Carbon Neutral 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. 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' decarbonization efforts and innovative technologies that contribute to the transition to a low-carbon economy through our financial services.

For details on the 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 (Scope 1 and Scope 2) by FY2030

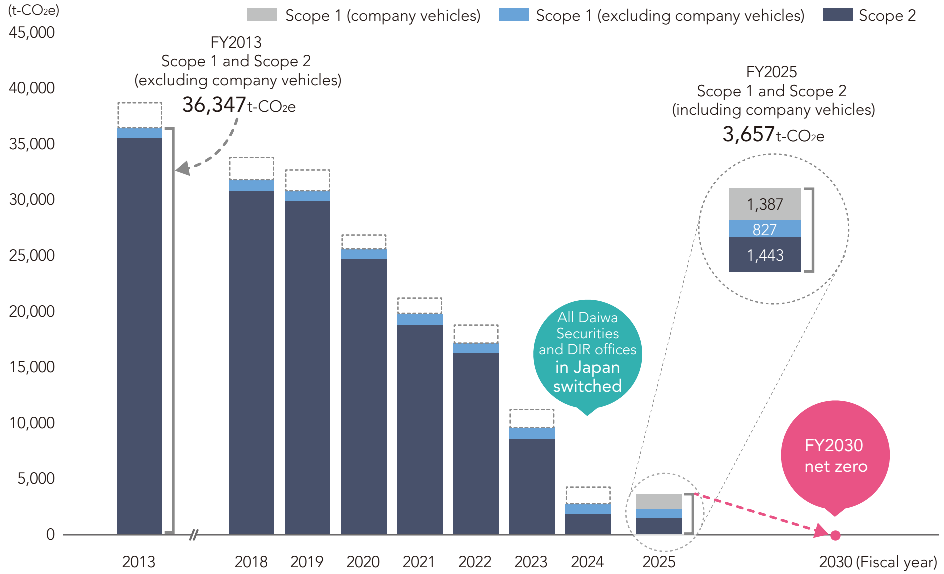
To achieve net zero GHG emissions within our own operations (Scope 1 and Scope 2), we will advance initiatives that are in line with the priority area. Specific measures include continuing energy-saving efforts and switching to renewable electricity.

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 electricity consumption 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 (DIR) switched to renewable energy for electricity used within Scope 2 emissions at all their offices in Japan. When choosing renewable power plans for our offices, Daiwa Securities Group Inc. considers not only the impact on cutting GHG emissions but also its 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. Moving forward, we will continue to consider a variety of measures. This includes reviewing price setting based on the J-Credit price while at the same time using the internal carbon price.

Looking ahead, we will promote the switch to renewable energy sources at our overseas offices as well as the transition to electric vehicles for our company fleet at offices in Japan. At the same time, in those areas where reductions are difficult to achieve through our own efforts, we will explore the use of carbon credits and other measures, with the goal of achieving net-zero Scope 1 and 2 emissions by FY2030.

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 DIR (from April 2024)

Examples of future initiatives
- Continue to improve efficiency of energy consumption
- Transition to electric vehicles for our company fleet
- 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 98% of the locations based on the number of employees.
2. Based on FY2025 results, emissions associated with the use of company vehicles will be included in Scope 1 (previously classified as Scope 3, Category 8). The total for Scope 1 and Scope 2, calculated in accordance with the conventional calculation categories, is 2,270 t-CO_2e.

For more information on the scope of our own GHG emissions data and calculation methods, please visit Sustainability Data Edition.
https://www.daiwa-grp.jp/english/sustainability/data/dataedition.html

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Net zero GHG emissions within our investment and loan portfolios by 2050 (Scope 3)

To lay out a concrete path toward our goal of net zero GHG emissions within our investment and loan portfolios 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 FY2024

For the FY2024 measurement of actual values, as in the previous fiscal year, the measurement covered all sectors across asset classes 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 borrowers.

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 invested in by Daiwa Next Bank. 2. Not applicable for commercial real estate and business loans. In addition, for other asset classes, if there is no subject, a hyphen will be displayed, and if the number is rounded down, 0 will be displayed. 3. Some estimates are based on the PCAF Database (excluding subjects that cannot be referenced in the Database).

Progress toward interim targets

FY2024 results were lower than FY2023* due to a reduction in emissions from investment and loan recipients and progress in renewable energy investments and loans.

* FY2023 results: 243 g-CO_2e/kWh

GHG emissions from project finance in the power generation sector (Applies to Scope 1)

FY2024 actual values*	
Total emissions	372,480 t-CO_2e
Emission intensity	230 g-CO_2e/kWh
PCAF score	Average 2.74

Interim target value for FY2030	
Metric	Emission intensity (g-CO_2e/kWh)
Target value	186-255 g-CO_2e/kWh
Reference scenario	IEA NZE/APS

* Some calculations are based on estimated values.

Measurement results

(Unit: t-CO_2e)	Listed equities (Incl. REITs)	Unlisted equities (Incl. REITs)	Corporate bonds	Project finance	Scope 1/2	Scope 3
FY2024 results	101,412	18,582	313,343	396,927	830,264	474,632
Of which: Electricity generation	51,843	0	296,148	383,102	731,093	189,584

For details on our efforts to achieve net zero GHG emissions within our investment and loan portfolios, etc., please see the website below.
https://www.daiwa-grp.jp/english/sustainability/environment/financedemissions.html

Developing human resources deeply rooted in sustainability

Recognizing that the understanding and proactive actions of each and every employee are essential to promoting sustainability, Daiwa Securities Group conducts sustainability training every year. As part of our development and training efforts in FY2026, and in addition to the Group's sustainability strategy and specific examples of its initiatives, we took steps to deepen understanding of such environmental and social issues as climate change and the challenges associated with water resources that have a significant impact on corporate activities and society as a whole.

At the same time, we shared the view that addressing social issues is not simply a risk, but can also lead to the creation of new value and business opportunities, providing employees with the chance to connect their own work with sustainability. Our goal is to foster an organizational culture in which each employee views social issues as a personal concern and takes proactive action toward the realization of a sustainable society.

From FY2026 training video