Sustainability-related Business

Promoting sustainable finance

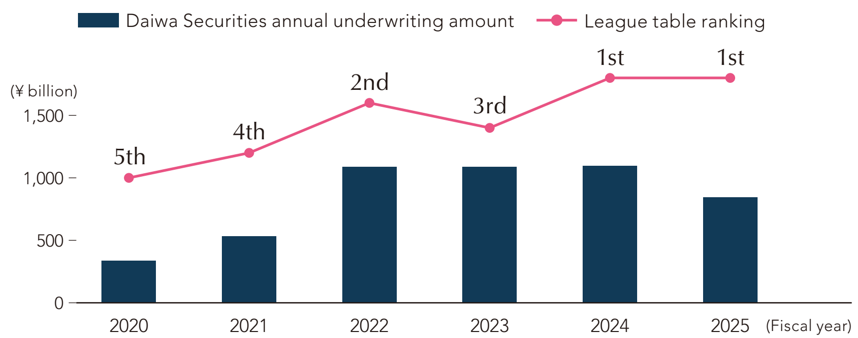
In the sustainable finance market, Daiwa Securities Group is using its long-standing experience and expertise in meeting customers' needs by delivering a wide range of solutions.

The Group has ranked first in the league table for lead-managed deals in the domestic SDGs-related bond* market for two consecutive years. We have continued to pioneer new market frontiers by handling numerous transactions, including Japan's first Orange Bond (issued by ITOCHU Corporation) and the country's first Green Bond to finance capital investment in and R&D on perovskite solar cells (issued by SEKISUI CHEMICAL CO., LTD.)

Our work in sustainable finance extends well beyond the support of individual projects. Our initiatives in this area also enhance the Group's corporate value as a whole. We remain deeply involved in helping customers address key management challenges, including ESG strategy planning, goal-setting, and disclosure. By offering long-term, hands-on support, we build strong, trust-based relationships, thereby helping to drive the Group's earnings base. Having accumulated expertise through extensive practical experience and the recruitment of external specialists, the Sustainability Solutions Department, a dedicated unit, primarily generates transactions of significant value in terms of innovation and impact by maintaining close communication with investors and issuers. To promote sustainable finance throughout the Group, we have also put in place a system for underwriting SDG bonds that enables the detection of greenwashing without relying solely on the expertise of specific departments or employees, as exemplified by the utilization of a generative AI-powered tool to assess green and social credentials.

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

Domestic SDGs-related bonds: Daiwa Securities underwriting amounts and league table position



Investor interest in sustainable finance is becoming increasingly diverse and more sophisticated, with themes such as transition and resilience gaining importance both domestically and internationally. In FY2025, we provided support in line with Japanese transition finance trends to South Korea's Shinhan Bank as it became the first overseas issuer to launch a transition bond in the form of a Samurai bond. Our initiatives have earned external recognition, including receiving the Gold Award, the highest distinction, at the Ministry of the Environment's ESG Finance Awards Japan.

In the sustainable finance market, we will achieve sustainable growth by continuing to deliver innovative solutions that help address social challenges and enhance our clients' corporate value going forward.

2026 ESG FINANCE AWARDS JAPAN GOLD

P35 Employee comment (GIB)

Supporting wealth creation in the era of 100 years of life

Under Vision 2030, which incorporates sustainability perspectives, Daiwa Securities Group identifies the era of "100 years of life" as a component of its materiality and positions support for individuals' medium- to long-term asset building as a key initiative. In line with this Vision, Daiwa Asset Management is working to provide products and services that combine uniqueness and innovation to meet increasingly diverse and sophisticated investment needs.

In specific terms, these include products offering investment opportunities in high-growth global companies, as exemplified by the iFreeNEXT FANG+ Index. We are also strengthening the rollout of products geared toward long-term investment and efficient asset management, such as the iFreeHOLD and iFreeWallet series, thereby supporting asset building tailored to individual investment experience and risk tolerance.

As a result of these initiatives, the number of NISA-eligible funds grew to 146 by the end of FY2025 (an increase of 12 funds compared with the end of FY2024). The balance of publicly offered equity investment trusts (excluding ETFs) eligible for NISA stands at ¥4.8 trillion as of the end of FY2025 (an increase of ¥1.4 trillion compared with the end of FY2024), which is indicative of steady growth, and the balance of publicly offered investment trusts for individual investors continues to exhibit an expansionary trend.

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Moreover, through constructive dialogue (engagement) with investee companies, we encourage them to address management issues and enhance information disclosure, including non-financial information, in an effort to simultaneously generate growth opportunities and mitigate risks. These initiatives help enhance the medium- to long-term corporate value of investee companies and lead to the generation of returns for beneficiaries through improved investment performance.

In addition, to accommodate the diversification of investment opportunities, we are also working to expand our lineup of products targeting investments in alternative assets.

As far as the provision of information is concerned, we are devising ways to enhance the delivery of timely and easy-to-understand information to investors through initiatives such as the launch of the official LINE account for iFree (Daiwa AM) and efforts to revamp our website.

Through this series of initiatives, we are working to broaden our individual investor base and encourage medium- to long-term accumulation of wealth. At the same time, we are strengthening our competitive position and expanding our AUM by ramping up efforts aimed at delivering products and strengthening information dissemination capabilities.

Looking ahead, we will continue to pursue sustainable growth and to enhance corporate value through the development of products that meet diverse needs and efforts to enhance the quality of our services.

P31 Employee comment (Daiwa AM)

Contributing to the development of the carbon credit market

In 2022, Japan's Ministry of Economy, Trade and Industry announced the GX League Basic Concept, while the Tokyo Stock Exchange launched the Carbon Credit Market in 2023. In addition to a steady increase in the number of market participants since its launch, the cumulative trading volume reached one million tonnes in 2025. Against the backdrop of these developments in the market infrastructure, interest in carbon credit market trends is steadily growing as a means of complementing efforts by companies and other entities to reduce greenhouse gas emissions (GHGs).

Leveraging the expertise gained through its established emissions trading operations in Europe, Daiwa Securities is developing a trading framework in anticipation of domestic carbon credit market expansion. As the only domestic securities company participating as a market maker on the Tokyo Stock Exchange's carbon credit market, we are facilitating trading and ensuring fair price formation through the continuous provision of liquidity. In recognition of these efforts, Daiwa Securities has received the Good Market Maker award every year since its inception and won the Best Market Maker award for FY2025.

In the years to come, we will steadily capture revenue opportunities arising from market expansion. At the same time, through the continuous provision of liquidity, we will support reliable price discovery and the sound development of the market, thereby helping create economic incentives for reducing greenhouse gas emissions.