Index

Our Strategy for Achieving SDGs	Initiatives with Our Stakeholders
Our Strategy for Achieving SDGs · · · · · · 2	Stakeholder Communication · · · · · · · · · · 128
Message from CEO · · · · · · · 6	Workforce Statistics · · · · · · · · · · · · · · 131
Daiwa Securities Group's Management Vision "Vision 2030" and Materiality···················7	Hiring Initiatives · · · · · · · · · · · · · · · · · 135
Daiwa Securities Group SDGs Declaration	Diversity and Inclusion · · · · · · · · · · · · · · · · 137
Structure of SDGs Promotion · · · · · · · · · · · 13	Human Resource Development and Skill Enhancement · · · · · · · · · · · · · · · · · · ·
Statements · · · · · · 17	Work-Life Balance · · · · · · · 147
Initiatives through Business Activities	Health Management · · · · · · · · · · · · · · · · · 164
Role and Social Responsibilities of	Communication with Employees····· 175
the Securities Business····· 20	Activities to Support Communities through Our Foundations
Action through Product Development and Distribution · · · · · · 29	For Your Dreams - Daiwa Securities Group Children's Smile Project · · · · · · · · · · · · · · · · 181
SDGs Finance · · · · · · 40	Support for Culture and the Arts · · · · · · 184
Providing Analysis/Proposals on the Economy, Society, and Investment Information · · · · · · · · · 50	Action with NPOs · · · · · · 187
Providing Quality Service to Customers · · · · · · 55	Promotion of Social Contribution Activities · · · · · · 192
Support for Creating Our Future Society · · · · · 61	Economic and Financial Education for the Young Generation · · · · · · · · · · · · · · · 206
For the Development of Financial and Capital Markets · · · · · · · · · · · · · · · · · · ·	· ·
and Capital Markets	Environmental Initiatives
Initiatives for Supporting Business Activities	Environmental Management / Initiatives to Environmental Load Reduction · · · · · · · · · · · · 214
Corporate Governance · · · · · · · · · · · 79	
Compliance·····94	The Daiwa Securities Group Net Zero Carbon Declaration · · · · · · · · · · · · · 222
Prevention of corruption · · · · · · 103	Response to the TCFD · · · · · · · 224
Risk Management · · · · · · · 105	Issuance of Green Bonds · · · · · · · 230
T Strategy and Management of Systems Risk · · · · · · 114	ESG Information Index · · · · · · 232
Human Rights Education and Awareness · · · · · 116	
Supply Chain Management · · · · · · · · 119	Participation in Initiatives
Engagement with Shareholders and Investors · · · · · 120	Third-Party Evaluations · · · · · · · · 244
Environmental and Social Policy Framework · · · · · 125	GRI Content Index · · · · · · 250
•	Editorial Policy · · · · · · 265

^{*}This report is current as of December 24, 2021.

> Please refer to the SDGs site (https://www.daiwa-grp.jp/english/sdgs/) for the latest information.

^{*}Detailed data related to SDGs and ESG are collected separately in SDGs Data Edition.

> SDGs Data Edition 2021 https://www.daiwa-grp.jp/english/sdgs/data/pdf/daiwa-sdgs-data-2021.pdf

^{*}As a digest version of the SDGs Report, we also publish "SDGs Booklet," a compact and easy-to-understand summary of our way of thinking a bout the SDGs and the details of various initiatives.

> SDGs Booklet https://www.daiwa-grp.jp/english/sdgs/data/pdf/daiwa-sdgs-en-booklet-2021sec.pdf

Our Strategy for Achieving SDGs



September 2015 Adopted SDGs (Sustainable Development Goals)

The SDGs (Sustainable Development Goals) are the 17 common goals of humankind that were created by UN member countries, various organizations and people, and adopted by the United Nations in 2015. It has been promised that each country will actively work to achieve these goals. Daiwa Securities Group considers the SDGs to be important goals that give direction to the world, and will approach social issues as an important common language when conducting business in Japan and overseas.

Statements

February 2018 Established "SDGs Promotion Committee"

In 2018, we established the SDGs Promotion Committee chaired by Seiji Nakata, President and CEO. External committee members always participate to bring in fresh ideas and cutting-edge information from outside the company, and we are making Group-wide efforts to contribute to the SDGs.

Structure of SDGs Promotion

April 2018

Formulation of "Medium-Term Management Plan (FY2018-FY2020) 'Passion for the Best' 2020"

In our Medium-term Management Plan "Passion for the Best" 2020, the basic policy is to "provide high value-added solutions through our No. 1 quality consulting capabilities" and "provide new value as a hybrid comprehensive securities group." We aim to be a "pioneer in the financial and capital markets that creates the future," which creates a virtuous cycle of expanding customers' assets and growing the companies that drive the Japanese economy.

May 2018 Announcement of "Daiwa Securities Group SDGs Declaration (Passion for SDGs 2018)"

The SDGs Promotion Committee has clearly stated that we will actively promote initiatives that contribute to the SDGs through our Group business in the "Daiwa Securities Group SDGs Declaration (Passion for SDGs 2018)."

Daiwa Securities Group SDGs Declaration (Passion for SDGs 2018)

May 2019

Announcement of SDGs Materiality and SDGs Promotion Action Plan

In order to promote the SDGs in the entire Group, we believe that not only top-down promotion but also bottom-up efforts by employees are important, and we solicited a wide range of SDGs-related initiatives and ideas from employees. When soliciting ideas, we incorporated two perspectives: Forecasting that considers what we can do now, and Backcasting that considers what we can do based on the "ideal image" of the Group in 2030, the deadline for achieving the SDGs. As a result, for Forecasting we gathered more than 4,200 ideas not only from the headquarters departments, but also from branch offices in Japan, Group companies, and overseas bases. In the Backcasting approach, about 120 volunteers gathered through internal recruitment and made a proposal for the realization of the Group's "Vision 2030".

We identified issues from this bottom-up initiative, and summarized them by collating them with the demands from society, which we uncovered through communication with stakeholders and the knowledge of outside experts. Then, after discussions at the SDGs Promotion Committee, we finalized the "Daiwa Securities Group's Priority Issues (SDGs Materiality)."

Furthermore, from this bottom-up initiative, we identified the matters that should be focused on to solve the priority issues, and compiled the "Passion for SDGs 2019 -Daiwa Securities Group Action Plan-."

May 2020 Announcement of SDGs Promotion KPIs for FY2020

We have only 10 years left before 2030, the deadline for achieving the SDGs. Aiming to build a "Daiwa version of an SDG value chain" that generates a sustainable flow of funds, in order to accelerate the initiatives of our SDGs promotion action plan, we have set SDGs promotion KPIs for each action theme for this fiscal year, and have started trial operation. Based on these KPIs, we monitored the status of progress and made revisions if necessary, aiming for full-scale operation in the following fiscal year and beyond.

Now, and looking to 2030 Formulation and announcement of the management vision "Vision 2030" and the Medium-term Management Plan (FY2021-FY2023) "Passion for the Best" 2023

Moving forward to 2030, we formulated and announced the management vision "Vision 2030" in May 2021 for all executives and employees to share what Daiwa Securities Group wants to be and what the Group should be, and to work as one on the creation of shared values. "Vision 2030" takes as its core concept "From savings to SDGs" and, through this Vision, the Group intends to realize the SDGs by creating a sustainable capital cycle.

The Medium-term Management Plan "Passion for the Best" 2023 maps out strategies for the first three years toward the realization of "Vision 2030".

Daiwa Securities Group will continue to contribute to the creation of a sustainable and prosperous society.

Daiwa Securities Group's management vision "Vision 2030" and Materiality

Maximize value

stakeholders

Our Strategy for Initiatives through **Initiatives for Supporting** Initiatives with Environmental **Achieving SDGs Business Activities Business Activities** Our Stakeholders **Initiatives** FY2021-FY2023 FY2018-FY2020 FY2021-FY2023 New Medium-Term Management Plan Previous Medium-Term "Passion for the Best" 2023 Management Plan The best partner for co-creating the future ~Be with you~ **Basic Policies Basic Policies** Providing high value added (No.1) solutions through the use of our "Quality No.1" consulting capabilities Creation of a new capital Achieving "Customer First" & recycling system through a "Quality No.1" hybrid strategy and benefits to all Providing new value as an integrated securities group

Initiatives in sustainability

 Θ

with a hybrid business model

Digital transformation

Corporate strategy Financial & capital/Risk Manager Compliance/HR/Overseas

In the Medium-term Management Plan "Passion for the Best" 2023, we have incorporated an SDGs perspective as the basis of our business strategy, and have continued to adopt and will further strengthen the basic policies of "achieving Customer First & Quality No.1" and "creating a new capital recycling system through a hybrid strategy." In light of the increased importance of promotion of digital transformation (DX), we have also set "pursuing the best mix of digital and real" as the third pillar.

Pursuing the best mix of digital and real

In addition to these three basic policies, we have established the slogan of staying close to customers and becoming "The best partner for co-creating the future -Be with you-."

We will further step up our sustainability initiatives, including SDGs and ESG initiatives, and corporate strategies at head office divisions as the foundations that support individual strategies.



International goals up to 2030 adopted by the United Nations Summit in September 2015. 17 goals and 169 targets were set to realize a sustainable world. The SDGs question the ideal state of not only developing countries but also advanced countries including Japan, and pledge that "No one will be left behind" in the process of the initiatives.

Message from CEO



Seiji Nakata President and CEO Daiwa Securities Group Inc.

Due to the COVID-19 pandemic, sustainable finance attracted much attention in FY2020. Daiwa Securities Group has recognized anew our social mission of acting as a bridge between the private and public sectors to raise funds, and aims to promote a sustainable capital cycle by helping to increase understanding of the SDGs and ESG in asset building.

Moving forward to 2030, we have formulated "Vision 2030", setting out the role the Daiwa Securities Group will play in helping to realize a sustainable society. I will assume responsibility as top management and work hard to gain support for our Vision and ensure that the Group continues to be needed by all stakeholders.

Message from the Head of SDGs



Keiko Tashiro
Director, Deputy President,
and Head of Overseas and SDGs
Daiwa Securities Group Inc.

The COVID-19 pandemic has prompted the world to seek a new state of society, and changes are continuously occurring around the globe. Companies are no exceptions. For Daiwa Securities Group to continue to be a company valued by society in the times ahead, it is important to set out and put into practice a vision with future trends in mind.

"Vision 2030" is a management vision newly formulated by the Daiwa Securities Group. It outlines the goals the Group should aim for as we are moving forward to 2030—the target year for the SDGs.

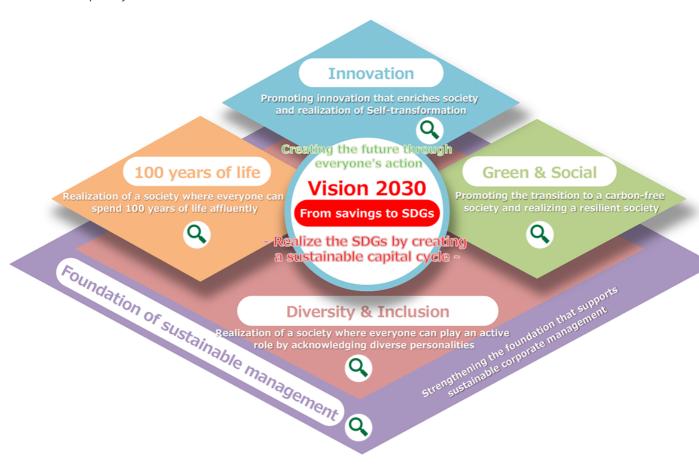
Under the key concept of "From savings to SDGs," all officers and employees will unite as one and actively work on realizing the SDGs by creating a sustainable capital cycle.

Daiwa Securities Group's Management Vision "Vision 2030" and Materiality

"Vision 2030" -From savings to SDGs-

Daiwa Securities Group has outlined its goals in "Vision 2030," which is rooted in its Corporate Principles and the Daiwa Spirit; 2030 is also the year by which it seeks to realize the SDGs.

Vision 2030 takes as its core concept "From savings to SDGs" and, through this Vision, the Group intends to realize the SDGs by creating a sustainable capital cycle.



- > Vision 2030—From savings to SDGs—Concept Video
- > Corporate Principles
- > The Daiwa Spirit

"Vision 2030" and materiality

In "Vision 2030," Daiwa Securities Group identified priority areas and priority issues it should focus on as "Materiality."

priority areas	priority issues
100 years of life Realization of a society where everyone can spend 100 years of life affluently	 Support for household asset formation and conservation toward the realization of a prosperous 100-year life Realization of local revitalization with private funds Financial support for economic growth in Asia
Innovation Innovation that enriches society Promote and realize your own transformation	 4. Support for accelerating corporate metabolism toward the realization of innovation that enriches society 5. Reform of business portfolio to create new added value 6. Leading social transformation as a one-of-a-kind financial platformer
Green & Social Promoting the transition to a carbon-free society and realizing a resilient society	7. Promotion of green finance to support the realization of a carbon-free society8. Development and provision of new financial products and services that contribute to the realization of a sustainable society
Diversity & Inclusion Realization of a society where everyone can play an active role by acknowledging diverse personalities	9. Fostering human resources who can provide added value10. Building an organization where everyone can play an active role by acknowledging diverse personalities
-Strengthening the foundation that supports sustainable corporate management-	 11. Strengthening a sound and highly transparent management base 12. Leading the maintenance and development of financial and capital markets 13. Creating a beautiful global environment that will lead to the next generation 14. Realization of a better future community / society

Daiwa Securities Group Key Performance Indicators (KPIs)

The Medium-term Management Plan "Passion for the Best" 2023 maps out strategies for the first three years of Vision 2030 and incorporates KPIs for managing progress as it seeks to achieve its vision.

KPIs and Key Areas Related to KPIs (Targets to achieve in FY2023)





100 years of life



Innovation



Green & Social



Diversity & Inclusion



Foundation of sustainable management

- *1. 4Q, FY2023
- *2. By 2030
- *3. FY2025

Materiality Identification Process

Daiwa Securities Group identified important environmental and social issues in the formation of its medium- to long-term Vision. The Group also identified "Materiality (priority areas and priority issues)" based on the requests of society it understood through communication with shareholders as well as the Group's impact on society.

The Group seeks to achieve "Vision 2030" by managing progress based on KPIs initiatives in order to improve the Group's value and realize a sustainable society.

Identification Process

Previously

Incorporating the SDGs perspective as the basis of our business strategy

In 2018, Daiwa Securities Group established the SDGs Promotion Committee, chaired by President and CEO Seiji Nakata. It subsequently formulated the "Passion for SDGs -Daiwa Securities Group Action Plan-," which detailed the Group's commitment to actively contributing to SDGs through its businesses.

STEP1

Understanding and assessing environmental and social issues

Based on its Corporate Principles, and taking into consideration various international frameworks (GRI, ISO 26000, SASB, TCFD, etc.), international initiatives such as the UN Global Compact, indices established by ESG evaluation organizations, and issues raised by governments and economic organizations, Daiwa Securities Group identified important environmental and social issues that might either provide opportunities or pose risks.

