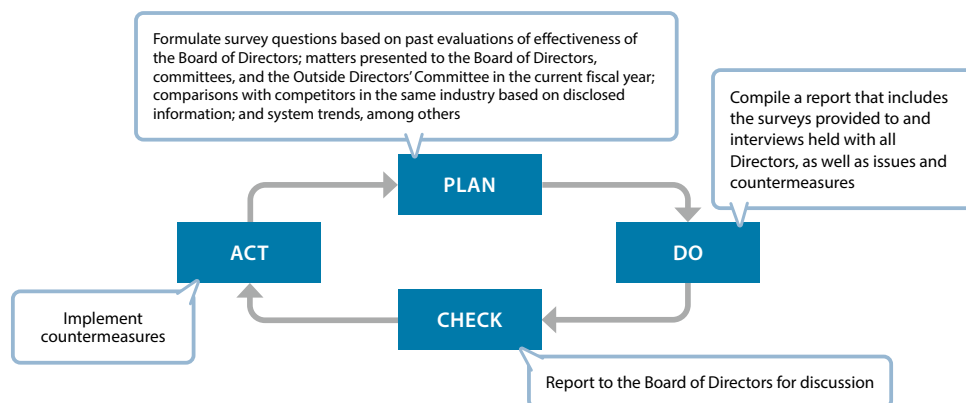
Corporate Governance

The Company has also set up multiple opportunities each year for internal directors and outside directors to engage in direct dialogue in an effort to further stimulate communication. In addition, the Company has implemented the following initiatives to conduct training for and share information with outside directors.

- ◆ Explanations of operational details from each department for newly elected outside directors
- ◆ Officer training (using outside lecturers and training organizations, etc., in some cases)
- ◆ Lectures by outside experts during the Outside Directors' Committee
- ◆ Provision of industry information (including system trends)
- ◆ Regular sharing of the content of earnings announcements, management strategy meetings, and individual meetings with institutional investors

Evaluating the Effectiveness of the Board of Directors

Daiwa Securities Group Inc. has conducted effectiveness evaluations of the Board of Directors each fiscal year since FY2014 for the purpose of identifying any issues hindering the greater effectiveness of the Board of Directors and for making improvements. All of the Directors were asked to answer a survey about the roles, duties, structure, management methods and the status of discussions by the Board of Directors as well as other matters, including management of the Nominating, Audit, and Compensation committees. They were then interviewed by specialized agencies, and the Company analyzed and evaluated the results of those interviews. The results of the evaluation were reported to the Board of Directors and discussed by the directors in order to implement a PDCA cycle. The Company endeavors to maintain and enhance the effectiveness of the Board of Directors using this PDCA cycle.



Key Points of the Effectiveness Evaluation for the Company's Board of Directors

- ◆ Specialized agencies provided advice on survey question formulation and conducted interviews
- ◆ Reviewed agenda items for the Board of Directors and Outside Directors' Committee through surveys and interviews, and formulated an annual plan
- ◆ The FY2024 evaluation covered management strategy, risk management, the Board of Directors' agenda, dialogue with stakeholders, and the composition and management of the Board of Directors
- ◆ Also conducted evaluations of the Nominating, Audit, and Compensation Committees
- ◆ As a personal assessment, the outside directors reviewed the past year themselves

Prior to conducting the FY2024 evaluation, the Company hired an external independent agency to review the previous year's evaluation at the PLAN stage.

Notes: 1 For details on the FY2024 evaluation, see the Corporate Governance Report*2

2 For issues and actions indicated by the Board of Directors in the past, see the following websites



https://www.daiwa-grp.jp/english/about/governance/corporate_governance.html

*1 Securities Report: https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf

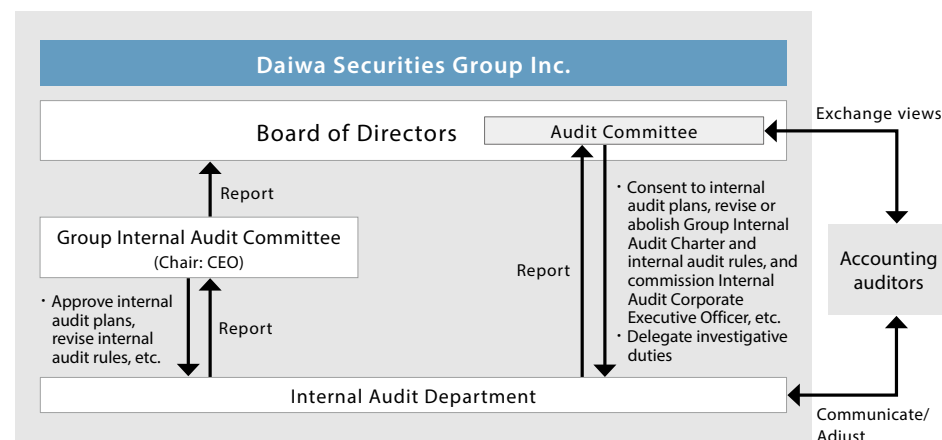
*2 Corporate Governance Report: https://www.daiwa-grp.jp/english/about/governance/pdf/corporate_governance_report.pdf

