

## 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.

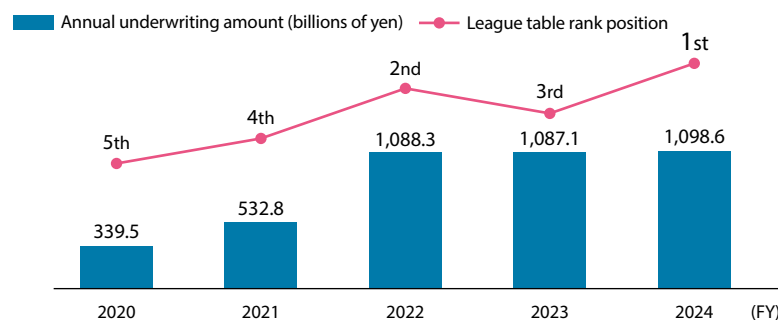
Looking ahead, the entire Group will continue to work together on sustainability to drive long-term corporate value.

### 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.\*<sup>1</sup> 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%,\*<sup>2</sup> 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

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

\*<sup>2</sup> 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

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### 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.