It then drew up a long-list of 65 issues which it could engage with in order to strengthen its management foundations.

Dialogue with internal and external stakeholders Q

STEP2

Through communications with both internal and external stakeholders, the Group evaluated the impact and the importance to society of the environmental and social issues it identified in Step 1. To this end, it consulted with outside members of the SDGs Promotion Committee and internal experts on which priority issues and directions it should focus on in the medium and long term. The Group also engaged in dialogue with SDGs Promotion Managers at various headquarters and Group companies, and with young employees who will comprise the heart of the Group's workforce in 2030, on the topic of what goals it should set for 2030.

Our Strategy for **Achieving SDGs**

Initiatives through **Business Activities** Initiatives for Supporting **Business Activities**

Initiatives with Our Stakeholders Environmental **Initiatives**

Others

STEP3

Formulation of the Materiality (draft)

Based on the results of the evaluations outlined in Step 2, Daiwa Securities Group identified 10 issues it should engage with through its businesses, and 4 issues it should engage with in order to strengthen its management foundations.

The Group then discussed what opportunities and risks the formulated Materiality (draft) would present and pose.

STEP4

Discussions and decisions made by the management \mathbf{Q}

The Materiality (draft) was discussed by outside directors, outside members of the SDGs Promotion Committee, and the management at Board of Directors, Executive Committee of the Group, and SDGs Promotion Committee meetings.

Vision 2030, including Materiality, was resolved at the Board of Directors meeting. At the same time, a set of KPIs was drawn up to manage the progress of Materiality initiatives.

Going forward, the Materiality will be continually revised, according to international trends in environmental and social issues, changes in business environments, and feedback from both internal and external stakeholders.

Going forward

Taking on Materiality and realizing Vision 2030

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

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

Q Click to see the dialogue.

Our Strategy for Initiatives through Achieving SDGs Business Activities

Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Daiwa Securities Group SDGs Declaration

Daiwa Securities Group recognizes Sustainable Development Goals adopted by the United Nations in 2015 as overarching goals to lead the world. Through our group business, we will work actively for realization of a prosperous society and improved people's life by pursuing both company's economic values and solution of social challenges at the same time.

Creation of Shared values

As an integrated securities group that provides wide range of services for various customer needs, we will address solutions of social challenges with flexible mindset to create company's economic values and social values at the same time.

Developing and realizing work styles for diverse human resources

With measures like promotion of better work-life balance and success of female and veteran employees to create working environment in which our employees, regardless of their gender and age, would feel satisfying to work and they would demonstrate their potential fully, we will endeavor to develop diverse human capital and work styles.

Stakeholders and Partnership

By utilizing our group quality of taking a leading role in connecting countries, companies and investors, we aim for contribution to various social business solutions through partnership with each of our stakeholders.

Increase recognition and enhance penetration

We will try to increase awareness and deeper understanding of SDGs among both our employees and customers through our group business as a main player in financial and capital market.

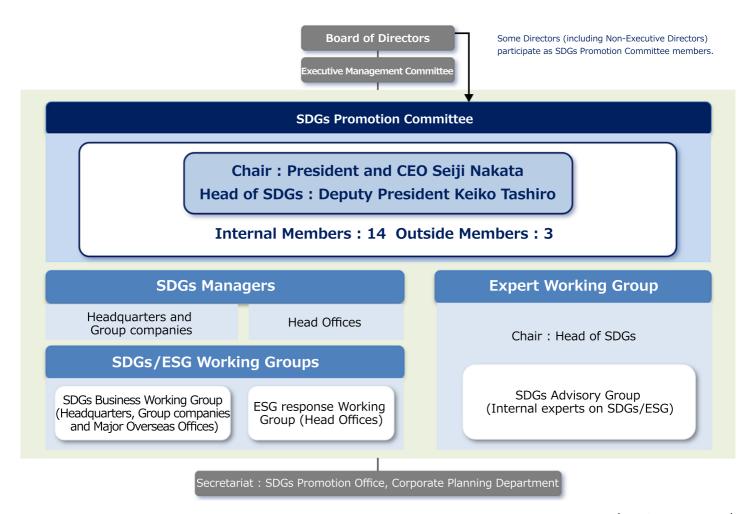
Structure of SDGs Promotion

In 2018, Daiwa Securities Group has established the SDGs Promotion Committee chaired by the President and CEO to discuss our policies on SDGs promotion.

The initiatives of SDGs promotion and ESG are discussed in the Committee. The contents of discussions are reported to the Board of Directors and the Executive Management Committee when appropriate. Also, important policies on SDGs and ESG are reviewed and approved by the Board. We continue to enhance the Board's supervisory function with regard to the progress on SDGs promotion and ESG issues.

We always invite external experts to the SDGs Promotion Committee, which enables us to utilize their expertise and insights in its discussions.

Based on discussions made by the Committee, we are working to roll out SDGs promotion initiatives to the entire Group through the Corporate Planning Department's SDGs Promotion Office, as well as strengthening collaboration and raising awareness of SDGs within the Group.



(As of April 1, 2021)

Initiatives with Our Stakeholders Environmental Initiatives

Others

Head of SDGs: It oversees the promotion of the Group's SDG-related business and the initiatives that strengthen our foundation of sustainable management.

SDGs Managers : They take charge of the promotion of SDG-related business and monitor the progress against KPIs at each headquarter and Group company.

SDGs Advisory Group: It is composed of personnel engaged in SDG- and ESG-related work within the Group. They discuss and share the information on SDGs and ESG based on their respective knowledge.

SDGs Business Working Group: With oversight by the SDGs Managers, the members monitor the progress against KPIs and the SDG-related business, identify issues, and implement countermeasures to solve those issues we face.

ESG Response Working Group: It expands and strengthens our response to ESG-related issues while taking into consideration our ESG evaluation by investors and rating agencies.

Introducing the SDGs Promotion Committee Members

Chairman



Seiji Nakata President and CEO

Committee Members



Toshihiro Matsui Deputy President and COO



Keiko Tashiro Deputy President Head of Overseas and SDGs



Mikita Komatsu Deputy President Deputy Head of Wholesale



Koichi Matsushita Deputy President Head of Asset Management

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others



Masahisa Nakagawa Deputy President Head of Think Tank



Masahiro Kobayashi Senior Executive Managing Director, Daiwa Securities Co. Ltd. Head of Global Investment Banking



Akihiko Ogino
Senior Executive Managing
Director
Head of Planning and Legal
and
Executive Head of Human
Resources



Shinsuke Niizuma
Senior Executive Managing
Director
Head of Retail



Junichi Arihara Executive Managing Director, CRO and CDO



Kana Shirakawa Executive Managing Director Head of Human Resources and CHO



Eiji Sato
Executive Managing Director
and CFO
Deputy Head of Planning and
Deputy Head of Overseas



Sachiko Hanaoka Director Audit & Supervisory Board Member, Daiwa Securities Co. Ltd.



Toyo Abe Managing Director, Corporate Planning Department

Outside Members

* The names are arranged in alphabetical order in Japanese



Hiroko Kuniya
Project professor, Keio
University's Graduate School
of Media and Governance
Trustee (special mission), the
Tokyo University of the Arts
National Goodwill
Ambassador for Japan by The
Food and Agriculture
Organization of the United
Nations (FAO)



Touko Shirakawa
Project professor, Sagami
Women's University
Visiting professor, Showa
Women's University
Member of Council for
Promoting the SDGs in the
Security Industry, JSDA



Naohiro Nishiguchi CEO, Japan Innovation Network Senior Innovation Advisor, UNDP President, Japan Bosai Platform

Statements

Introducing Daiwa Securities Group's various statements.

Management

- > Corporate Principles
- > Management Policy
- > Daiwa Securities Group's Materiality

- > Daiwa Spirit [PDF: 80 KB] (Japanese)
- > Daiwa Securities Group's Management Vision "Vision 2030"
- > Policy on Communication with Stakeholders

SDGs/ESG in general

- > Daiwa Securities Group's SDGs Declaration
- \gt Daiwa Real Estate Asset Management Co.Ltd. "ESG Policy" $\ \Box$
- ➤ Daiwa Capital Markets Europe Ltd. "Corporate Social Responsibility"
- > Daiwa Asset Management Co. Ltd. "ESG Investment Policy" □
- ➤ Daiwa Capital Markets America Inc. "Corporate Social Responsibility"

Environment

- > Environmental Vision, Environmental Principles, and Basic Environmental Policies
- > The Daiwa Securities Group Net Zero Carbon Declaration
- > Our Approach to Green Procurement

Society

Customer support

Basic Policy on Customer-first Operations

- > Daiwa Securities Group
- > Daiwa Securities Co. Ltd. (Japanese)
- > Daiwa Asset Management Co. Ltd. (Japanese)
- > Daiwa Next Bank, Ltd (Japanese)

Human Resources/Human Rights

- > Guidelines for Fair Hiring
- > Structure to Promote Health Management (About Health Management Promotion System, Three-Part System)
- > Daiwa Capital Markets Europe Ltd. "Modern Slavery Act 2015"
- > Daiwa Securities Group "Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues"
- > Daiwa Capital Markets Europe Ltd. "Diversity & Equality" □
- > Daiwa Capital Markets America Inc. "WORK FOR US" > "Culture" \square

Investment

- > Environmental and Social Policy Framework
- > Daiwa Asset Management "Investment and Other Activities Related to Cluster Bomb Manufacturing Companies"
- > Daiwa Asset Management Co. Ltd. "ESG Investment Policy" □

Governance

Corporate Governance

- > Corporate Governance Guidelines (Japanese)
- > Policies on Determination of Remuneration of Directors and **Corporate Executive Officers**
- > Basic Views on Corporate Governance
- > Policies for selection of candidates to serve as the Directors including Outside Directors [PDF: 640 KB]

Compliance

Code" (Japanese) $\ \ \Box$

Daiwa Securities Group Anti-Corruption Policy	
Privacy Policy	
> Daiwa Securities Group	
➤ Daiwa Securities Co. Ltd. (Japanese) □	
➤ Daiwa Asset Management Co. Ltd. □	
Daiwa Securities Group's Customer and Client Insp	ection System
Basic Policy on Avoiding Involvement with Anti-Soc	cial Forces
Management Policy for Conflict of Interest	
> Daiwa Securities Group	
> Daiwa Securities Co. Ltd. (Japanese) □	
➤ Daiwa Asset Management Co. Ltd. (Japanese) □	
Information disclosure	
> Disclosure Policy	
Risk Management	
> Risk Appetite Framework [PDF: 643 KB]	
> Environmental and Social Policy Framework	
Tax affairs	
> Daiwa Securities Group "Tax Policy"	➤ Daiwa Capital Markets Europe "UK Tax Strategy" 🔼
Japan's Stewardship Code	
> Daiwa Securities "Accepting the Japanese Stewardship	➤ Daiwa Asset Management Co. Ltd. "Stewardship" □

Role and Social Responsibilities of the Securities Business

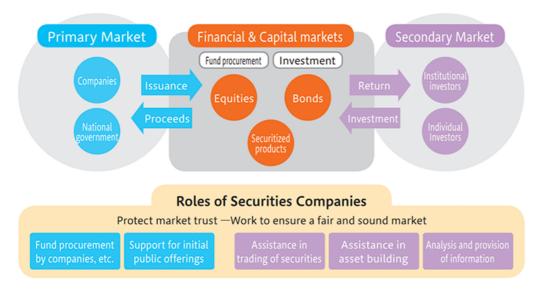
At Daiwa Securities Group, we believe that our role is not only to maintain and develop a fair and dynamic financial market, but also to incorporate a social perspective in finance in order to contribute to building a sustainable society. For example, the securities business - our core operations - plays a key role in society by building a bridge between the needs of investors to manage assets and those of the private and public sectors to raise funds.

On investing in securities, we promote methods of investment that take ESG (environment, society, and governance) factors, such as environmental and social initiatives into account together with financial information.

Supporting Sound Financial and Capital Markets-Six Roles of the Daiwa Securities Group-

We support companies that need funds, from listing support to consulting.

We will continue to support social infrastructure by creating a flow of funds, contributing to the creation of a soil where innovation is easy to occur, and the creation of a more active and stable financial market.



Role 1 Fund procurement by companies, etc.

Companies issue capital by issuing securities (stocks and bonds) and use them to develop new products and provide new services. Financing using these securities will contribute to the growth of the company and the resulting economic growth. Daiwa Securities Group advises companies and others on financing using securities.

Our Strategy for Achieving SDGs Initiatives through
Business Activities

Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Role 2 Support for initial public offerings

The emergence and growth of new companies is essential for economic growth. The initial listing will not only contribute to the growth of the company but also provide investment opportunities for various investors. The Group is assisting in the initial listing.

Role 3 Assistance in trading of securities

^

Securities such as stocks and bonds are mainly traded on markets such as stock exchanges.

Securities companies help you buy and sell securities. It is also important to ensure that the securities traded are delivered correctly.

Role 4 Assistance in asset building



The Group offers a wide range of products and services, and offers proposals tailored to customers to help with life planning and asset formation.

Role 5 Analysis and provision of information



Many economists, analysts and strategists provide a wide variety of information that combines the latest trends and in-depth analysis in an easy-to-understand format.

Role 6 Protect market trust



The market for securities is an important infrastructure of society and is built on the trust of participants. The Group strictly manages information and monitors transactions to ensure that the market is fair and fair. We are also actively working on dealing with ever-evolving trading methods and new issues.

Responsible Action as an Institutional Investor

Adoption of "Japan's Stewardship Code"

The Financial Services Agency of Japan published "Principles for Responsible Institutional Investors (Japan's Stewardship Code)" in February 2014. The Code, which has been revised twice, encourages institutional investors to fulfill their responsibilities of enhancing the medium- to long-term investment return for their clients and beneficiaries by improving and fostering the investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, based on consideration of medium- to long-term sustainability including ESG factors consistent with their investment management strategies.

In our Group, Daiwa Securities and Daiwa Asset Management have announced their adoption of the Code.

Adoption of Principles for Responsible Institutional Investors (Japan's Stewardship Code)

>	Daiwa Securities < Japanese only >	
>	Daiwa Asset Management 🗇	

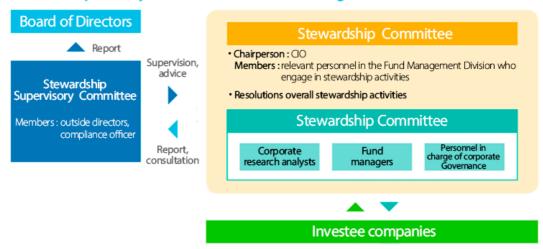
System at Daiwa Asset Management

Daiwa Asset Management became a signatory to the United Nations-supported Principles for Responsible Investment (PRI) in May 2006. It takes into account ESG initiatives taken by companies when making investment decisions, as it considers that such initiatives can lead to expanding growth capabilities over the medium to long term and reducing risks. Moreover, Daiwa Asset Management published its "ESG Investment Policy" in January 2020 to clarify its approach to ESG. In principle, the Policy applies to all investment strategies of the company.