*3 2024 Integrated Report: https://ssl4.eir-parts.net/doc/8601/ir_material13/241261/00.pdf

Corporate Governance

Internal Control

Internal Auditing System Diagram



Internal control system

In recognition that management is responsible for maintaining an internal control system to ensure the sound and appropriate execution of business, the Group, under the main initiative of Daiwa Securities Group Inc., has established a system for managing the Group's major business risks. Through this system, the Group endeavors to ensure business effectiveness and efficiency, reliable financial reporting, compliance with laws related to business activities, and asset preservation.

In consideration of the above, the Board of Directors makes decisions regarding systems for ensuring the appropriateness of the Group's operations, and works to enhance the internal control system.

Internal audits

The Group positions internal audits as serving a critical function as part of the internal control system, and has assigned a dedicated corporate executive officer responsible for internal audits within the Company. The Internal Audit Department functions independently from all other departments in verifying the internal control system.

Examples of issues that internal audits focus on regarding the Group's business activities

- ▶ Internal control systems at Daiwa Securities and overseas offices as a global financial instruments business operator
- ▶ Status of operations at Group companies and status of control by the Company

Whistleblowing system (Corporate Ethics Hotline)

The Group operates a Corporate Ethics Hotline through which employees can report acts of misconduct directly to a corporate ethics officer of Daiwa Securities Group Inc. or outside lawyers. In addition to clearly codifying the protection of whistleblowers in its regulations, the Group works to protect whistleblowers and ensure their anonymity when operating the system. Moreover, we adhere strictly to a no retaliation policy and prohibit the adverse treatment of whistleblowers based on their reporting. As far as reporting methods are concerned, information can be relayed through various means, including the telephone as well as the incident reporting page on the intranet and via email 24 hours a day, 365 days a year. In addition to Group officers and employees, anyone who works at the Group's offices can use this system. When the hotline is contacted, the corporate ethics officer, in cooperation with the persons responsible for handling internal whistleblowing at each Group company, carries out a factfinding investigation, while taking steps to protect the caller. In FY2024, 111 reports were received through the whistleblowing system.



Structure and achievements of the whistleblowing system (Corporate Ethics Hotline)
<https://www.daiwa-grp.jp/english/about/governance/compliance.html>

Executive Compensation

Daiwa Securities Group recognizes that one of the most important underlying factors for enhancing corporate governance is the control of compensation-based incentives combined with ensuring transparency.

Policies for determination of remuneration of directors and corporate executive officers

As stipulated by Japan's Companies Act, the Compensation Committee has determined Policies for Determination of Remuneration of Directors and Corporate Executive Officers.

Compensation for directors and corporate executive officers is determined based on the following fundamental policies.

- ▷ To create effective incentives, which contribute to the increase of shareholder value through sound business development and also lead to the improvement of business performance in the short term as well as the medium and long term.
- ▷ To maintain a remuneration level which is competitive enough to recruit and retain people not only in Japan but also in the world as a global securities company group.
- ▷ To ensure the execution and supervision functions operated effectively as a company with a nominating committee, etc.

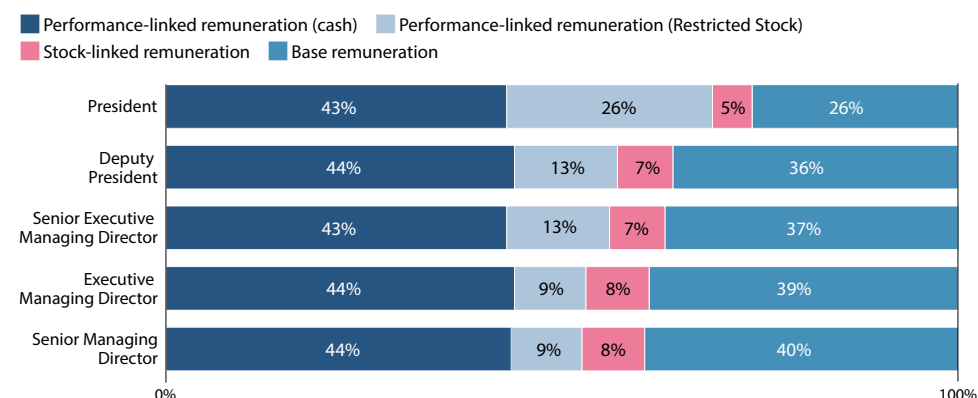
Compensation for directors and corporate executive officers is determined by the Compensation Committee and consists of base remuneration, stock-linked remuneration and performance-linked remuneration. Specifically, these are as follows:

Base remuneration	▷ A fixed amount calculated based on his/her position, duties and role, and paid monthly in cash.
Stock-linked remuneration	▷ To increase the link between remuneration and shareholder value, granted by the Company as Restricted Stock, etc., the value of which corresponds to a certain percentage of base remuneration, as non-monetary remuneration annually at a fixed time.
Performance-linked remuneration	<p>▷ Determined depending on the level of individual contribution, based on consolidated ROE, consolidated ordinary income, and Base Income* which are settled as Performance KPIs of the Medium-Term Management Plan, while also comprehensively taking into account achievement status of the managerial goals set in the Medium-Term Management Plan and other relevant factors, and paid annually at a fixed time in the form of cash and restricted stocks.</p> <p>▷ A certain upper limit is set on performance-linked remuneration that is paid in cash based on business performance. If such remuneration exceeds the limit, the excess amount will be paid in Restricted Stock instead of cash.</p> <p>▷ Does not apply to directors who do not serve as corporate executive officers.</p>

* Base Income: Total ordinary income from Wealth Management Division, Securities Asset Management, and Real Estate Asset Management

Regarding individual remuneration, etc., for directors and corporate executive officers in FY2024, the Compensation Committee decided on the content of such remuneration after confirming the consistency of the Policies for Determination of Remuneration of Directors and Corporate Executive Officers. Therefore, the Committee judges that the remuneration is in line with the guiding policies.

Ratio of performance-linked remuneration and other



Note: Above figures are the ratios when Performance KPIs of the Medium-Term Management Plan are achieved.

Indicators for performance-linked remuneration, reasons for choosing the indicators, how to determine performance-linked remuneration, and targets and results

In calculating performance-linked remuneration, the Compensation Committee makes reference to individual KPIs established as Group numerical targets in the Medium-Term Management Plan "Passion for the Best" 2026.

For the performance evaluation used to calculate performance-linked remuneration, the evaluation of financial performance based on Performance KPIs (calculated based on

Executive Compensation

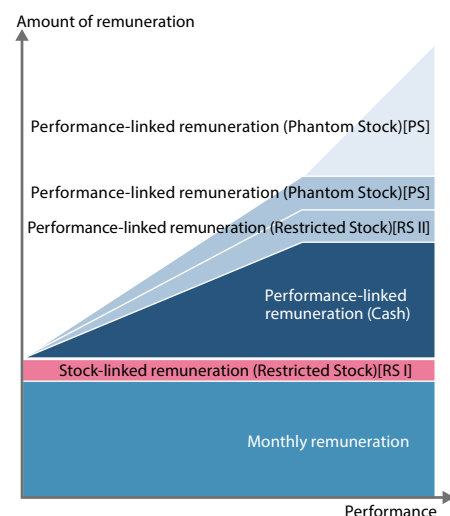
financial information) reflects a comprehensive quality evaluation of the KPIs other than Performance KPIs. Financial performance evaluation and quality evaluation are determined by the Compensation Committee.

Performance-linked remuneration is calculated by multiplying the reference value determined for each position and performance evaluation and reflecting the degree of individual contribution. Performance evaluation applies the same calculation formula to all positions.



Please refer to the company's Securities Report for details.
https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf

Image of remuneration



Restricted Stocks and Phantom Stocks at a value corresponding to a certain ratio of performance-linked remuneration (cash) are paid to foster a system that increases incentives for long-term performance improvement and sustainable growth.

If performance-linked remuneration exceeds a certain limit, the excess amount is paid in the form of Phantom Stocks and the level of increase gets steeper in order to foster a system that increases incentives for long-term performance improvement and sustainable growth.

Stock Compensation Plan

Daiwa Securities Group Inc. introduced the Stock Compensation Plan to increase incentives for the Company and its subsidiaries' directors, corporate executive officers, and executive officers, etc., to enhance performance in the medium and long term and strengthen values shared among the Eligible Officers, etc., and shareholders.

Stock-linked remuneration (RS I)	It is intended to provide Restricted Stocks (RS I) to an amount that equals the fixed ratio of the base remuneration, and to function effectively as an incentive for long-term performance improvement, restriction will be released when he/she resigns his/her position as director, officer, etc., of the Company and its subsidiaries and affiliates.
Performance-linked remuneration (RS II)	Performance-linked remuneration is paid in the form of Restricted Stocks (RS II) of a value corresponding to a certain percentage of performance-linked remuneration (cash). The restricted transfer period is approximately three years, which functions both as an incentive to boost long-term performance and to defer actual compensation.
Performance-linked remuneration (PS)	Performance-linked remuneration is paid in the form of Phantom Stocks (PS) of a value corresponding to a certain percentage of performance-linked remuneration (cash). Furthermore, where performance-linked remuneration exceeds a set upper limit, the portion in excess is paid in Phantom Stocks. Phantom Stocks are a cash-based compensation system linked to the Company's stock price. The holding period is approximately three years, which functions both as an incentive to boost long-term performance and to defer actual compensation.

