

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

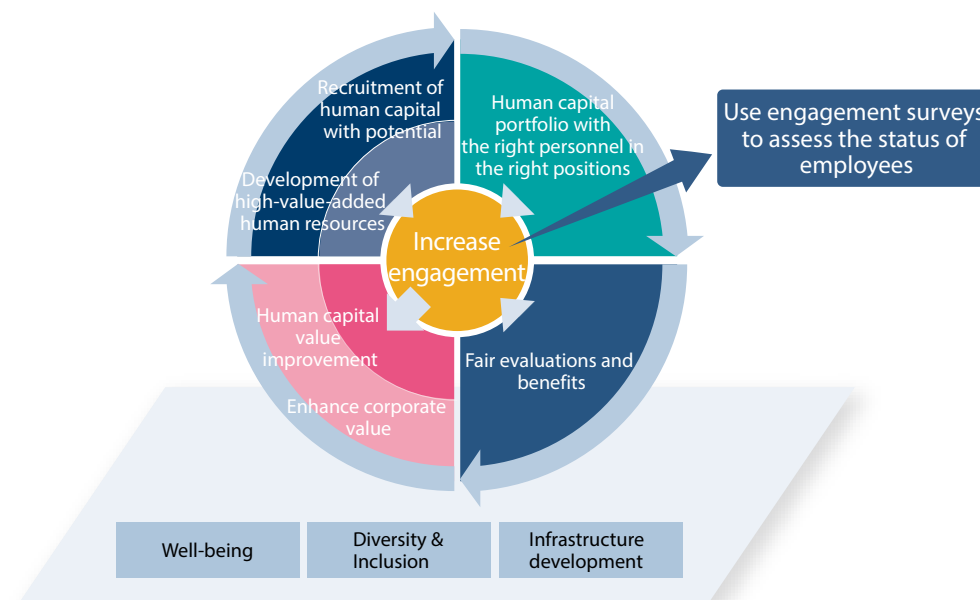
The source of Daiwa Securities Group's competitiveness lies in its human resources, and "placing importance on personnel" is one of its Corporate Principles. "The Group will promote the creativity of employees by offering them a challenging and self-directed working environment that encourages their 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.

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Development of high-value-added human capital

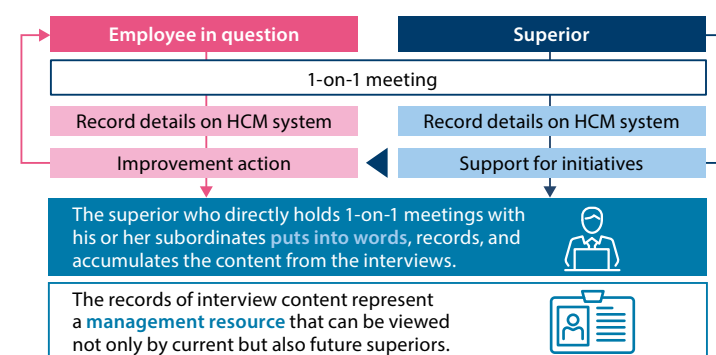
Investing in human resources increases their value, refines them into human capital, and leads to corporate growth. This is the form of human capital management to which the Group aspires. As far as training is concerned, it is essential to create environments in which each and every employee is able 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.

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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.

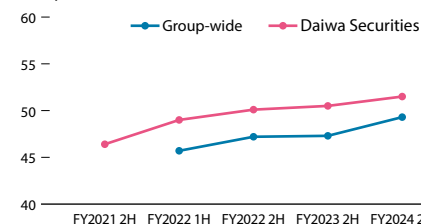
■ Main issues identified from survey results

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.

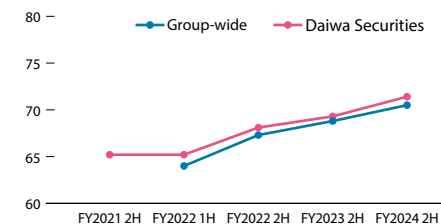
Business operation systems

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



Digital transformation initiatives

- For details, see page 48 Digital Strategy

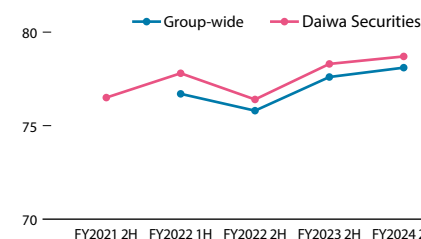


② Gender gap

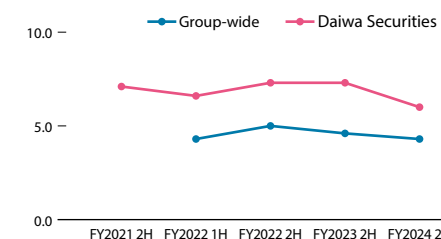
Compared to the overall population, women's engagement scores are at a low level, and we believe that improving women's engagement is an important issue in improving organizational performance. We are continuously implementing a range of measures, and women's scores are gradually improving.