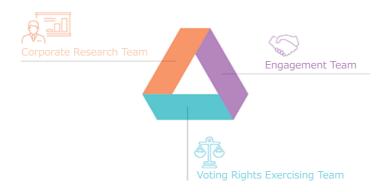
Daiwa Asset Management has also been continuously and actively working to fulfill its stewardship responsibilities as it announced its adoption of Japan's Stewardship Code in May 2014. The company renewed the announcement of its adoption of the Code in September 2020 and has been striving to improve its initiatives. The basic idea about Daiwa Asset Management's stewardship activities is shown in its "Stewardship Policy."

>	ESG Investment Policy	
>	Stewardship Policy 🗇	

Stewardship Activity Structure (Daiwa Asset Management Co. Ltd.)



Specifically, dialogues are led by the following three parties.



Stewardship Supervisory Committee

In January 2017, Daiwa Asset Management set up the "Stewardship Supervisory Committee" which is designed to manage conflicts of interest faced in fulfilling its stewardship responsibilities. The Committee supervises the company's overall stewardship activities and is responsible for making reports to the Board of Directors and issuing recommendations to improve stewardship activities as necessary. The Committee is composed of outside directors and the compliance officer, who takes charge of overseeing the management of conflicts of interest. In that way, independence in the stewardship activities from management and business execution is secured.

Stewardship Committee

To conduct stewardship activities, Daiwa Asset Management has established the Stewardship Committee within its Fund Management Division from the perspective of separating management from investment. The Committee is chaired by the chief investment officer (CIO) and composed of personnel in the Fund Management Division who are involved in stewardship activities. The responsibilities of the Committee include formulating basic policies related to stewardship activities, such as criteria for the exercising of voting rights and ESG investment policy; conducting deliberations and determination on individual cases when exercising voting rights, as well as external announcement of the results of exercising of voting rights and the details of stewardship and other activities; and implementing initiatives to enhance stewardship activities.

Our Strategy for Achieving SDGs Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Stewardship & ESG Section

Daiwa Asset Management established a special section within the Investment Planning Department in October 2018 to help show the company's specific ESG initiatives and approach to parties within and outside the company. In October 2020, the section was named the Stewardship & ESG Section. The Stewardship & ESG Section is mainly responsible for overall stewardship activities, such as the exercising of voting rights in, and engagement with, investee companies, and promotion of integration of ESG into investment processes.

Education and Training

Daiwa Asset Management provides all executives and employees with internal training designed to share knowledge of stewardship activities that should be undertaken by an asset management company as well as overall knowledge of ESG. As ESG, in particular, is a field where new initiatives are being taken daily, the company provides training aimed at the updating of specific themes as needed.

Engagement in Relation to ESG Issues and Policy on Exercising of Voting Rights

The three teams that lead engagement activities hold dialogue on important ESG issues as shown in the "Policy to Hold Constructive Dialogues with Companies" according to respective objectives and investee companies. Dialogue on ESG issues held by the three teams accounted for approximately 30% of overall engagement activities conducted in 2020, and this percentage is trending upward. Daiwa Asset Management also established a new criterion on female officers when making partial revisions to its "Policy on Exercising of Voting Rights (Domestic Stocks)" in March 2021. Under the new criterion, Daiwa Asset Management requires companies that make up the TOPIX 100 Index to appoint at least one female officer (directors and corporate auditors). Moreover, it has specified business and human rights as a future issue to be addressed in the Policy on Exercising of Voting Rights, recognizing that encouraging corporate human rights initiatives and information disclosure is an important engagement theme and issue.

>	Engagement Policy 🔲		
>	Voting Policy (for Domestic stocks)		
>	Voting with Consideration of the Imp	act of COVID-19 <japanese only=""></japanese>	人

Specific Initiatives for Dialogue

Regarding dialogues with investee companies, based on the Policy to Hold Constructive Dialogues with Investee Companies announced in June 2014, Daiwa Asset Management has conducted engagement activities aimed at accurately understanding the conditions of investees and sharing such assessments. Later, in September 2020, the company announced the "Policy to Hold Constructive Dialogues with Companies," which includes the ESG issues the company focuses on, after making revisions as needed. Daiwa Asset Management recognizes that it also has duties regarding engagement for passive investment. Based on this recognition, since 2018 it has been sending its "Policy on Exercising of Voting Rights" and information on its stewardship activities to the investee companies incorporated in its domestic stock index funds. In 2020, the company sent information on Daiwa Securities Group's IR activities and thoughts on diversity and inclusion.

Corporate Research Team

• Composed of analysists in the Research Department. Meetings are held along with research activities on corporate value, business strategies, ESG, and other themes.

The analysts in the Research Department engage in stewardship activities to contribute to enhancing corporate value and sustainable growth as part of their activities as analysts. They held engagements with approximately 300 companies in FY2019 (from January 2019 to December 2019; hereinafter the same). As fundamental tools for dialogues, Daiwa Asset Management has prepared and utilizes (a) the Analyst Handbook, which summarizes the fundamental stance and knowledge that serves as a basis for the analyst activities; (b) the Business Strategy Reference Book that analyzes companies' management strategies; (c) the Qualitative Evaluation that evaluates companies from a medium- to long-term standpoint; and (d) the Long-term Corporate Value Model that determines the medium- to long-term fair value of companies.

Voting Rights Exercising Team

- ^
- Composed of personnel responsible for exercising voting rights. Meetings are mainly themed on corporate governance and the exercising of voting rights.
- · Engagement for passive investment

Personnel in charge of corporate governance collect information on investee companies required for exercising voting rights. In dialogues with investee companies, they explain their policies on exercising voting rights and what they expect from companies with respect to corporate governance, thereby sharing their knowledge with the investee companies. They conducted engagements with approximately 60 companies in FY2020. They also disclose how they exercised their voting rights for individual proposals from shareholder meetings held from April 2017 onwards.

Our Strategy for Achieving SDGs Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Engagement Team

• Composed of fund managers and analysts. In-depth meetings are held with investee companies mainly incorporated in active investment funds for medium- to long-term investment.

The engagement team held engagement with approximately 30 companies in FY2020, focusing on small- to medium-cap issues mainly incorporated in active investment funds for medium- to long-term investment.

In meetings, the team places emphasis on discussions that incorporate a medium- to long-term perspective and holds dialogue with the president and other top management of investee companies as much as possible.

When holding dialogue, the engagement team creates the agenda and clarifies the purpose of dialogue.

Daiwa Asset Management also conducts ES meetings—dialogues specializing in environmental impact and social responsibility. In FY2020, it held a number of dialogues with investee companies regarding the importance of ES in considering medium- to long-term corporate value.

Daiwa Asset Management has released a Report on the Status of Stewardship Activities on its website (only available in Japanese). The report includes the status of engagements, such as policy, structure, and the number of engagement times by theme, as well as ESG investment, the status of exercising of voting rights, and measures to improve stewardship activities.

ESG Exchange Meeting

Daiwa Asset Management places importance on investee companies' ESG initiatives as it considers that such initiatives can lead to expanding growth capabilities over the medium to long term and reducing risks. On the other hand, it became aware during dialogues with investee companies that the investees were struggling with appropriate methods for ESG disclosure and collection of information. The company therefore invited multiple investees and held an ESG-related information exchange meeting based on the idea that investees' sharing their initiatives and exchanging information with each other will not only be beneficial to the company but also to future initiatives of the investees.

> Report on the 1st ESG Exchange Meeting < Japanese only > 🕒

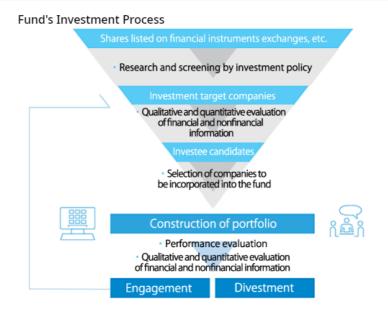
Incorporation of ESG Factors into Investment Processes

Daiwa Asset Management takes into account companies' ESG initiatives when making investment decisions as it considers that such initiatives can lead to expanding growth capabilities over the medium to long term and reducing risks. Sharing qualitative evaluations by analysists in the Research Department and fund managers, and quantitative analysis and evaluations by quants analysists, has enabled corporate evaluations from a comprehensive perspective that integrates financial information with nonfinancial information. Daiwa Asset Management also calculates unique ESG scores based on the above information and Daiwa Securities Group's approaches to ESG, and takes the scores into account when selecting companies and grasping risks to the portfolio.

Our Strategy for Achieving SDGs Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others



Performance of ETFs Tracking MSCI, FTSE, and Other Indices

In July 2017, Government Pension Investment Fund (GPIF) selected and announced three ESG indices for Japanese equities and commenced approximately 1 trillion yen worth of passive investment that tracks these indices. Since then, GPIF has expanded its ESG investment in stages while adding indices. As of March 31, 2021, the scale of GPIF's passive investment tracking ESG indices reached approximately 10.6 trillion yen. (End of March 2021)

Immediately after GPIF's first announcement of ESG indices, Daiwa Asset Management newly established and listed the following three ETFs aimed at tracking the indices: Daiwa ETF MSCI Japan Empowering Women Index (WIN), Daiwa ETF MSCI Japan ESG Select Leaders Index, and Daiwa ETF FTSE Blossom Japan Index. These ETFs are used by a broad range of investors, from individual to institutional, as convenient tools for helping to increase risk tolerance that does not appear in financial information and aiming for long-term improvement of returns.



*The investment management fee (trust fee) is excluded from the calculation of the net asset value.

*The calculation period for the return rate per period is the period dating back from the reference date, and the return rate represents the rate using the net asset value of each fund.

Involvement in Joint Initiatives Related to ESG Investment

Daiwa Asset Management has signed and supports the following external initiatives.

Name	Timing
PRI	Signed in May 2006
ICGN	Joined in April 2021
TCFD	Showed support in December 2020
ClimateAction 100+	Signed in August 2021
Investor Agenda	August 2021
30% Club Japan Investor Group	Participated in May 2020
Principles for Financial Action for the 21st Century	Signed in November 2011
Statement on Fiduciary Duty and Climate Change Disclosure	Signed in August 2014

> Participation in Initiatives

Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Action through Product Development and Distribution

For Addressing Social Issues and Contributing to Future Development of Society and Financial and Capital Markets

Impact Investment

Impact Investment is a type of investment that not only pursues economic benefits, but also uses funds raised solely to solve social issues, such as poverty and environmental problems. Daiwa Securities Group sells SDG bonds (impact investment bonds),* which are issued by public organizations, financial institutions, and other issuers for the purpose of solving social issues, to customers in Japan as a pioneer for Impact Investment bonds in the country.

- * A generic term for bonds the proceeds of which are used for projects that contribute to SDGs (including conventional Impact Investment bonds)
- > [Japanese] Social Contribution through Investment-Impact Investment- □
- > SDGs Finance

Initiatives in FY2020

Climate change has become a serious threat to all countries. It is said that developing countries are being impacted first and with the gravest results. Climate change may destroy the social initiatives for poverty issues that have been steadily carried out over the last several decades, and it is impossible to separate it from poverty issues.

In the past few years, initiatives for SDGs have spread worldwide, and along with the expansion of the market for related bonds, customers' interest in SDGs has been growing. As a pioneer for Impact Investment bonds in Japan, Daiwa Securities provides customers with opportunities to invest in bonds issued by public organizations, financial institutions, and other issuers for the purpose of solving social issues.

In September 2018, we sold MOL Blue Ocean Environmental Bonds, the first green bonds issued by an operating company in Japan (sold by two securities companies—Daiwa Securities and Nomura Securities). These were green bonds issued in Japan following the Tokyo Green Bonds (foreign currency-denominated) issued by the Tokyo Metropolitan Government in FY2017. Through the underwriting and sale of these bonds, Daiwa Securities aims to help expand trends towards utilizing precious funds from retail investors for environmental measures, and to this end, we continued with our initiatives.

Daiwa Securities Group will continue to contribute to solving social issues through its business activities, including the underwriting and sale of Green Bonds and other SDG bonds.

SDG Bonds for Retail Investors Sold by Daiwa Securities (FY2020)

Issuers	Use of funds	Sales amount(estimate)
Orient Corporation*	n* Applied to refinancing funds procured to provide educational loans (tuition support plan) offered to retail customers in collaboration with universities, vocational schools, and other institutions	
Mitsubishi UFJ Financial Group , Inc.*	Used for financing green projects (green buildings and renewable energy) and social projects (job creation and maintenance, healthcare, education, and public housing)	¥10 billion
The Asian Development Bank	Support for health and medical related businesses in the Asia- Pacific region through investment	¥4.2 billion
AEON REIT Investment Corporation*		
The Tokyo Metropolitan Government*	Used to promote greening of wetlands, park development, and development of automobile driving areas	
Crédit Agricole Corporate and Investment Bank	Lending to companies and projects that contribute to development of an environmentally friendly economy and society	¥42.4 billion

^{*} Sold by multiple companies including Daiwa Securities (the sales amounts shown above are those underwritten by Daiwa Securities).

Results of SDG bonds for retail investors

- Daiwa Securities cumulative sales: ¥800.4 billion
- * Figures have been rounded off
- * Source: Daiwa Securities (From March 2008 to March 2021)
- Daiwa Securities' share in the Japanese market: 45%
 Total ¥1,765.3 billion
- * Figures have been rounded off
- * Source: Daiwa Securities (From March 2008 to March 2021)
- SDGs related to SDG bonds sold in the past















SDG Private Placement Bonds for Domestic Institutional Investors Sold by Daiwa Securities (FY2020)

Issuers	Bond name	Date of issuance	Currency	Issuance amount (In units of millions of the issuance currency)
International Finance Corporation (IFC)	Social bonds	April 2020	AUD	200
Inter-American Development Bank (IADB)	Sustainable development bonds	May 2020	AUD	50
European Bank for Reconstruction and Development (EBRD)	Pandemic bonds	August 2020	USD	50
Vasakronan	Green bonds	October 2020	USD	10
Central American Bank for Economic Integration (CABEI)	COVID-19 vaccine bonds	November 2020	USD	50
International Bank for Reconstruction and Development (IBRD)	Sustainable development bonds	November 2020	USD	48
International Finance Corporation (IFC)	Social bonds	November 2020	AUD	50
European Bank for Reconstruction and Development (EBRD)	Green transition bonds	January 2021	AUD	280
Banco Santander Chile	Women SME bonds	February 2021	USD	50
Inter-American Development Bank (IADB)	Sustainable development bonds	March 2021	AUD	60

^{*} Data based on press releases

[•] Daiwa Securities' share in the Japanese market: 16% (based on press releases) Only private placement bonds for which the arranger is clear are counted.

Our Strategy for Achieving SDGs Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Initiatives Taken by the Group's Overseas Offices

In April 2020, Daiwa Capital Markets Europe Limited acted as sole lead manager for social bonds issued by the International Finance Corporation (IFC).

IFC, a member of the World Bank Group, is among the world's largest international development financing institutions that specializes in private sector support of emerging markets. IFC's social bond program allocated funds raised by issuing bonds in accordance with social bond principles pursuant to the relevant program to projects that benefit persons who are not receiving needed services in developing countries that have been impacted by COVID-19. IFC recently set an US\$8 billion COVID-19 related facility to support companies that have been impacted by the economic downturn caused by the spread of COVID-19 and their employees.