Notes: 1. RS II is calculated by multiplying the ratios established by position by performance-linked remuneration (cash).
 2. PS is calculated by multiplying performance-linked remuneration (cash) by a fixed percentage regardless of position. Regarding the President and CEO, a structure is in place to decide the ratio of performance-linked remuneration based on the Company's total shareholder return (TSR) during the results evaluation period, the rate of change of TOPIX, and a comparative valuation with the TSR of competitors.
 3. Where serious compliance violations are discovered within the Group, in addition to the forfeiture of unpaid stock remuneration (malus), based on deliberation by the Compensation Committee, a clawback scheme is being introduced to allow the Company to demand the return of all or part of the stock remuneration that has already been paid.

Compensation by Type of Officer, Remuneration, and Number of Eligible Officers (FY2024)

Type of officer	Total compensation, etc. (millions of yen)	Value of compensation, etc., by type (millions of yen)						Recipients (persons)
		Base remuneration	RS I	Performance-linked remuneration			Retirement bonus	
				Cash	RS II	RS III		
Directors	66	57	8	–	–	–	–	3
Corporate executive officers	1,777	517	157	852	182	67	–	12
Outside directors	139	130	8	–	–	–	–	8

Notes: 1. Five directors also served as corporate executive officers; their total compensation is included in the corporate executive officers category.
 2. The amount of performance-linked remuneration is the amount to be paid for the current fiscal year.
 3. For RS III, where performance-linked remuneration exceeds a set upper limit, the portion in excess is paid as restricted stock. The decision was made at the Compensation Committee to change remuneration for Directors and corporate executive officers from FY2025, and an upper limit was set for performance-linked remuneration (cash) and RS II. The remuneration paid when that threshold is exceeded was changed from RS III to PS, and RS III was abolished.



Please refer to the company's Securities Report for details of consolidated compensation, etc., by officer.
https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf

Reports from Committees

Nominating Committee Report



Toshio Iwamoto
Outside Director
Chair of Nominating Committee

The business environment is undergoing a paradigm shift, with long-held norms and values changing fast. Against this backdrop, the Nominating Committee has an increasingly important mission and role in helping ensure the Group's sustainable growth and stable management. To support smooth leadership transitions, we must create succession plans not only for the CEO but also for the entire management team. These plans should ensure the organization's continuity and stability, preserve expertise, foster diversity and creativity in management, and uphold sound governance.

The selection and evaluation of directors, including outside directors, is a key task for maintaining sound governance. The Nominating Committee aims to build trust among customers, shareholders, employees, and all stakeholders in the supply chain by conducting this process with transparency and fairness. We will maintain strong ethics as we work to ensure the right leadership and governance for the Group's medium- to long-term strategy.

Audit Committee Report



Katsuyuki Nishikawa
Outside Director
Chair of Audit Committee

The Audit Committee strives to understand key issues such as progress on the Medium-Term Management Plan and governance and compliance within the Group. We do this through activities such as gathering reports from headquarters and Group company leaders and conducting on-site reviews. We have confirmed that the commitment to **maximize customer asset value** through total asset consulting is firmly established and practiced across the Group. We also saw various governance improvements underway in overseas operations, despite challenges from differing legal systems. The Group aims for inorganic growth through external partnerships with Aozora Bank and JAPAN POST INSURANCE. We will closely monitor these new frameworks. In recent years, a series of scandals have shaken trust in financial institutions. Fortunately, no major incidents have occurred within Daiwa Securities Group. However, we will continue monitoring to ensure that sufficient measures are in place to prevent any issues from arising.

Compensation Committee Report



Eriko Kawai
Outside Director
Chair of Compensation Committee

As Chair of the Compensation Committee, I work to ensure that executive pay is transparent and objective from my perspective as an outside director, aiming to keep compensation fair and tied to both performance and market trends. We have raised the share of performance-linked pay to strengthen incentives for sustained performance over the medium and long term. Performance-linked compensation is set using both financial performance evaluation (consolidated ROE, consolidated ordinary income, and Base Income) and quality evaluation based on how well business KPIs are met. Starting in FY2025, the Group is introducing phantom stock and raising the amount of stock remuneration. Because phantom stock does not involve issuing physical shares, it strengthens incentives for sustained performance without causing dilution.

In FY2024, the Compensation Committee met five times. Outside directors took an active role in reviewing changes to the remuneration system. Through these discussions, we ensured transparency and supported the Group's sustainable growth.