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

Female employee scores (sustainable engagement)



Gender score difference (sustainable engagement)



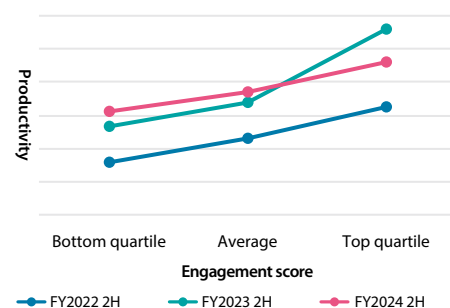
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■ Analysis of the correlation between engagement survey scores and financial metrics

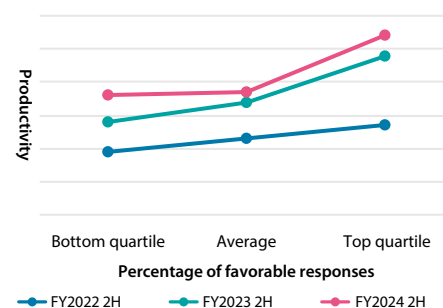
Daiwa Securities Group analyzes the correlation between engagement survey results and financial metrics. In addition to sustainable engagement, which has been set as a Group KPI, we were able to confirm that the scores of approximately half of the 15 categories statistically correlate significantly with 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

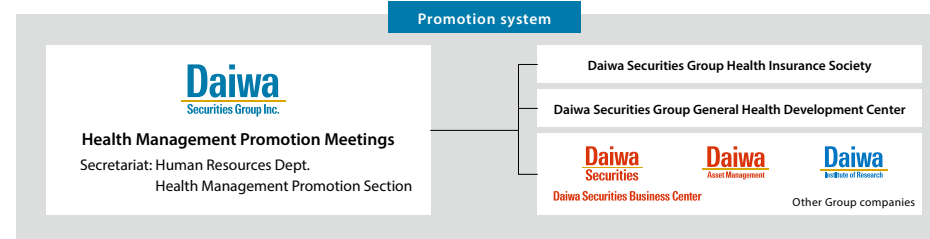


Note: This data and analysis were provided by WTW, our survey partner. The numbers represent the percentage of employees who gave positive responses to questions in the sustainable engagement category or relevant survey questions, with the scores of each organization divided into quartiles.

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.

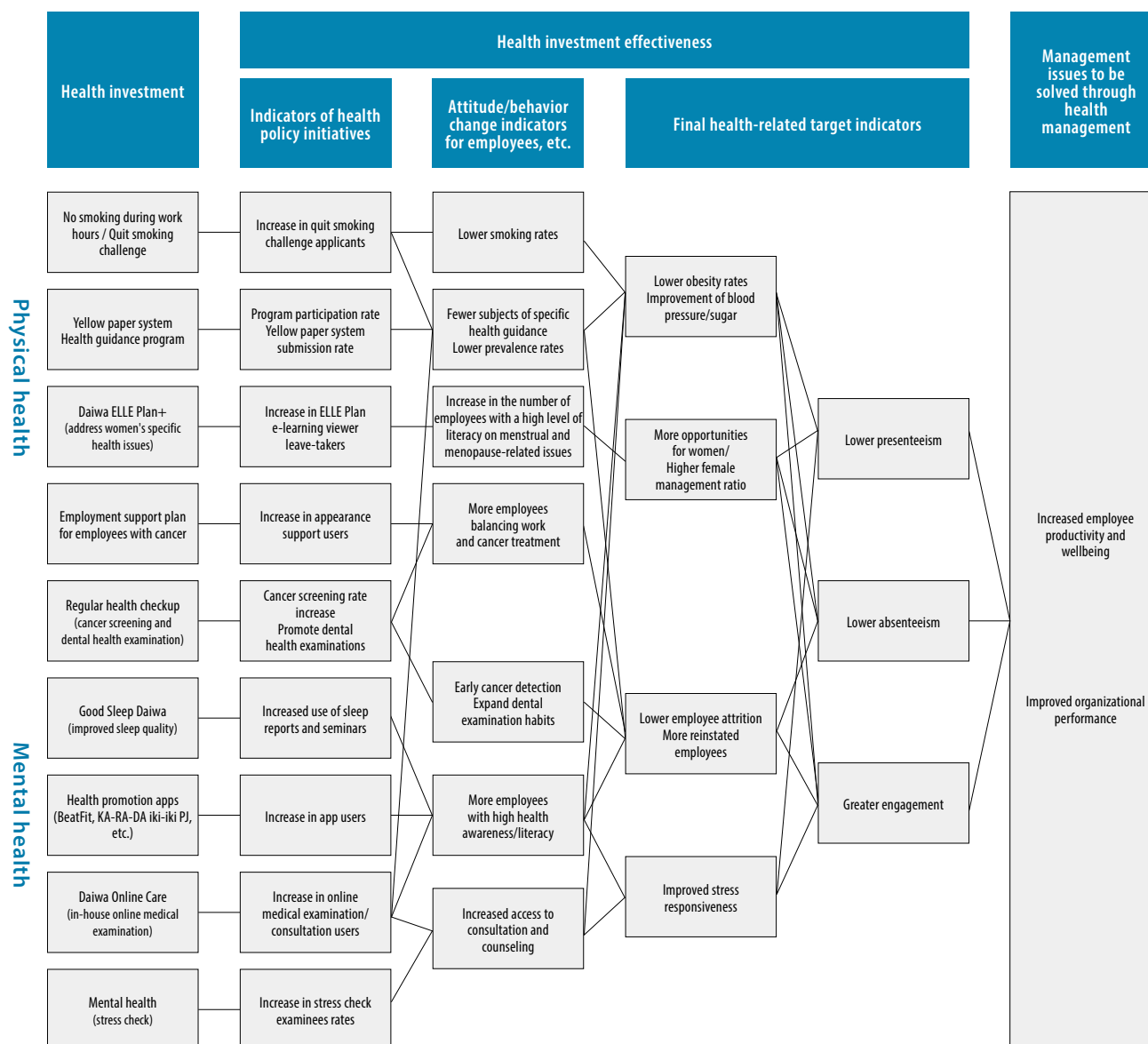
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Target (FY2030)
Presenteeism loss percentage*1	18.7%	17.0%	15.2%	12.6%	13.9%	14.5%	Less than 10.0%
Absenteeism average*2	3.8 days	3.4 days	3.4 days	3.1 days	3.9 days	4.0 days	3.0 days or less

*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.

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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

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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.