In June 2020, Daiwa Capital Markets America acted as a sole lead manager for a sustainable development bond issued by Inter-American Development Bank (IDB).

IDB is an international development financial institution aiming to contribute to the economic and social development of Latin American and Caribbean member countries. It has announced that it would direct up to \$12 billion of lending to support countries in their response to the COVID-19 pandemic and its consequences. The funds raised through this issuance will be used mainly for helping countries affected by COVID-19 to strengthen their public health systems and purchase daily necessities and medical equipment. They will also be used for fiscal spending by local governments to respond to the COVID-19 pandemic and various measures for supporting economic recovery, such as job security measures.

The issuance of the bond is aimed at achieving SDG Goal 3 "Ensure healthy lives and promote well-being for all at all ages."

In January 2021, Daiwa Capital Markets Europe Limited acted as sole lead manager for green transition bonds issued by the European Bank for Reconstruction and Development (EBRD).

Climate change is an urgent issue, and financial support will be essential for achieving the long-term goals of the Paris Agreement and carbon neutrality by 2050. The purpose of green transition bonds is to support the transition by industry sectors with high greenhouse gas (GHG) emissions, such as manufacturing, agriculture, and construction, to low-carbon business models. The priority is primarily on greatly reducing the use of fossil fuels, and attention is also being focused on improving resource use. The funds raised from green transition bonds are allocated to financing projects that will lead to substantial decreases in emissions on industrial sectors with high environmental impact for the purpose of making the transition to low carbon business models.

Daiwa Group Receives 2020 mtn-i Award in SRI Category

Daiwa Securities Group was selected as the "Power Performer – SRI Japan Distribution" of the MTN Awards 2020, which were presented by mtn-i Ltd. a leading vendor of MTN-related information.

	_				_
>	The MTN	Awards 2020) on the mtn	-i Website	

Initiatives with Our Stakeholders Environmental Initiatives

Others

Initiatives in FY2021

Initiatives Taken by the Group's Overseas Offices

Initiatives by the Australia Office

Daiwa Capital Markets Australia Limited regards SDGs as principle for our sustainable growth, and we aim to contribute on SDGs by creating shared value through business.

Our all divisions started taking SDGs actions that Equity sales team invited ESG related Australian corporate for Asian ESG Conference, that DCM focuses on SDGs bond for not only Australian financial institutions but also SSAs like ADB, and that PI looks for new investment opportunities of environmental-/eco-friendly building project as well as social housing project since FY2021. We hired a senior ESG analyst, and he released Pan-Asia ESG report and works closely with sector analysts and equity sales teams.

In addition, we introduce some SDGs related Australian start-ups for Japanese corporates and investors, collaborate with Daiwa Energy & Infrastructure Co. Ltd. for renewable energy investment project, and study possibility of investment in Australian agriculture project with Daiwa Food & Agriculture Co. Ltd.

DCMA Underwrites Nutrition Bonds Issued by the Development Bank of Latin America

Daiwa Capital Markets America (DCMA) acted as sole lead manager for nutrition bonds issued by the Development Bank of Latin America (CAF) in June 2021.

The CAF is a regional development financial institution funded by 19 member countries, primarily in Latin America. Its objectives are to promote economic integration, economic development, and trade finance in Latin America.

The funds raised from this bond issuance will be used through the relevant governments primarily to improve people's nutritional status and eliminate health concerns, such as eliminating chronic malnutrition in early childhood and supporting food purchase assistance programs for children, pregnant women, and persons with disabilities.

These bonds were issued with the aim of achieving SDG 1: No poverty, SDG 2: Zero hunger, and SDG 3: Good health and wellbeing.

> See here for details. (Japanese only)



SDG Related Funds

SDG related funds are a mixture of stocks and bonds that take into account factors other than financial performance, such as ethics and social and environmental objectives, in addition to assessments of the sales and profits of the investment candidates. We have expanded our product lineup according to the times to include eco funds that limit non-financial assessments to environmental performance and investment trusts that focus on Impact Investment and select issues from an SDG perspective. By investing in these funds, through financial markets, investors can indirectly support countries and corporations that are proactively involved in ESG and SDG initiatives.

Result in FY2020

- Balance in Daiwa Securities Group: ¥610.6 billion
- * Source: Daiwa Securities
- Daiwa Securities' share in the Japanese market: 12.8%
- * Source: Daiwa Fund Consulting (As of March 31, 2021)

Development and Provision of Superior Financial and Investment Products

While the importance of asset management in the "100-year life era" is increasingly gaining attention, Daiwa Securities considers the development and provision of superior products to be one of our major missions in society, and strives to develop new products and improve their quality.

Daiwa Next Bank's "Support Term Deposits"



Since September 2020, we have been posting on the Support Time Deposit section of "Ta-me Talk" Website, a customer support site for selecting deposit products, "Support Manga" with articles on the activities of recipients and related information as well as information on how funds are used and the thoughts of the people involved. In June 2021, we created a digital book compiling all of the prior Support Manga as one initiative marking the 10th anniversary of the founding of Daiwa Next Bank.

> Supporting someone through by own deposits—Support Term Deposits introduced using manga (Japanese only)

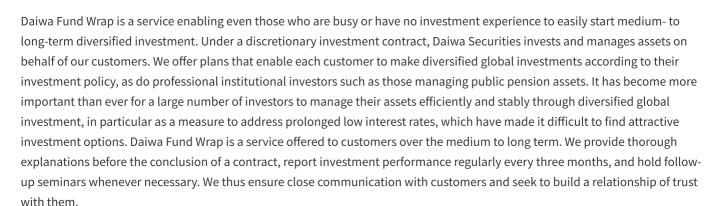
Our Strategy for Achieving SDGs Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Initiatives for Solutions Business

Many small- and medium-sized companies and small-scale enterprises are now facing the issue of business succession due to the aging of their operators. However, it is said that about half the managers exceeding the age of 70—the average retirement age—in the next 10 years are yet to decide on their successors. Moreover, even the continuity of their business activities, which support regional economies, has recently been adversely affected by the unprecedented deterioration of management environment resulting from the COVID-19 pandemic. Daiwa Securities recognizes that it is its duty, as a financial institution, to firmly support, in financial terms, small- and medium-sized companies' efforts to pass down their valuable business resources, employment, and technologies to the next generations, thereby helping to maintain regional supply chains. We will support the growth of the Japanese economy by encouraging the continuation, development, and growth of small- and medium-sized companies of good standing by providing solutions to inheritance, business succession, M&A, and other issues.

Initiatives of Fund Wrap Services



In addition, Daiwa Fund Wrap Premium (Daiwa Fund Wrap with premium benefits) now offers a more detailed service, enabling customers to have multiple investment portfolios and design them in a highly customized manner. The beneficiary designation service and the gift service that takes advantage of the calendar year taxation system are incidental services that can meet the needs customers with a strong interest in inheritance tax measures.

Moreover, Daiwa Fund Wrap Online proposes the most suitable investment style from a minimum investment amount of ¥10,000 by utilizing Robo-Advisor technology. We thus provide a service enabling customers who prefer long-term asset management to easily engage in globally diversified investments online.

To keep attracting customers over the long term, we will continue our initiatives to implement better structures and systems so as to improve our performance and the quality of our services.

- Balance of domestic Wrap accounts: ¥11,208.5 billion (As of March 31, 2021)
- * Source: Data released by the Japan Investment Advisers Association
- Balance of Wrap accounts at Daiwa Securities: ¥2,574.1 billion (As of March 31, 2021)
- * Source: Data released by the Japan Investment Advisers Association
- Daiwa Social Contribution Wrap Daiwa Fund Wrap with a donation service Amount donated in FY2020: ¥3.58 million
- * Total donated amount from customers and from Daiwa Securities
- * Donated to United Nations World Food Programme, Medecins Sans Frontieres Japan, WWF Japan, Japan Committee for UNICEF, Japan Platform

Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Daiwa Asset Management Offers Investment Trusts with ESG and SDG Targets

Daiwa Asset Management offers investment opportunities by creating and managing investment trusts with ESG and SDG targets based as a part of its stewardship activities. Daiwa Asset Management has an extensive lineup of funds that are compatible with the 17 SDGs including ETFs linked to ESG indices and investment funds with sustainability themes.

Initiatives Using REITs and Other Structures to Solve Social Issues

Daiwa Real Estate Asset Management uses investment corporations and fund structures to provide funds through capital markets to real estate, including offices, rental housing, healthcare facilities, hotels, and logistics facilities, as well as infrastructure assets such as renewable energy power plants. By doing so, the company will contribute to putting in place and developing high-quality properties and social infrastructure with minimal environment impact.

Issuance of Green Bonds

Daiwa Office Investment Corporation (DOI), a REIT that specializes in office properties and is managed by Daiwa Real Estate Asset Management, established a green finance framework to provide ESG investment opportunities to investors. The company received a Green 1 (F) rating, the highest rating, from Japan Credit Rating Agency, Ltd. (JCR). In September 2020, DOI issued its first green bonds (five-year term: \1.5 billion; 10-year term: \2.4 billion).

Investment in Healthcare Facilities

Daiwa Real Estate Asset Management managed Nippon Healthcare Investment Corporation, which was Japan's first REIT focusing on healthcare facilities. On April 1, 2020, that REIT was merged with Japan Rental Housing Investments Inc., a REIT focusing on housing that was also managed by Daiwa Real Estate Asset Management, and Daiwa Securities Living Investment Corporation ("DLI"), the J-REIT with the largest amount of healthcare facility assets under management in Japan, was established. DLI invests in prime healthcare facilities that are likely to see stronger demand from society over the medium to long term as the population continues to age. Through such investment, it will contribute to the "Achievement of Good Health and Longevity," a social issue in Japan identified in the SDGs Implementation Guiding Principles formulated by the government's SDGs Promotion Headquarters.

DLI has also established a social finance framework to provide ESG investment opportunities to investors through social financing and received a Social 1 (F) rating, the highest rating, from Japan Credit Rating Agency, Ltd. (JCR).

Total amount of investment in healthcare facilities

Approximately ¥95.5 billion (As of May 31, 2021)

Initiatives with Our Stakeholders Environmental Initiatives

Others

Supporting Healthcare Workers

As a part of its measures to address the COVID-19 pandemic, Daiwa Real Estate Asset Management donated a total of 5 million yen in collaboration with Daiwa Securities Group for allocation to accommodation fees under the "Room Support Plan for Medical Professionals," a program conducted at hotels by JHAT Co., Ltd. JHAT is a hotel operating company owned by Daiwa Hotel Private Investment Corporation (DHP), a private REIT managed by Daiwa Real Estate Asset Management.

Looking ahead to the post-COVID era, Daiwa Real Estate Asset Management put into practice activity based working (ABW), which enables diverse work styles by employees regardless of location. One aspect of this was supporting hotel operators facing difficulties during the COVID-19 pandemic by encouraging telecommuting by employees to telecommute from hotels owned by DHP and subsidizing the entire amount of associated costs.

Investment in Renewable Energy

With regard to infrastructure assets, Daiwa Real Estate Asset Management has been managing photovoltaic power stations since FY2014, and was entrusted in FY2017 with the management of a biomass power generation plant invested in by Daiwa Energy & Infrastructure. It has been continuously expanding the balance of its assets under management while striving to accumulate knowledge of investment and management in the renewable energy field.

Management results of renewable energy power plants

- Number of deals: 21
 (Hokkaido, Tohoku, Hokuriku, Kanto, Chubu, Chugoku, and Shikoku regions)
- Output: Approximately 180 MW (excluding output from assets on land with leasehold interest)
- Annual energy output (June 2020 to May 2021): 253,187 MWh
 (calculated based on an assumed CO₂ reduction of 120,264 t-CO₂ and an emission factor of 0.000475 t-CO₂/kWh)
- Balance of assets under management: Approximately ¥75.4 billion

Group-wide Research on Financial Innovations



Specifically, they have achieved results in research on the provision of a stock information service using a stock price prediction model, a real-time stock volume prediction model, shareholder rewards program Robo-Advisor, an AI-based business matching service, an AI-based company analysis tool, and other matters.

Moreover, in FY2017, the Group launched the "Daiwa Securities Group & the University of Tokyo Future Finance Forum" in order to develop its research activities further and expand the basis of the activities. As its advanced form, since FY2018 we have been conducting joint research with a University of Tokyo study group led by Professor Kiyoshi Izumi through a social cooperation program entitled "Next Generation Investment Technology" and have developed a theme issue search system based on associative retrieval.

Going forward, Daiwa Securities Group will continue to promote innovations in the financial industry through its ongoing research activities.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Response to FinTech and artificial intelligence (AI)



Since May 2017, we have been providing information through Daiwa Online Trade regarding domestic issues selected using an AI-based stock price prediction model developed by Daiwa Institute of Research, Daiwa Securities Group's think tank. We select issues whose prices are likely to go up gradually after the announcement of financial results, using a method of machine learning, which is an AI-related technology. In 2019, we distributed information four times in total when major financial results were announced.

Furthermore, in February 2019, we introduced a login function using a biometric authentication system to Kabu Walk, a smartphone application with a domestic stocks trading function provided on iPhones and Android devices. We believe that by actively using such new technologies, including AI and FinTech—an amalgamation of finance and information technology—we will stimulate interest in securities investment among individuals, especially younger generations, who have not previously been familiar with securities investment, and thereby support a shift from savings to asset building. In that way, we can contribute to Japan's sound economic development.

As the use of various AI-based services is currently spreading and the development of FinTech is accelerating, new financial services leveraging these technologies are becoming easily available. We will keep track of such trends and endeavor to continue enhancing convenience and providing quality services as a channel chosen by next-generation affluent customers and young customers with particular focus on inbound marketing.

Daiwa Online Trade

• Number of contract accounts: 3,446,000 accounts (As of the end of March 2021)

Contribution to Stimulation of Local Economies though AI-based Support for Enhancement of Financial Services

Due to its technological progress and higher academic rating, artificial intelligence (AI) has been increasingly used for business applications. Daiwa Institute of Research Business Innovation, which is entrusted by many financial institutions with system development, is advancing initiatives for research and application of AI.

As part of AI-based support for enhancement of financial services, the company developed a common data definition that enables AI to learn the financial activities and state of mind of retail customers with remarkable accuracy by combining a wealth of experience in developing financial systems and unique data science expertise. It built a financial product recommendation AI system based on this data definition, which has been provided since 2019 to some regional financial institutions. The system is expected to allow those financial institutions to predict the financial needs of their customers more accurately with AI.

Daiwa Securities Group will contribute to the social and economic development of communities through initiatives that actively use state-of-the-art technologies.

Our Strategy for Achieving SDGs Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Efforts to Enhance Asset Management Using AI in Collaboration with Academia

In recent years, increasing attention is being paid to the knowledge derived from behavioral economic, which focuses on irrational human psychology. It is difficult to explain economic bubble and crashes using conventional economic mechanisms, and consequently, algorithms are being sought in asset management practice to create highly reproducible operations based on emotional human behavior while accepting the limitations of exiting theory.