Risk Management

While Daiwa Securities Group pursues profitability and growth, it also recognizes the importance of appropriately identifying, evaluating, and effectively managing various risks associated with its business operations. The Group aims to continuously improve its corporate value by maintaining a sound financial base and profit structure that is balanced in terms of risks and returns, and by appropriately controlling risks that are likely to manifest over the medium to long term, in addition to short-term risks.

Risk Management System

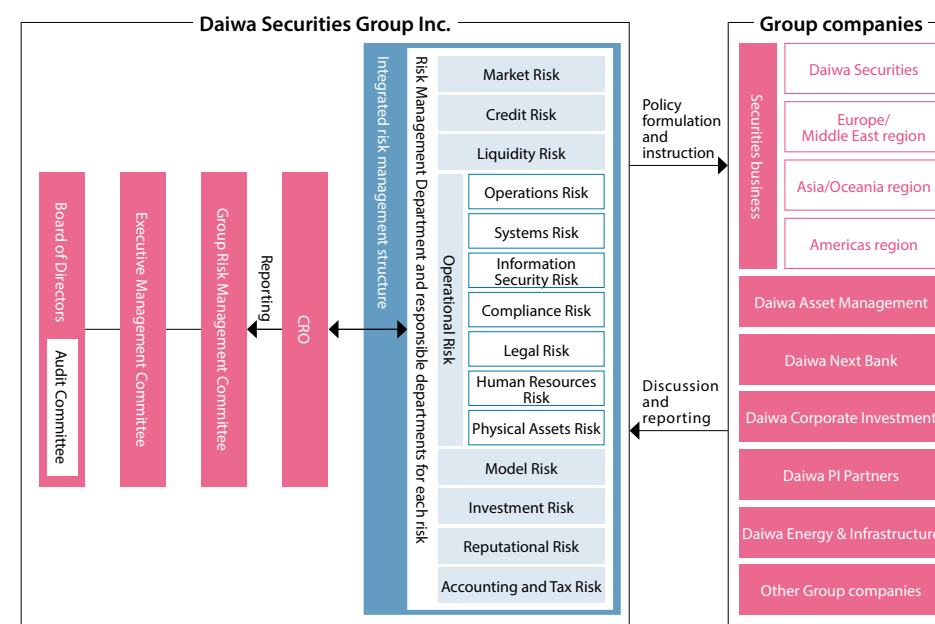
Basic policies as defined by the Rules for Risk Management at Daiwa Securities Group

- 1 Management's proactive involvement in risk management.
- 2 The structure of a risk management system that responds to features of the risks held by the Group.
- 3 Understand overall risk based on integrated risk management, secure strong capital and the soundness of liquidity.
- 4 Clarify the risk management process.

Each Group company conducts risk management suited to the risk profile and size of its business in accordance with the basic policies related to risk management. The Risk Management Department within Daiwa Securities Group Inc. and responsible departments for each risk monitor the risk management systems and risk status of Group companies. The risk status of Group companies grasped through such monitoring, as well as their risk management issues, is reported to the CRO, who is appointed from among corporate executive officers, as necessary. The CRO gives directions to address the risk management system, risk status, and other issues for each company, verifies the performance of risk management systems, and conducts reviews if necessary according to the business scale, characteristics, and risk status of each company. The CRO is in charge of reporting risk to the CEO, and does not concurrently serve as the officer in charge of internal audits or as a member of the Audit Committee.

The risk status and other issues of Group companies are reported to the Group Risk Management Committee, a subcommittee of the Daiwa Securities Group Inc. Executive Management Committee. This committee deliberates and decides on policies for risk management and specific measures. The Group Risk Management Committee also deliberates and revises the risk management process. This committee is comprised separately from the Audit Committee, and also reports on the details of its discussions to the Audit Committee.

Risk Management System



■ Risk Appetite Framework

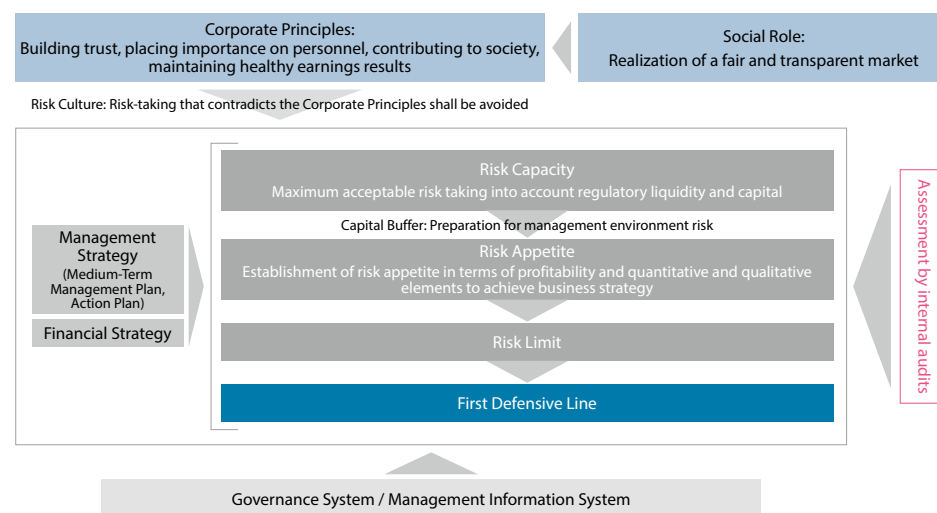
International financial institutions are increasingly required to exhibit sufficient soundness to operate their functions as financial intermediaries during times of economic and market stress. In addition, the Group is required to ensure it has sufficient liquidity and equity capital commensurate with these risks in order to be adequately prepared during times of stress.