The research lab of Professor Tomoya Suzuki of the Ibaraki University Graduate School of Science and Engineering and Daiwa Asset Management investigated abnormal situations in financial markets using artificial intelligence (AI) and developed a model to transform the process of abnormal situations returning to normal situations into profit opportunities. Recent research has made it clear that at times, financial market participants engage in irrational behavior that can be difficult to explain. It is believed that market trading prices become distorted because of such irrational behavior. This model uses AI to assess whether there are distortions and the degree of those distortions with the objective of making the restoration of normal conditions into profit opportunities. Operation of a private fund for qualified institutional investors using the model started in February 2021. Daiwa Asset Management has welcomed Professor Suzuki, who has been conducting research on using machine learning that employs collective intelligence in financial fields, as a senior research fellow since October 2017. Joint research by the Ibaraki University and the company began the following year. Going forward, the company will work to enhance its operations and create new value in customer services through collaboration with academia through a variety of initiatives.

Others

SDGs Finance

In recent years, SDGs finance markets in Japan and overseas have expanded, and we believe this trend will continue in the future.

Daiwa Securities started to work on SDGs finance ahead of others. In 2008, the company sold Vaccine Bonds for individual investors, Japan's first impact investment bonds.

We have also worked to develop standards for SDGs finance in Japan and overseas. In 2017 and 2020, we served as a member of the Green Bond Review Committee set up by the Ministry of the Environment to develop the Green Bond Guidelines. In 2020, we became Asia's only underwriter selected as a member of the Advisory Council of the International Capital Market Association (ICMA).

In 2020, Daiwa Securities Group established a team specialized in SDGs finance within Daiwa Securities to further enhance the company's underwriting system. We strive to contribute to spreading and expanding SDGs finance while offering products, services, and proposals that meet the needs for SDGs finance from issuers and investors, who are our customers.

Promotion of SDGs Finance



Kazushi Shimizu Managing Director Sustainability Solutions Dept.

I supervise and lead initiatives to promote SDGs finance at Daiwa Securities Group.

I have been involved in work associated with bond issuance and other finance since 1998, and I have never experienced as much increase in awareness of ESG and the SDGs as seen in recent years among investors and issuers.

What is driving Daiwa Securities Group to promote SDGs finance?

Daiwa Securities sold Japan's first Vaccine Bonds in 2008. These bonds enabled the procurement of funds for addressing the social issue of providing vaccination needed by children in developing countries.

We are a pioneer for ESG-related finance, and since the sale of these bonds, we have continued to be a top runner for cultivating and expanding the market.

The SDGs are guidelines for conduct formulated in 2015 toward 2030.

They are characterized by the concepts of "diversity" and "leaving no one behind."

To achieve greenhouse gas reduction targets toward the realization of the Paris Agreement, a huge amount of funds is being required for capital investment and research and development. Moreover, the importance of disaster preparedness and infrastructure has increased from the perspective of a country that has experienced disasters, and the importance of medical, education, and food systems has increased to cope with COVID-19. These things also require a huge amount of funds.

Environmental and social issues for 2030 are not issues for the distant future. They are close to us, occurring at present.

Under the concept of "diversity" and "leaving no one behind," Daiwa Securities Group will actively promote SDGs finance, which can lead to solutions to environmental and social issues, as a top runner toward 2030.

Others

Major Results

<Japan>

- [Sustainability] Yokohama Reito Co., Ltd. (September 17, 2021) < Japanese only > 🕒
- [Green] SCSK Corporation (June 1, 2021) < Japanese only > ...
- [Sustainability Linked Green] Takamatsu Construction Group Co.,Ltd. (March 12, 2021) < Japanese only >
- [Sustainability] Shinsei Bank Ltd. (March 5, 2021) < Japanese only > 📙
- [Social-PO] Gakken Holdings Co., Ltd. (February 26, 2021) < Japanese only > 📙
- [Sustainability] Mitsui Fudosan Logistics Park Inc. (February 5, 2021)
- [SDGs-IPO] Poppins Holdings Inc. (December 21, 2020) < Japanese only > 📙
- [Green] Central Nippon Expressway Co., Ltd. (November 25, 2020) < Japanese only > 📙
- [Green] The Sumitomo Warehouse Co., Ltd. (October 2020)
- [Green] SENKO Group Holdings Co., Ltd. (September 11, 2020) < Japanese only > 📙
- [Green] Daiwa Office Investment Corporation (September 4, 2020)

FY2019

- [Social] Gakken Holdings Co., Ltd. (March 6, 2020)
- [Green] DAIKEN CORPORATION First issuance of green bonds in Japan's building materials industry (September 13, 2019) < Japanese only > [Materials in Japan
- [Green] The Sumitomo Warehouse Co., Ltd. First issuance of green bonds by a warehousing company (September 13, 2019) < Japanese only > [Main and the sum of the su
- [Sustainability] Mitsui O.S.K. Lines, Ltd. First issuance of sustainability bonds for individual investors in Japan (July 12, 2019) < Japanese only > 🕒
- [Green] ORIX JREIT Inc. (July 11, 2019)

FY2018

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- [Green] Tokyo Tatemono Co., Ltd. (March 8, 2019) < Japanese only > 📙
- [Green] Daiwa Securities Group Inc. (November 22, 2018) < Japanese only >
- [Green] Sumitomo Forestry Co., Ltd. Issuance of green convertible bonds (September 11, 2018) < Japanese only > 🕒
- [Green] Mitsui O.S.K. Lines, Ltd. First issuance of green bonds for individual investors in Japan (August 24, 2018) < Japanese only > [A]

<Overseas>

- [Climate resilience] European Bank for Reconstruction and Development (EBRD) (July 2021) < Japanese only ≥ ►
- [Nutrition] Corporación Andina de Fomento (July 2021)

FY2020

- [Sustainable development] Inter-American Development Bank (IDB) (March 2021) < Japanese only > 📙
- [Green transition] European Bank for Reconstruction and Development (EBRD) (January 2021) < Japanese only > [A. 1]
- [Social] International Finance Corporation (IFC) (November 2020) < Japanese only > 📙
- [COVID-19 Vaccine] Central American Bank for Economic Integration (CABEI) (November 2020) < Japanese only > 📙
- [Green] Hungary (September 2020)
- [Sustainable development] Inter-American Development Bank (IDB) (June 2020) 🖪
- [Social] International Finance Corporation (IFC) (April 2020)

Activity

Report on Media Appearance

Economic Education Program "Sustainable Every Day—What Economy Can Do for the Future"

Yukino Yamada, Chief ESG Strategist at Daiwa Securities, appeared in "Sustainable Every Day—What Economy Can Do for the Future," a TV program (broadcast on BS TV TOKYO) communicating ESG in an easy-to-understand manner.

The program was supervised entirely by the Public Institutions Banking Dept. and the Debt Capital Market Deprt. (|) to (|||) of Daiwa Securities. It was planned for those engaged in business and college students who have a great interest in social contribution. Showing specific cases, the program introduced corporate activities aimed at achieving the SDGs and fund procurement methods.



<Issuers Introduced in the Program *in order of appearance>

- Poppins Holdings Co., Ltd.
- Gakken Holdings Co., Ltd.
- Nidec Corporation
- Japan Railway Construction, Transport and Technology Agency
- KDDI CORPORATION

Selected as Member of ICMA's Advisory Council of the Green Bond and Social Bond Principles 🗵

Daiwa Securities Co. Ltd. was selected as a member of the Advisory Council of the Green Bond and Social Bond Principles ("Green Bond Principles, etc.") of the International Capital Market Association (ICMA), becoming Asia's only underwriter selected for the Council.

We believe that this selection was due to the high evaluation of our efforts and achievements related to SDGs. Daiwa Securities Group will strive to establish and develop new frameworks, such as sustainability linked bonds and transition bonds, in addition to existing green bonds, social bonds, and sustainability bonds, and will continue to contribute to creating a sustainable society.

Selected as Top Performer in IFC's ESG Scoring Survey (July 2020)

In an ESG survey for underwriters conducted for the first time by International Finance Corporation (IFC), Daiwa Securities was selected as a top performer, becoming one of only six companies receiving the highest rank title among 44 companies.

Major check points

- ESG policy
- Handling of ESG-related products
- Collaboration with stakeholders
- Initiatives to reduce environmental impact
- Reporting on nonfinancial information, etc.

Daiwa Securities Group Inc.'s MSCI ESG Rating Upgraded to A for the First Time (December 2019)



MSCI Inc. is the world's largest ESG index provider.

The ESG index assesses companies comparatively by industry on a global scale and assigns ratings on a seven-point scale from AAA to CCC. The initiatives we implemented in our core businesses to achieve the SDGs were highly evaluated by the external organization.

Holding of Seminars

Daiwa Securities Group holds various SDGs-themed seminars while receiving support from issuers, investors, and rating agencies. We aim to spread and expand SDGs finance by communicating the latest topics and approaches to customers.

5th Seminar ESG Investment in Post COVID-19 Era with a View to Zero Emissions in 2050 (August 5, 2021)

> For details, click here < Japanese only >

Lecture	Speaker
Opening "Expanding Green Finance in Japan"	Kazushi Shimizu, Head of SDGs Finance, Debt Capital Market Department 3, Daiwa Securities Co., Ltd.
Japan's environmental finance policy "Japan's Roadmap to Zero Emissions"	Ryosuke Imai, Deputy Director for Environmental Finance, Environment and Economy Division, Minister's Secretariat, Ministry of the Environment
Green finance cases in Japan "Cases of CBI Certified Bond Issuances"	 Hiroshi Nishikawa, Executive Director, Japan Railway Construction, Transport and Technology Agency Moderator: Tamami Ota, Head of Office of SDGs Research & Consulting, Financial & Capital Market Research Department, Daiwa Institute of Research Ltd.

Our Strategy for Achieving SDGs Initiatives through Business Activities

Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Lecture	Speaker
International trends "Development of Taxonomies Worldwide and their Impact on Japan"	 Sean Kidney, CEO, Climate Bonds Initiative Shunsuke Oshida, Head of Credit Research, Manulife Investment Management (Japan) Limited Atsuko Kajiwara, Executive Officer, Head of Sustainable Finance Evaluation Group, Japan Credit Rating Agency, Ltd.

4th Seminar Disaster and Climate Change Measures and SDGs Bonds (May 28, 2021)

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> For details, click here < Japanese only >

Lecture	Speaker
Opening "Daiwa Securities Group's SDGs Initiatives"	 Keiko Tashiro, Corporate Executive Officer, Deputy President, Daiwa Securities Group Inc.
Securities company's perspective "Current Developments of SDGs Bonds, Disaster and Climate Change Measures"	Tamami Ota, Head of Office of SDGs Research & Consulting, Daiwa Institute of Research Ltd.
Keynote lecture "UR's Disaster Responses and Contribution to SDGs	"Michinobu Matsuda, Head of Finance Section, Accounting & Finance Department, Urban Renaissance Agency
Bond market's perspective "Initiatives by Issuers for Responses to Climate Change and Support from Investors"	 Masaru Mikami, Head of Funds Unit Section, Finance Department, East Japan Railway Company Yuriko Fujita, Line Manager of Domestic Corporate Bond Section, Fixed Income Department, The Dai-ichi Life Insurance Company, Limited Moderator: Takao Matsuzaka, Fixed Income, Currency and Commodities Department and Equity Research Department, Daiwa Securities Co., Ltd.

3rd Seminar Japan's Roadmap to Becoming a Major Power in SDGs Bonds (February 4, 2021)

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> For details, click here < Japanese only >

Lecture	Speaker
Opening "Transition to Capitalism Centered on the SDGs"	Mitsumaru Kumagai, Senior Executive Managing Director, Head of Research Division, Chief Economist, Daiwa Institute of Research Ltd.
Keynote lecture "Initiatives for High-Quality SDGs Bond Issuances"	Hiroshi Nishikawa, Executive Director, Japan Railway Construction, Transport and Technology Agency
Debt capital market's perspective "New Trends of SDGs Bonds"	 Ichiro Sakata, Deputy Director, University of Tokyo Shoichiro Seki, Head of General Affairs Department, Nagano Prefecture Hiroyuki Nomura, Head of Investment Operation Department, JAPAN POST INSURANCE Co., Ltd. Moderator: Kazushi Shimizu, Head of SDGs Finance, Debt Capital Market Department, Daiwa Securities Co., Ltd.
Corporate value perspective "SDGs Bonds and Creation of Social Value by Companies"	 Hiroyuki Suematsu, Financial Group Manager, AEON MALL Co., Ltd. Tamami Ota, Head of Office of SDGs Research & Consulting, Daiwa Institute of Research Ltd.
Rating agency's perspective "Ideal Rating of Bonds Designed to Contribute to the SDGs"	 Masato Takebayashi, Asia-Pacific Research Associate Director, Sustainalytics Takao Matsuzaka, Fixed Income, Currency and Commodities Department and Equity Research Department, Daiwa Securities Co., Ltd.

2nd Seminar Basics of SDGs Investment for Beginners (November 10, 2020)

> For details, click here < Japanese only >

Lecture	Speaker
"Basics of SDGs Investment"	 Kazushi Shimizu, Head of SDGs Finance, Debt Capital Market Department, Daiwa Securities Co., Ltd.
"Connections with SDGs Bond Investors through Sustainability Bonds"	 Tetsuya Isono, Head of Accounting & Finance Department, Japan Railway Construction, Transport and Technology Agency
"Thoughts of Issuers, Investors, and Rating Agencies behind SDGs Bond Investment"	 Katsuhito Ozawa, Director, Senior Managing Executive Officer, Tokyo Tatemono Co., Ltd. Hideo Kurosawa, Chief Financial Officer, Japan Automobile Recycling Promotion Center Atsuko Kajiwara, Head of Sustainable Finance Evaluation Group, Japan Credit Rating Agency, Ltd. (JCR)

1st Seminar ESG Investment Strategy in the COVID-19 Era (August 4, 2020)

We held an ESG webinar using ZOOM live distribution and teleconference systems, explaining about ESG investment from the perspectives of securities companies, research, investors, issuers, and external rating agencies. A total of more than 400 issuers and investors participated in the seminar.

Lecture	Speaker
Securities company's perspective "Opening Speech"	 Keiko Tashiro, Corporate Executive Officer, Deputy President, Head of SDGs, Daiwa Securities Group Inc.
Research's perspective "ESG Grabbing Attention in COVID-19 Era"	Tamami Ota, Head of Office of SDGs Research & Consulting, Financial & Capital Market Research Department, Daiwa Institute of Research Ltd.
Investor's perspective "Discussion on ESG Investment & Loan Policy and Corporate Bond Investment"	 Shinichiro Kon, Deputy General Manager, Finance and Investment Planning Department, Nippon Life Insurance Company Takashi Uni, Deputy General Manager, Credit Investment Department, Nippon Life Insurance Company Moderator: Takao Matsuzaka, Fixed Income, Currency and Commodities Department and Equity Research Department, Daiwa Securities Co., Ltd.

Our Strategy for Achieving SDGs

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Lecture	Speaker
Issuer's perspective "Contribution to ESG through Bond Issuance"	 Atsushi Kitadai, Finance Planning Team Leader, Finance Division, Mitsui O.S.K. Lines, Ltd. Yoshihiro Ikeda, Deputy Executive Director, Finance Department, Japan Student Services Organization Moderator: Kazushi Shimizu, Head of SDGs Finance, Debt Capital Market Department, Daiwa Securities Co., Ltd.
External credit agency's perspective "New Trends of ESG Investment and Transition Bonds"	Masato Kanedome and Koichiro Tanabe, DNV GL Business Assurance Japan K.K.

Holding of Engagement Meetings

Daiwa Securities Group arranges engagement meetings with issuers and investors with the aim of further enhancing SDGs finance.

In these meetings, we communicate investors' frank opinions to SDGs bond issuers, thereby contributing to the positive development of SDGs bond markets for both issuers and investors.

For details, see below.

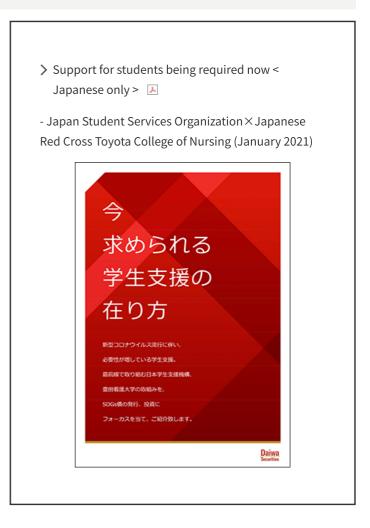
Our Strategy for Achieving SDGs Initiatives through Business Activities

Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

- ➤ Realization of a green society through regional revitalization and development of transportation infrastructure < Japanese only > ▲
- JRTT×Kiraboshi Bank, Ltd. (April 2021)





Holding of Community-Based Seminars — SDGs × Regional Revitalization —

Since 2021, our sales branches across Japan have been holding seminars (webinars) that introduce initiatives taken by various organizations toward achievement of the SDGs.

For details, <u>click here.</u> < Japanese only >

Others

Providing Analysis/Proposals on the Economy, Society, and Investment Information

Daiwa Securities Group as an integrated securities group provides, in addition to investment information, a wide range of information on the economy and society. We hope that the measures we propose from a long-term perspective will be helpful to customers, investors and a variety of stakeholders.

Easy-to-Understand Communication of Information

Daiwa Securities publishes information for a wide range of people from institutional and retail investors to those who are about to start investing. The central role in the provision of information is played by highly specialized analysts and strategists from the Investment Strategy, Equity Research, and Fixed Income, Currency and Commodities (FICC) Research Departments. They provide information mainly through reports based on their unique analysis. Our information is based on close collection and analysis of data. Even if the same person is providing that information, we tailor the presentation, depending on whether it is for retail investors or institutional investors, who are investment professionals.

For example, if information is targeted at retail investors, we implement various measures to make it more visually understandable. To remove the general perception that securities investment or securities companies are complicated, we believe it is one of our missions to work toward communicating our analysis using easy-to-understand language.

Initiatives to Provide Information on ESG (Daiwa Securities)

Daiwa Securities' Equity Research Department is a group of analysts and strategists. They analyze and evaluate information released by companies, and provide stock price information and investment strategies and ideas to institutional investors (such as asset management companies, banks, insurance companies, pension funds).

International agendas, such as SDGs and the Paris Agreement, have gained much attention in recent years. Against this backdrop, a growing number of investors are using nonfinancial information in relation to the environment, society, and corporate governance when making medium to long term investment decisions. Therefore, in May 2019, Daiwa Securities established ESG Research Division, which specializes in handling ESG information, within the Equity Research Department, thereby putting in place a system for comprehensively analyzing and evaluating financial and nonfinancial information. The ESG Research Section works on writing analysis reports focusing on topics such as climate change, human rights and gender issues, corporate governance systems, and social impact, as well as holding ESG seminars and other activities.

ESG information will become more and more important for companies and society as a whole for achieving sustainable growth over the long term. We strive to provide appropriate ESG information in a timely manner so that institutional investors will be able to expand their investment returns in the medium to long term through responsible investment and purposeful dialogue (engagement).

Others

Number of SDGs/ESG seminars held & participants

- 2020: 23 (2,461 participants)
- 2019: 18 (699 participants)
- 2018: 15 (447 participants)
- 2017: 12 (412 participants)

ESG reporting rate (individual corporate reports) as of end of FY2020: 87.4%

Initiatives by Daiwa Institute of Research

Comprehensive Provision of Information and Policy Proposal Activities

Daiwa Institute of Research (DIR), which assumes the think-tank role of Daiwa Securities Group, provides wide-ranging analysis and information to the public. At DIR, we consider it our mission to engage in comprehensive provision of information and policy proposal activities concerning the financial and capital markets and the real economy. We have always sought to provide up-to-date and in-depth information and a unique viewpoint that has not been presented by others. In order to provide information that satisfies the needs of the public, we also exchange information and hold discussions with businesses, investors, public institutions including governments and municipalities, and various economic groups, as well as overseas think-tanks and media. In this way, we are able to analyze the currents and trends of society and disseminate information.

We are also stepping up the release of ESG information, communicating wide-ranging information via our website and "DIR Research Quarterly Review" (our quarterly journal) regarding community vitalization, environmental problems, women's active participation in society, workstyle reform, corporate governance and other issues.

Provision of information by DIR through diverse media

- Number of reports posted on the website: 554 reports (Results for FY2020)
- Full texts of reports available on the website
- Number of recent hits on the research division's page: 5.27 million hits (Results for FY2020)

Focus on Information Dissemination with a View toward the Post-COVID Era

The Research Division of DIR conducts research, analysis, and dissemination of information centered on topics relating to domestic and overseas macro-economics and financial and capital markets. In response to the spread of COVID-19 in particular, the division has focused on analysis and information dissemination concerning the future of the global economy and societies, which have been subjected to historical impacts.

The division set the path to recovery by the Japanese economy, issues and the future of financial and capital markets, and the pursuit of sustainability as the basis for areas of medium- to long-term focus and selected individual themes to address. Among them, topics for priority measures are expected to include the SDG/ESG, zero emissions, digital transformation (DX), and household asset formation. The Office of SDGs Research & Consulting was established in FY2019 with the aim of contributing to society through the dissemination of information intended to solve various issues. In FY 2020, the office published 18 reports and made 75 visits to finance and nonfinancial companies for the provision of information. In addition, the Consulting Division is working on enhancing corporate value for achieving the SDGs with a focus on sound management and human capital. During the COVID-19 pandemic, the Consulting Division has provided information from a corporate management perspective on various issues that companies are directly facing such as medium-term management planning, human resource strategies, DX, information disclosure and shareholder responses (including investor relations and corporate governance), and responses to environmental issues.

Economic Analysis Initiatives Using AI

DIR has been releasing the Daiwa Regional AI (Regional Love) Index, which uses artificial intelligence (AI) to calculate economic sentiment by region, since July 2017 to contribute to the development of regional society.

Japan is faced with the important issue of breaking the vicious cycle of population decline and contraction of regional economies to realize regional revitalization. To promote such regional revitalization, it is necessary to properly understand the current state of regional economies, in addition to executing the policies that suit regional characteristics.

The Daiwa Regional AI (Regional Love) Index utilizes a state-of-the-art artificial intelligence (AI) model and also incorporates economists' knowledge to calculate overall economic sentiment by region. It has the following advantages:

- 1. demonstrating overall economic sentiment quantitatively and promptly by region;
- 2. grasping regional economic sentiment in a historical manner; and
- **3.** enabling analysis of which fields (such as "consumption" and "exports") provide impact and cause changes in overall economic sentiment.

DIR also uses AI to analyze business conditions and regional economies. For example, it makes AI-based economic index forecasts and has developed a model enabling regional economies to be quickly understood by using alternative data (electricity volume demand data announced every day on the websites of power companies), which was rarely used for economic analysis in the past.

Others

Provision of Information through Diverse Media

Lectures and Media Appearances

The Research Division of DIR adopts a variety of methods for providing information. These include the writing of reports; contribution to DIR Research Quarterly Review, newspapers and economic magazines; media interviews; TV appearances; lectures, seminars, and presentations at workshops; the publication of books, and participation in government councils as members. We strive to explain in an easy to understand way complex issues related to the economy, society, and policy issues within and outside Japan, while emphasizing the quality of reports. We ensure the reliability of our reports by requiring them to undergo review by a specialized section. As a result, the information we provide has improved in both quality and quantity, and we are communicating with customers on a continuously increasing number of occasions.

Issuing of Books and Booklets

The Investment Strategy Department of Daiwa Securities issues the periodical "Daiwa Investment Monthly" and other publications as tools for communicating information to general customers. They are distributed to sales branches of Daiwa Securities and are also available on the Internet. "Daiwa Investment Monthly" videos can also be viewed with a smartphone. We are further evolving our booklets to make them easier to understand.

We also provide information in various ways to general customers, including books available through publishers, desk calendars with information on financial events, and wall-hanging market charts.

Internet-based Initiatives

Webinars

Daiwa Securities Group regularly holds webinars where popular strategists and analysts of the Group appear as lecturers. These webinars can be viewed in real-time and participants can pose questions directly to the lecturers using a chat function, enabling numerous customers to receive market information and commentary on individual stocks through live seminars. Videos of some of the webinars are available for subsequent viewing, enabling customers to watch the webinars according to their individual lifestyles.

In FY2020, approximately 20,000 customers participated in these webinars.

We will continue our efforts to communicate market conditions and outlook and other information to even more people in a way that is easy to understand through our webinars.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Daiwa Internet TV

In 2000, Daiwa Securities Group began "Daiwa Securities Information TV," Japan's only channel dedicated to securities information, on the multichannel pay TV broadcast service "SKY Perfect TV!" Since April 2011, we have been producing "Daiwa Internet TV" at our own studio and distributing it online in an effort to target a wider range of viewers. We distribute information on the Tokyo market five times a day in a timely manner, while providing local market information from Hong Kong and New York every day.

In addition to these daily programs, we distribute corporate information as well as video reports where analysts and economists at Daiwa Securities and DIR provide commentaries on current issues in an easy-to-understand way.

On a new program called "Take Note! SDG/ESG Investment will Change the World" that was launched in July 2020, Daiwa Securities strategists provide straightforward explanations of SDG/ESG investment.

Our Daiwa Internet TV initiative was introduced by the SDG Industry Matrix for Financial Services (issued jointly by the United Nations Global Compact and KPMG International in 2015) as a case for Goal 4 "Quality Education." The report highlighted Daiwa's timely and free of charge provision of a variety of financial and investment information.

We will continue to make efforts to produce programs that can be viewed by not only investors but also those who are new to investment, and that can support the journey from savings to asset building.

➤ Daiwa Internet TV < Japanese only > Ⅰ



Daiwa Asset Management

Daiwa Asset Management posts "Tweets by Tsumitate Wa-NISA" on its website as educational content for NISA in an effort to distribute information in an approachable, easy-to-understand way in collaboration with "Tsumitate Wa-NISA," the Financial Services Agency's official character of the installment-type NISA. The company recognizes that providing information to investors through the Internet will become more important with the spread of COVID-19, and distributes, as website content, market information videos that focus on the U.S. and REIT markets, in addition to the Fund Letters and Market Letters that have previously been distributed.

As a signatory to the United Nations Principles for Responsible Investment (PRI), Daiwa Asset Management plans to present information on its ESG investment related initiatives to domestic and overseas asset owners, investment managers, and others as a bronze sponsor of the PRI Digital Conference that will be held in October 2021. The company actively disseminates information on its ESG investment initiatives as an asset management company and in FY2020 engaged in a variety of activities including publishing an article in the Securities Analysts Journal and presenting at an online seminar of the NIKKEI ESG Management Forum held by The Nikkei and at a symposium on a project for considering the future of asset management companies. In the future, the company will continue to disseminate information on its own ESG investment knowledge and initiatives both inside and outside the industry.

- ➤ Daiwa Asset Management website □
- > Tweets by Tsumitate Wa NISA < Japanese only >

Initiatives with Our Stakeholders Environmental Initiatives

Others

Providing Quality Service to Customers

Daiwa Securities Group understands that customer trust is the foundation of our business. Based on the idea of the Customer First Principle, we always try to provide services that deliver genuine customer satisfaction.

We have also adopted the idea of hospitality to enhance our existing concept of customer service. We aim to provide customer service that gives the most satisfaction to customers.

Building Deeper, Stronger Trust with Customers

Daiwa Securities aims to build customer satisfaction through quality services, built on understanding customer needs quickly and proposing the best solutions for each customer. We consider providing faithful and appropriate explanations to be paramount. A principle of Japan's Financial Instruments and Exchange Act prohibits "solicitation that is improper in light of a customer's knowledge, experience, financial situation and objectives." Daiwa Securities' approach is rooted in this principle. As a part of our hospitality-based service, when promoting our financial products we strive to provide explanations and post-sale follow-up that exceed the legal requirements. We have also agreed with the purport of the "Principles for Customer-Oriented Business Conduct" announced by the Financial Services Agency in March 2017 and expressed our adoption of the principles, while drawing up and announcing our "Basic Policy on Customer-first Operations."

Moreover, to further improve our services and the quality of our response, we are continuing to conduct customer service surveys. We survey customers regarding their degree of satisfaction with our services and response, and solicit their feedback and requests. Based on the survey results, since FY2017 we have been strengthening our initiatives to improve the quality of post-sale follow-up and enhance the convenience of e-mail services.

Basic Policy on Customer-first Operations

Daiwa Securities Group has agreed with the purport of the "Principles for Customer-Oriented Business Conduct" announced by the Financial Services Agency on March 30, 2017 and expressed its adoption of the principles. The Group has also drawn up and announced its "Basic Policy on Customer-first Operations."

- > Daiwa Securities Group Inc.
- > Daiwa Securities Co. Ltd. (Japanese) □
- > Daiwa Asset Management Co. Ltd. (Japanese) □
- > Daiwa Next Bank, Ltd (Japanese) □
- > Daiwa Corporate Investment Co., Ltd. (Japanese) □
- > Daiwa Real Estate Asset Management Co. Ltd. □
- > CONNECT Co.Ltd. (Japanese)

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Thorough Post-Sale Follow-Up and Appropriate Provision of Information

A customer's purchase of a product is only the beginning of a securities company's relationship with the customer. Follow-up is the key to maintaining and solidifying the relationship of trust built with the customer.

To alleviate customer dissatisfaction or concerns arising after transactions, we offer thorough explanations, appropriate proposals, and information regarding market conditions, products, and services. We have also expanded the use of emails and online meetings, as well as face-to-face meetings, telephone and other conventional methods, thereby developing a system enabling us to provide appropriate follow-up to as many customers as possible.

Introduction of NPS®* (Net Promoter Score) Towards Realization of Quality No. 1



In FY2018, Daiwa Securities introduced NPS® (Net Promoter Score) as an in-house indicator for measuring customer satisfaction. The score measures the degree of customer recommendation and is considered to correlate closely with business performance. We position it as one of our most important management indicators.