Under this environment, the Group has introduced a risk appetite framework (RAF). The Group has documented this framework in its Risk Appetite Statement, which the Board of Directors has deliberated and decided on, and is working to spread this Group-wide while raising the level of its management system.

The quantitative risk appetite index is a topic of discussion and determination by the Board of Directors as part of the Risk Appetite Statement and reviewed twice a year.

Moreover, RAF-related audits of the Board of Directors and management business execution are conducted by the Audit Committee.

RAF Concept Chart



■ Integrated Risk Management

Integrated risk management is a risk management approach that aims to ensure management safety while continually improving corporate value by identifying all risks faced by the Group and comparing them to management strengths. When engaging in integrated risk management, we measure the impact on capital and liquidity within the Group from a forward looking perspective and utilize RAF-based stress tests^{*1} as well as Top Risk management^{*2} as part of our efforts to ensure a comprehensive understanding of risk.

^{*1} Stress tests are used for the integrated evaluation of impacts on capital, liquidity, and business systems based on probable stress scenarios that may have a major impact on the Group.

^{*2} To select and manage risk events that require particular attention in light of the Group's business characteristics.



Please refer to the following website for more information on the Group's risk management.
<https://www.daiwa-grp.jp/english/about/governance/risk.html>

Compliance

Fostering compliance awareness

Daiwa Securities Group rigorously observes regulations and exercises self-discipline so that it can contribute to the sustainable growth of society while maintaining high ethical standards. We conduct training programs for new graduates when they join the Group, and continue through regularly scheduled training sessions throughout their careers, thus ensuring that every employee is aware of, and thoroughly understands, compliance issues.

The Group trains its employees so that even when the Group pursues new business ventures in areas where the regulatory structure is incomplete, they can return to the basic approach of laws and regulations, act sincerely in light of socially accepted ideas and common sense, and maintain strong self-discipline and legal awareness.

As basic standards in areas that should be fulfilled at a bare minimum, the Group has formulated Group Minimum Standards with respect to the prevention of insider trading, elimination of anti-social forces, and information security. Based on these standards, the Group aims to achieve a level of compliance awareness.

Compliance system

The Group is improving and strengthening the Group-wide compliance system through the combined efforts of the Compliance Control Department, which is responsible for overall compliance planning and formulation, and which serves as a market gatekeeper, and Compliance Department (I) and Compliance Department (II), which are tasked with providing direction and support to the sales branches and headquarters departments and divisions. Moreover, in an effort to prevent legal and regulatory violations, these departments cooperate with internal administrators assigned to each department in regard to monitoring, guidance, and educational activities that ensure operations are conducted properly. These departments also work closely with the compliance departments at overseas Group companies in order to build a global compliance system.

The Group Compliance Committee deliberates and decides general policies and specific measures on matters involving compliance with laws and regulations, establishment of corporate ethics, and internal control for the Group.

Recognizing that insider trading risks, deficiencies in money laundering and terrorist financing countermeasures, information security risks, and improper conduct by the Group's officers and employees all represent key risk areas, we are working to strengthen our management framework.

Systems Risk Management and AI Governance

Operational resilience

Dramatic changes in the environments that encompass financial institutions today are increasing the complexity of risks, yet this situation also presents the danger that institutions will be unable to continue providing critical services with BCP that simply seek to prevent accidents and impediments, and that only envision specific risk events. In addition to making every effort to implement preventative measures, the Group works to ensure operational resilience (including recovery capabilities) under the assumption that business suspensions are a foregone conclusion. In specific terms, we are promoting initiatives aimed at strengthening and improving the effectiveness of the structure necessary to ensure business continuity as part of efforts to prepare for such widespread natural disasters as earthquakes and typhoons, as well as large-scale system failures.

Having recognized cybersecurity as a particularly important issue for management, and as part of our Digital Strategy throughout the period of our Medium-Term Management Plan, we are promoting efforts aimed at strengthening both technological countermeasures and governance as requirements for ensuring operational resilience. Specifically, the Group runs cybersecurity drills for the management of each Group company, promotes technical countermeasures that utilize AI and other cutting-edge technologies, strengthens regular security monitoring and operations, implements measures against fraudulent transactions, and introduces management frameworks that match the cyber risk level of each Group company.

Daiwa Securities Group's AI Governance Mission Statement

As with data bias in AI (imbalance and bias in the training data holds the potential to also affect the output), AI also involves unique risks, such as unintentionally compromising fairness and safety. As a result, efforts to put in place principles and guidelines covering the application and use of AI have become increasingly active on the world stage. Japan is no exception, with the formulation and consideration of AI-related principles and guidelines underway. Examples include the AI Guidelines for Business established by Japan's Ministry of Economy, Trade and Industry and Ministry of Internal Affairs and Communications, the Guide to Evaluation Perspectives on AI Safety formulated by the Japan AI Safety Institute, and the AI Discussion Paper published by Japan's Financial Services Agency.

As a company that broadly utilizes AI and that is entrusted with the valuable assets of its customers, the Group formulated the Daiwa Securities Group AI Governance Mission Statement, to which the entire Group is subject in June 2023. This is the first such policy regarding AI ethics in the securities industry. This policy comprises a preamble and seven articles, which stipulate the items that must be followed when using AI. The policy was revised in September 2024 following the publication of the AI Guidelines for Business. Similarly, the Group has established an environment for appropriately managing the development and use of AI for the entire Group. This environment

requires any questions or violation incidents that have arisen regarding the use of AI at a Group company to be reported swiftly at the Group AI Governance Committee, which was established at the same time as the Statement.

The Daiwa Institute of Research has formulated the Daiwa Institute of Research AI Ethics Policy, which is founded on the Daiwa Securities Group AI Governance Mission Statement, yet places a greater emphasis on AI ethics at the time of development and implementation. At the same time, the company established the AI Ethics Committee, which ensures its activities align with this policy.

Daiwa Securities Group will continue to make every effort to become a trusted partner for all stakeholders and ensure that our services are used with peace of mind.

Daiwa Securities Group AI Governance Mission Statement

Daiwa Securities Group is committed to social issues such as the environment, human rights, education, economic growth, and technological innovation, and contributing to the sustainable development of society and the economy. To achieve this, the use of cutting-edge technology, especially AI, has become essential. While the impact of AI on society and the economy is expected to expand further in the future, there are still developing aspects of AI technology.

Under careful consideration, Daiwa Securities Group has established the "Daiwa Securities Group AI Governance Mission Statement," which we encourage all employees to abide by the understanding that we are a company that uses AI extensively in research and development, prediction and analysis, together with providing services.

Daiwa Securities Group will continue to make every effort to become a trusted partner for all stakeholders and ensure that our services are used with peace of mind.

- | | |
|---|--|
| 1. Contribution to Society and Economy through AI | 5. Compliance with Laws and Privacy Protection |
| 2. Provide Human-Centered AI | 6. Security and Monitoring of AI |
| 3. Transparency and Accountability of AI | 7. Governance and Literacy Improvement of AI |
| 4. Appropriate Use and Learning of AI | |



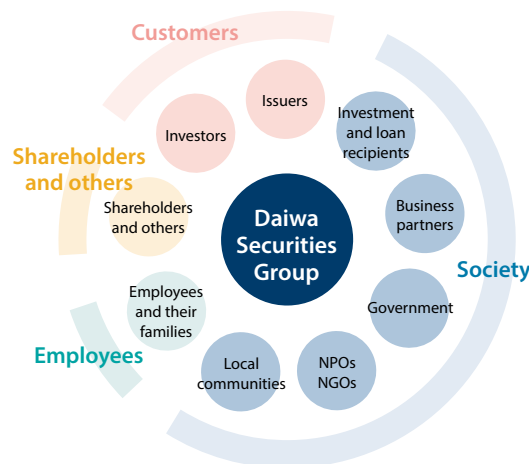
Daiwa Securities Group AI Governance Mission Statement
https://www.daiwa-grp.jp/english/about/governance/ai_governance.html

Stakeholder Engagement

Daiwa Securities Group strives to engage proactively with stakeholders and disclose information in a fair, timely, and appropriate manner so that customers, shareholders and investors, investment and loan recipients, local communities, employees and executives clearly understand and properly evaluate the Group's activities.

Basic Policy on stakeholder engagement

- 1 Daiwa Securities Group will strive to engage with a broad range of stakeholders based on ISO 26000 and the Charter of Corporate Behavior of the Nippon Keidanren (Japan Business Federation).
- 2 The Group will strive to deepen engagement with stakeholders already known to us, including customers, shareholders and other investors, investment and loan recipients, business partners, employees and local communities.
- 3 The Group will strive to actively communicate and engage with third-party institutions, organizations, and individuals, etc., with whom we have previously had no contact in order to identify other stakeholders.