When introducing NPS®, we implemented sales reforms successively at individual branches to ensure that the aim of the introduction is well understood and established among employees, rather than them merely adopting the score. Thus, it took a year to complete the introduction of the score at all branches.

We will further step up our efforts to carry out sales activities from the customer perspective. At the same time, we will build a scheme for implementing a PDCA cycle that incorporates customer feedback and makes improvements, and continuously work to improve NPS®.

* NPS® is a registered trademark of Bain & Company, Fred Reichheld and Satmetrix Systems.

Improving In-Branch Customer Service Quality



Daiwa Securities strives to provide in-branch services that can satisfy any customer.

With the aim of creating sales branches enabling elderly customers and customers with disabilities to feel secure, we have placed dementia supporters*1 and employees with service assistant*2 certifications, mostly comprising employees engaged in in-house customer service.

Moreover, in order to ensure that our sales branches are accessible to more customers, we implement a range of barrier-free measures, including reduced variations in floor level, the installation of automatic doors and larger counters, and the placement of cane holders at all counters.

We have also been stepping up our efforts to enhance safety and convenience for elderly customers and customers with disabilities visiting our sales branches. As part of such efforts, we place and make ready for use writing communication boards, communication sheets, cane holders, hearing assistance devices, and other equipment.

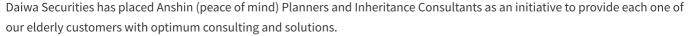
*1. Dementia supporter

A dementia supporter is a person who properly understands dementia and pays warm attention to people with dementia and their families. The Ministry of Health, Labour and Welfare has been stepping up the training of supporters across the country as part of its "Dementia Supporter Caravan" project.

*2. Service assistant

A service assistant is a person certified as having acquired hospitality and safe assistant skills for providing tailored support for elderly customers and customers with disabilities.

Initiatives for Elderly Customers and Inheritance



Anshin Planners are mainly responsible for elderly customers, providing comprehensive consulting for customers in their later years. The scope of the Planners' work is not limited to asset management but includes the provision of information on health, long-term care, etc. and solutions in relation to gifts, inheritance, etc. to next generations.

Inheritance Consultants are professional staff members appointed from among employees with CFP® certifications who have highly specialized knowledge of inheritance and gifts.

We work to provide optimum support to every customer we serve by subdividing our services according to the life stage of each customer and making careful proposals.

In addition to these initiatives, we are focusing on an Inheritance Planner Certification® in order to further develop inheritance and business succession professionals. An Inheritance Planner Certification® is granted to candidates selected from among employees with CFP® certifications after they undergo certification training designed to help them acquire a deeper knowledge of inheritance and business succession. It is an in-house credential at Daiwa Securities.

* CFP® is a financial planner credential certified by the Japan Association for Financial Planners. A CFP® holder has specialized knowledge of asset management, taxation, etc.

Holding of a Variety of Seminars

Daiwa Securities holds a variety of seminars to provide information to customers. Sales branches handle a broad range of topics in their seminars, such as information on Japanese and overseas markets; programs targeting the asset building generation, including the installment-type Nippon Individual Savings Account (NISA) and iDeco, a defined contribution pension plan for individuals; and inheritance and gifts that alleviate concerns about old age.

We also regularly hold live online seminars which customers can participate in wherever they are. In January 2020, we held the "Daiwa New Year's Special Live Seminars" five times in total, focusing on real estate and inheritance as topics, as well as the global economy and market information.

Going forward, we will work to successively expand our online seminars.

Asset Building through Installment-Type NISA Including Workplace NISA

Daiwa Securities has been accepting applications for NISA accounts since the initiation of the program. In particular, we actively introduce the program to customers, especially those in the asset building stage, in order to encourage more customers to start making investment in installments. We are also stepping up our initiative to propose the introduction of the workplace installment-type NISA. The program enables individuals to build assets systematically by setting aside a fixed amount each month for investment through their workplaces.

Our Strategy for Achieving SDGs Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Information Website for Child Rearing and Money "SODATTE"

Daiwa Securities opened "SODATTE," an information website for child rearing and money, in April 2016 for the child-rearing generations. With five years having passed since its opening, it has grown to be a website visited by many fans, with more than 300 columns and more than 650,000 page view per month. The website sets up six categories, including "Money Lessons," "Family Finances" and "Education Funds," and disseminates columns that provide tips to child-rearing generations.

As part of our initiative for financial education, we also released "A-I-U-E-Okane-no-ehon" on the website. It is a digital picture book that helps small children to deepen their interest in and understanding of money while learning hiragana.

We will continue to update columns monthly as an information site that provides practical support on child rearing for parents and enables them to learn in an enjoyable way.

> SODATTE (Japanese) □

Contact Center Functions

The Contact Center has been a key channel for transactions, supporting the company's business model whose cornerstones are Daiwa Consulting and Daiwa Direct transaction courses. The center now handles calls coming in to sales branches and some dialing support work, thereby acting as Daiwa Securities' comprehensive remote contact center for customers.

To strengthen the functions of the center, we first expanded the scale of the service points in Tokyo and Osaka in FY2014 and then established a contact center function in Fukuoka in FY2016 as our third service point. We also enlarged the floor area of our service point in Osaka in FY2017.

In FY2020, we transferred part of the customer support function of sales branches to the Contact Center and launched a Customer Support Section.

By further expanding our customer response capability, we aim to enhance our support functions for sales branches going forward to increase customer convenience.

• Scale of Contact Center: 820 service points (500 in Tokyo, 210 in Osaka, and 110 in Fukuoka)

Working to Incorporate Customer Voices

At Daiwa Securities, the Contact Center and the Customer Support Center assume the function of utilizing customer feedback.

Contact Center Initiatives

Employees at the Contact Center, which serves as our comprehensive remote contact point, have direct contact with customers and play an increasingly crucial role not only as a transaction channel but also in customer support and marketing. In order to maintain and improve contact center operations to meet the demand for high-quality service, we provide training and regular level checks for all Telephone Service Representatives (TSR). We thus strive to appropriately respond to customers' true needs.

Environmental Initiatives

Others

Customer Feedback Sent to Contact Center

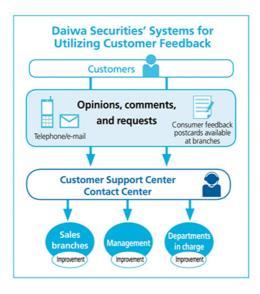
The Contact Center receives numerous comments and requests on online trading and Daiwa Securities' other products and services.

We share such customer feedback information and requests with management and relevant departments and sections of the head office and utilize them to enhance our services and customer interaction. (The number of major improvements implemented in FY2018 was 85.)

We also show some of the inquiries received from customers on our website as "frequently asked questions," while sharing them with sales branches in some cases to speed up our responses. We are thus working to raise customer satisfaction from various perspectives.

Number of cases in FY2020 where responses were taken to customer feedback and requests

• 62 cases (in 24 of which responses were completed)



Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Customer Support Center Initiatives



Daiwa Securities' Customer Support Center is a department at the head office that handles customer feedback and complaints directly by phone. It is set up within the Compliance Department of Daiwa Securities.

The Center promptly gives feedback and complaints from customers to relevant sales branches and departments and sections of the head office. It also sorts and analyzes such feedback and complaints, shares them with officers, sales branches, and head office departments and sections, and capitalizes on them as precious information in the aim of "customer-first operations" and "pursuit of best quality."

To respond to customers' calls thoroughly, accurately, and promptly, Customer Support Center members study the securities tax code and Daiwa Securities' services together on a daily basis, and work to improve the quality of their customer services.

Calls received at the Customer Support Center in FY2020

- Number of calls received: 3,930 calls (up 84 calls)
 Inquiries: 89% Complaints: 11%
- Based on customer feedback, we have made a number of improvements. For example, we have simplified documents we ask customers to fill in. We have also revised product information on our website to make such information easier to understand, while changing our online branch visit reservation system so that customers find it easier to enter information.

Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Support for Creating Our Future Society

Daiwa Securities Group begins the social problem solving businesses in various fields, such as FinTech, healthcare, energy infrastructure, and agriculture, utilizing the knowledge of various securities and financial businesses cultivated by the Group.

Business development starting from the SDGs

SDGs × "Technology"

Creation of Next Generation Financial Services

Fintertech Co. Ltd., which was established in April 2018, works to create next generation financial services mainly for the digital native generation, using blockchain and other state-of-the-art technologies.

Since March 2020, it has been providing digital asset-backed loans. It also launched stock investment-type crowd-funding services through Ecrowd Inc., an investee company, in July 2020 while starting to provide real estate investment loans and crowd-tipping systems in April 2021. Going forward, the company will continue to develop new financial services to satisfy the diverse needs of customers.

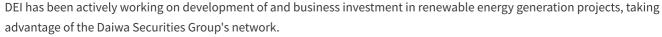
> Fintertech Co. Ltd. < Japanese only > □

Promotion of Investment and Financing for Energy

Daiwa Energy & Infrastructure Co. Ltd. (DEI) was launched as the successor to the energy investment division of Daiwa PI Partners, and started operation on October 1, 2018. The company aims to provide new value as a member of an integrated securities group with a hybrid business model, and contribute to SDGs through investment and financing for renewable energy, infrastructure, and resource fields.

> Daiwa Energy & Infrastructure Co.Ltd. □

Renewable Energy Power Generation Projects



In the solar power generation field, the 11 solar photovoltaic power plants which are owned and on which construction was completed as of May 2021 have all been operating stably. Also, the solar photovoltaic power plants under construction in Naka City, Ibaraki Prefecture (35 MW) and Ena City, Gifu Prefecture (13MW) will both be completed by the end of 2021. In the biomass power generation field, DEI has been steadily promoting the development of wood biomass power generation plants that use tree trimmings in Japan as their primary source of fuel. The development is underway with Green Thermal Co. Ltd., with which DEI has formed a capital and business alliance. The commercial operation of a plant in Yonezawa City, Yamagata Prefecture began in January 2018 as the first alliance project, and a plant in Kamitonda, Wakayama Prefecture as the second project also began in June 2020.

Stations developed/invested in by DEI

Photovoltaic power stations

- Output: Approximately 237 MW in total
 - A breakdown is shown below.
 - Stations in operation: Approximately 189 MW (total for eleven stations)
 - Stations under construction: Approximately 48 MW (two stations)
- Projected amount of electricity generated annually: Equivalent to the amount for approximately 60,000 households

Biomass power generation plant

- Output: Approximately 13 MW in total
 A breakdown is shown below.
 - Stations in operation: Approximately 13 MW (two station)
- Projected amount of electricity generated annually: Equivalent to the amount for approximately 25,000 households

Initiatives for the Woody Biomass Power Generation Field

DEI has formed a capital and business alliance with Green Thermal, a leading company for the development and operation of woody biomass power generation plants, and Biomass Fuel Co., Ltd., a biomass fuel supplier. It has been actively promoting not only the construction of power plants but also the expansion of its value chain in the biomass field.

In collaboration with Biomass Fuel, DEI has been working to expand the procurement of palm kernel shell (PKS) - fuel for biomass power generation - and develop wood pellet manufacturing plants mainly in Southeast Asia. Construction of a pellet plant is currently underway in Vietnam.

Furthermore, in December 2018, DEI invested in Bioendev AB, a Sweden-based torrefaction* technology company, aiming for technological evolution and global expansion of the biomass fuel-related business.

The woody biomass power generation business uses carbon-neutral power generation facilities that do not affect the amount of carbon dioxide. Moreover, since it adds new value as fuel to wood trimmings from forests and PKS that have been left and discarded, it is expected to generate new industries and employment and contribute to local economies in Japan as well as the promotion of industry in developing countries.

Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

SDGs× Local Community

Expansion of Solutions Provided in the Business Succession Field (Establishment of Daiwa ACA Business Succession Fund)

About half of the small and medium-sized companies in which the owner is reaching the retirement age are said to not have enough successors. Business succession is thus an urgent social issue Japan needs to address even from the perspective of employment and GDP.

Daiwa ACA Business Succession Fund presents one solution to the business succession issue by becoming a new sponsor for companies on behalf of their owners.

As a new corporate partner, Daiwa ACA Business Succession Fund helps small- and medium-sized companies to pass on their excellent technologies and services to the next generations, while encouraging the innovation of technology and services with continuity by supporting business succession. Through these activities, Daiwa ACA Business Succession Fund will contribute to Japan's sustainable economic development.

> Daiwa ACA Business Succession Fund[PDF:151KB]

Promotion of Sustainable Agricultural Production Business

Japan's agricultural business faces various social issues, such as the aging of people engaged in farming, a decreasing number of new farmers, shortages of successors, and an increase in abandoned farmlands.

Daiwa Food & Agriculture Co. Ltd (DFA), which was established in November 2018, will contribute to solving various issues faced by Japan's agriculture and food-related businesses, such as expansion of scale and increase in efficiency of the agricultural production business and new business initiatives, through the provision of risk money.

> Daiwa Food & Agriculture Co. Ltd < Japanese only > □

Agricultural Production Initiatives Using Large-scale Horticultural Facilities

In 2020, DFA took a stake in agricultural corporations in Kawanishi Town, Yamagata Prefecture and Kusu Town, Oita Prefecture, which both sell tomatoes cultivated in large-scale greenhouses. It thus handles an agricultural production business on its own. (total cultivation areas: approximately 3.2 ha)

Taking advantage of cultivation using large-scale horticultural facilities and expertise in operating such facilities, DFA pursues expansion of scale and increase in efficiency of agricultural production to contribute to the invigoration of agriculture, a social issue Japan should look to resolve. The company will thereby put into practice SDG Goal 2 "Zero Hunger" and Goal 9 "Industry, Innovation and Infrastructure."

Our Strategy for Achieving SDGs Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others







Tomato greenhouse in harvest time

SDGs×Life

Full-Scale Entry into the Healthcare Field

Social challenges are piling up in the healthcare field, including the rapid expansion of demand for medical and nursing care and the necessity of reducing medical costs. Through Daiwa ACA HealthCare Inc., which has investment and lending expertise in the medical and nursing care business, Daiwa Securities Group aims to solve social issues in the field by the provision of funds for hospital and nursing care businesses and support for succession and management of medical institutions, in Japan and overseas.

> Daiwa ACA HealthCare Inc. < Japanese only > □

Provision of High-Quality Nursing Care Services

The aging population is an important social issue to be addressed in Japan, which has become a super aging society. To date, Good Time Living Co. Ltd. has worked on nursing care that helps residents to live independently and improve their condition, rather than simply providing assistance for their disabilities. At the same time, the company has also promoted the use of ICT to increase efficiency in operation. In FY2020, the company actively introduced a face recognition system with a thermography camera to provide more security to residents and their families amid the COVID-19 pandemic, while creating a portal site exclusively for residents and their families that enables smooth information sharing. In order to change the current state of nursing care services to address the progressive aging of the population, Good Time Living will further increase operational efficiency in nursing care frontlines and develop an environment that allows nursing care staff to demonstrate their expertise. The company will thereby contribute to the achievement of SDG Goal 3 "Good Health and Well-being" and Goal 8 "Decent Work and Economic Growth."