Basic Policy on Stakeholder Engagement

https://www.daiwa-grp.jp/english/sustainability/group_sustainability/stakeholder.html

Supply chain engagement

In order to take account of human rights, labor standards, the environment, and other social responsibilities throughout the supply chain, Daiwa Securities Group established the Daiwa Securities Group Suppliers' Code of Conduct. The Group also requests the understanding and cooperation of suppliers regarding this statement so that its suppliers also engage in ethical business practices and responsible procurement activities.

Similarly, the Group released its Declaration of Partnership Building, through which the Group strives to build sustainable relationships that enable the Group to grow together with its partners and to further raise the added value of the entire supply chain.



Supply Chain Management

https://www.daiwa-grp.jp/english/sustainability/social/supply_chain.html

Environmental and Social Policy Framework

Under the Environmental and Social Policy Framework (investment and loan policy), the Group manages the environmental and social risks of its business. This Framework applies to new investments and loans executed, as well as bond and stock issuances underwritten by Daiwa Securities Group Inc. and major Group companies, and aims to create a better society in partnership with the Group's stakeholders by acknowledging the risks for businesses that may have major negative impacts on the environment and society, and by taking appropriate measures through engagement.



Environmental and Social Policy Framework

<https://www.daiwa-grp.jp/english/about/governance/risk.html#anc-04>

Communication with shareholders and investors

As a means of direct communication with shareholders, the Group conducts a variety of investor relations (IR) activities. These include its general meetings of shareholders, telephone conferences on the days of earnings announcements, briefings for individual investors, management strategy briefings, individual (one-on-one) meetings with analysts and domestic and overseas institutional investors as well as participation in the Daiwa Investment Conference held in Tokyo, Hong Kong, San Francisco, and New York.

To promote understanding of its non-financial information, the Group has been proactively undertaking the following initiatives:

- 1 Holding of sustainability meetings, at which outside directors take the stage, for institutional investors and analysts
- 2 Holding of individual ESG meetings for institutional investors
- 3 Participating in ESG-themed IR seminars for individual investors

We provide opportunities for dialogue with a wide range of stakeholders. In addition to holding briefings and in person one-on-one meetings at physical venues, the Group actively utilizes online methods, such as web conferences and teleconferencing, in an effort to maintain ongoing communication with its shareholders.

The awareness acquired through these means is utilized not only in formulating management strategies and capital policies but also in enhancing briefing materials and other forms of information disclosure. For example, taking into consideration opinions

Stakeholder Engagement

expressed during each dialogue, the Group set a minimum full-year dividend per share of ¥44 for the period covered by the new Medium-Term Management Plan, FY2024 to FY2026.

Also focusing on disseminating information to individual investors, the Group added a To Individual Investors page to its website in its efforts to improve convenience by consolidating IR-related information. In FY2024, the CEO, CFO, and IR Office staff held five corporate briefing sessions for individual investors, using in person and online formats. We are making use of the opinions received through the question-and-answer sessions and survey questionnaires to improve our information dissemination.

To increase familiarity with the content of integrated reports, we are also working to diversify the ways in which we disseminate information, such as by creating videos explaining the key points and uploading them to YouTube. We are also striving to provide accurate and easily understood information, including by enhancing information disclosure on our IR website and publishing integrated reports and business reports (booklets for shareholders).

Going forward, we will redouble our efforts to strengthen our relationships of trust with shareholders and investors through constructive dialogue while working to further enhance information disclosure and deepen communication.



Status of dialogue with management, etc.

<https://www.daiwa-grp.jp/ir/toolkit/dialogue.html> (In Japanese only)



To individual investors

<https://www.daiwa-grp.jp/ir/digest/> (In Japanese only)

External evaluations of IR activities Daiwa Securities Group Integrated Report 2024

NIKKEI Integrated Report Award 2024,
Award for Excellence

Government Pension Investment Fund
(GPIF), Most-improved Integrated Report



IR Activities in FY2024

Number of briefings for institutional investors
and analysts _____ **8**

Number of briefings for individual
investors _____ **5**

Number of meetings with institutional
investors and analysts _____ **347**

Meetings with overseas institutional
investors included in the above _____ **157**

Approach to IR and SR activities

The Group conducts IR and shareholder relations (SR) activities with the aim of deepening understanding of the Group among its shareholders, investors, and all other stakeholders. These initiatives help stakeholders to make fair and appropriate evaluations of the Group.

Provided as feedback to the Group in an appropriate manner through reports to the Board of Directors and other means, opinions, requests, and issues received through dialogue with stakeholders are utilized in the formulation of management strategies and the making of management decisions designed to increase corporate value.

Strategic IR Cycle Envisioned by the Group to Improve Corporate Value