> Good Time Living Co. Ltd. < Japanese only > □

Specific Case of IT Use



A nursing care recording system Care-wing (institutional version)

Care-wing (institutional version) was developed jointly with the manufacturer. In addition to having the conventional function of recording home-visit nursing care, it digitalizes the staff operations list it helps to save time required for creating and revising lists compared to paper-based management, leading to enhancement of operational efficiency.

Feedback from staff

- Care-wing helps to reduce time for creating staff operations lists and creating and making changes to schedules.
- Care-wing enables each staff
 member to check the staff
 operations list using a tablet. This
 allows us to know who is working
 where, so the system has facilitated
 our operations.



Management of resident data with mobile devices carried by staff

Data on residents' health and lives, which used to be handwritten by nursing care staff, is now entered into the nursing care record system CARE KARTE. The system automatically creates progress graphs using vital data such as temperature and blood pressure. It has also made it easier to retrieve recorded data, contributing to eliminating paper and saving labor in nursing care frontlines.

Feedback from staff

- We didn't have enough opportunities to look at care given by other staff members, but we are now able to learn points for good care by looking at records.
- CARE KARTE has reduced the time required for recording data, enabling us to increase time for conversation with residents.



A next-generation predictive monitoring system Neos+care®

Daiwa Securities Group provided its accumulated expertise to the manufacturer and jointly developed a biometric monitor equipped with a highly precise monitoring function. The monitor helps to prevent and promptly detect accidents that have occurred in rooms, and also allows for visualization of living environments, while protecting privacy, due to its adoption of an infrared sensor. It thus helps to provide services, including environmental improvement and care, which are suited to each and every resident.

Feedback from staff

- Neos+care® helps to identify causes for accidents, enabling us to come up with more effective measures.
- As the system allows us to understand residents' behavior patterns, we can change our responses and environments.
- * As to use of the system, please see the video below. (in Japanese)

 https://youtu.be/lsK0h8mU9vM



A drop-down in-wall nursing care lift for inroom transfers Swing Lift CoCoRo

The instrument supporting in-room transfers helps reduce lower back pain and protect the safety and health of care staff. At the same time, the instrument has enabled staff to assist in-room transfers in a comfortable position while communicating with the resident, and this has contributed to reducing both the physical and mental burden on the resident.

Feedback from residents and staff

- I no longer need to have the staff member lift my body, and this has made me feel much easier. (resident)
- I feel that being able to see the staff member's face has given the resident a sense of security. (nursing care staff)
- * As to use of the instrument, please see the video below. (in Japanese)

 https://youtu.be/y23aX4RSLQE



Artificial intelligence (AI)-based robot Aeolus Robot

Investigation is underway on the possible use in nursing care practice. We will advance the development of an environment that allows care staff to focus on providing nursing care services with higher added value by having the robot assume simple work.



Face recognition system with a thermography camera
When a person stands in front of the thermography camera, the system shows the person's temperature and registered name. *
The person can be identified even when wearing a mask

Good Time Living has set up a thermography camera equipped with face recognition AI in a windbreak chamber. When a person enters the building, the face recognition system conducts temperature measurement and identify whether or not the person is registered. The automated door is then opened and closed.

Thermography cameras with the same specifications are also placed inside the rooms to prevent residents from go out alone if it is difficult for them to go out on their own due to their physical conditions.

Our Strategy for Achieving SDGs

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others



A screen of the smartphone portal site exclusively for residents and their families

Good Time Living established this portal site to facilitate the provision of information and enhance the convenience of users. The site has enabled the company to provide, in a timely manner, information on invoices and payment receipts, various notices, and crisis management information that used to be given by posting notices in the building or individually giving or mailing letters. The portal site is expected to help reduce monthly administrative work by 400 hours per facility (in the case of a facility with 80 rooms). It is also expected to help increase efficiency in nursing care frontlines, enabling staff to maintain high-quality nursing care services and further improve their services.

Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Contribution to Local Communities through Investment Activities of REITs

Daiwa Real Estate Asset Management contributes to local communities by addressing social issues through investment corporations and funds that entrust it with asset management.

Initiatives against COVID-19

^

Daiwa Real Estate Asset Management uses hotels close to Haneda Airport and located in Kasai and other places owned by Daiwa Hotel Private Investment Corporation, which it manages, as temporary quarantine facilities for people who have returned from overseas.

Earthquake Preparation Initiatives



Daiwa Real Estate Asset Management has implemented earthquake countermeasures for building users and local residents. For example, the company has placed emergency cabinets in the elevators of office properties owned by Daiwa Office Investment Corporation and installed disaster-responsive vending machines in rental residences owned by Daiwa Securities Living Investment Corporation (DLI) and Daiwa Residential Private Investment Corporation.

Efforts to Address Aging



Employees working at the investment division of Daiwa Real Estate Asset Management visit healthcare facilities owned by DLI nationwide several times each year. They participate in hands-on events, such as family get-together meetings and meetings to show respect to the elderly, while assisting with daily work, including cleaning the periphery of the facilities, pruning plants in the courtyards, and pulling out weeds. They also participate in hands-on training to experience work as facility employees in an effort to deepen their understanding of frontline work. Daiwa Real Estate Asset Management started these initiatives in order to deepen its understanding of the daily work of facility operators and the services provided to residents. The initiatives are now positioned as local community contribution activities through the core business, and we will continue to work actively on these initiatives.

(* The above initiatives have been suspended due to the spread of COVID-19 to prevent infections.)

Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

SDGs×New Technologies and Ideas

Creation of Next Generation Industries and Services

Daiwa Corporate Investment Co., Ltd., a venture capital firm of Daiwa Securities Group, helps to solve social issues through investment in ventures, thereby contributing to the realization of a sustainable society.

Daiwa Corporate Investment manages multiple venture funds that invest in ventures. Some of these funds are strongly related to the SDGs, such as funds specializing in biotechnology and an environmental fund managed jointly with a Chinese environmental firm. The firm incorporates an SDGs perspective into its investment activities for other funds as well, such as selection of investee companies and management support provided after investment. For recent years, Daiwa Corporate Investment has been especially strengthening efforts to relate its activities to the SDGs due in part to an increase in the number of entrepreneurs who have a strong awareness of solving social issues.

> Daiwa Corporate Investment Co., Ltd. □

Investing in Ventures That Solve Social Issues

Daiwa Corporate Investment invests in many ventures. They include many companies related to the SDGs as shown below.

- GITAI Japan ☐ (investment by DVGF*1 in Feb. 2021): development of robots used in outer space
- Green Earth Institute \Box (manufacturer in Tokyo; investment by F*2 in Sep. 2014): manufacturing license for bio fuel produced from non-edible biomass, green chemicals, etc.
- Craif 🗇 (investment by DVGF in Jan. 2020): early detection of cancer using miRNA that exists in exosomes present in urine
- AI Medical Service 🗇 (equity investment by DVGF in Sep. 2019): development of AI that assists analysis of endoscopic images
- Plant form [(equity investment by DVGF in Sep. 2018): operation of facilities for, and support to introduction of, aquaponics farming, which combines hydroponics and aquaculture (Japanese only)
- *1 A venture fund that invests in startups creating new industries and contributing to generating a virtuous cycle of economic invigoration (being incorporated into investment)
- *2 A venture fund aimed at helping the transformation of Japan's industrial structure that involves open innovations and the creation and invigoration of innovations at manufacturing industries (incorporation into investment completed)

CECEP Environmental Fund

In October 2020, Daiwa Corporate Investment established a fund investing in environment-related companies in China together with China Energy Conservation and Environmental Protection (CECEP) Group, which is the only state-owned environment-related company in China.

Our Strategy for Achieving SDGs Initiatives through Business Activities

June 2019: The company went listed on the Taipei Exchange

April 2021: Foxconn founder Terry Gou announced a plan to invest 20 billion yen of his personal funds

Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Investment in Drug Development Ventures and Other Businesses by DCI Partners

We at DCI Partners have been investing in the biotech field for more than 20 years, including the period of NIF Ventures (now Daiwa Corporate Investment). We currently manage one of Japan's largest funds focusing on drug development, making biotech venture capital investment in Japan and Taiwan. Through the fund, DCI Partners strives to help advance development by providing managerial resources and hands-on support from strategy planning to implementation. With COVID-19 spreading rapidly, biotech startups began working on countermeasures against it. The investee companies of the fund are also advancing development work against COVID-19 from multiple aspects, such as prevention, diagnosis, and treatment. Since countermeasures against a pandemic require speed and innovative technological capability, biotech startups are expected to attract more attention and play a larger social role than ever before. DCI Partners will support these companies through its investment activities, work to provide treatment options to patients, and strive to contribute to the health of all people and society.

before. DCI Partners will support these companies through its investment activities, work to provide treatment options to patients, an strive to contribute to the health of all people and society.					
> DCI Partners Co., Ltd. □					
Taiwan-Japan Bio Venture Fund	^				
DCI Partners manages funds that have specialized in investing in bio star Following Fund I established with 11.6 billion yen in January 2015, the co with a capital commitment of 14 billion yen in December 2020 (the first o	ompany established Taiwan-Japan Bio Venture Fund II				
DCI Partners' Investees	^				
• StemRim □ (went listed on the Mothers market of the Tokyo Stock Exinducing medicine	change in Aug. 2019): development of regeneration-				
• EirGenix (Taiwanese company): development of biosimilars and bi manufacturing operations (CDMO) *involved in COVID-19 vaccines	opharmaceutical contract development and				

Support for Reconstruction Following the Great East Japan Earthquake

The Great East Japan Earthquake SME Reconstruction Support Fund

Daiwa Corporate Investment Co., Ltd. operates the Great East Japan Earthquake SME Reconstruction Support Fund, receiving investment from the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME Support, Japan), The Aomori Bank, Ltd., The Bank of Iwate, Ltd., The 77 Bank, Ltd., The Toho Bank, Ltd., and other institutions. Targeting unlisted private companies in the disaster-affected areas, the fund aims to expeditiously provide risk finance. The goal is to actively support companies in their efforts to secure renewed growth and development by supplying finance for a variety of purposes. These include restoration and reconstruction following the 2011 earthquake disaster, new business development, the shift to a new industry or line of business, business reorganization and succession, and business incubation. The fund thereby aims to contribute to the early restoration and sustainable development of the disaster-affected areas.

Support for the "New Tohoku" Restoration Business Contest 2020

Since FY2016, Daiwa Securities Group has been supporting the Restoration Business Contest, which recognizes and supports business plans that lead to the restoration of the areas affected by the Great East Japan Earthquake. In addition to the grand and excellence awards, the "Daiwa Securities Group Phoenix Award" has been established as a corporate award, and it was granted in FY2020 to AZ Create Co., Ltd. (Kitakami City, Iwate Prefecture). The company operates a platform that provides event and other local information, which boasts the largest number of views in Iwate Prefecture. Since the occurrence of the Great East Japan Earthquake, the importance of local communities has been reevaluated.

The company's platform and the enhancement of its convenience is expected to help invigorate Iwate and other communities in the Tohoku region, leading to the revitalization of local economies. For this reason, Daiwa Securities Group intends to support this initiative.

We will continue to actively carry out these activities so as to be able to contribute to the reconstruction of the Tohoku region.



Commemorative photo of the Reconstruction Agency, sponsor companies, and award recipients ("New Tohoku" Restoration Business Contest 2020)



Head of SDGs Promotion Office, the presenter(left), and an award recipient

("New Tohoku" Restoration Business Contest 2020)

Toward Global Realization of Financial Inclusion

Initiation of Services by New Securities Company "CONNECT"

Smartphones and other technical innovations are changing the common perception that securities companies are used only by affluent customers and that securities transactions require an advanced level of financial knowledge. We recognize that generating securities services available to all people in consideration of financial inclusion is an issue facing not only Daiwa Securities Group but also the securities industry as a whole.

CONNECT Co. Ltd., which began providing services in July 2020, is a new type of securities company created by Daiwa Securities Group. It chiefly handles transactions in units of one share and provides services mainly targeted at people in the digital native generation. The company provides and completes all services—from the opening of an account to securities trading—on smartphones, enabling anyone to use securities services, starting with a small amount of investment, as long as they have a smartphone.

CONNECT also provides an investment game app and a point investment service in collaboration with external companies, thereby offering opportunities to acquire financial knowledge easily even without funds and diversifying methods of access to financial services.

Under the concept "Create your future, starting with your first share," CONNECT will continue to develop and provide its services so that all people will be able to access better financial services.



Support for Developing Human Resources Responsible for the Next Generation

Participation in the METI Programs "Sido Next Innovator 2018" and "Sido Next Innovator 2019" and Support for Developing Human Resources Responsible for Next Generation Innovation Based on These Programs.



In addition to supporting the domestic program, DIR has participated in two-week Silicon Valley program together with the 20 participants selected based on the overall results of screening by application forms and pitch. It has supported the Silicon Valley program as well by visiting entrepreneurs playing major roles at local startups, personnel in charge of new business development at large companies, and venture capitalists. DIR consultants have also served as mentors, providing mentoring to the program participants and support for the development of human resources for next generation innovation through participation in pitch contests.

Moreover, capitalizing on these experiences, DIR planned and served as the secretariat for "Daiwa Innovator Programme 2020" in FY2020. The program, which is sponsored by Daiwa Securities Group Inc., is designed to find innovators within Daiwa Securities Group and look for opportunities for new businesses.

The number of submitted applications exceeded 200, from which less than 30 were selected based on screening by application forms and allowed to go on to the training program and mentoring. Under the training program, DIR invited external lecturers playing major roles in the frontline of the innovation field. As a way to operate the program, in light of the spread of COVID-19, DIR adopted online videos and online mentoring and strived to carry out flexible operations. The plans selected at the final pitch contest all reflect today's needs, such as DX in the nursing care business, camping business that focuses on regional revitalization, and the pet care business. After the completion of the program, DIR has been providing support to the selected plans, aiming to commercialize them.

DIR will continue to participate in programs such as this which will lead to innovation.

For the Development of Financial and Capital Markets

The securities business, the core business of Daiwa Securities Group, serves as an important social and economic infrastructure. It facilitates the smooth flow of money by matching fundraising needs through the issuance of securities and investment needs of investors via financial and capital markets. Maintaining and developing this infrastructure is about developing sound financial and capital markets for the next generation, which we identify in the Group's materiality in Finance. We consider such maintenance and development to be a major mission for the Group toward the realization of SDG 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation."

Initiatives for Maintaining Market Functions

Role and Importance of Settlement Functions

Securities settlement - a mainstay of the Group's overall operations - is the delivery of stocks, bonds, or other instruments and funds both to and from the buyer and seller of a securities transaction. Settlement functions also serve as a social infrastructure, and therefore security, reliability, and convenience are important. In secure and trusted markets, financial instruments can be reliably converted into cash when necessary. This is the very reason why such markets attract investment money from all over the world and enable companies and others with funding demand to procure funds.

Number of settlement transactions handled

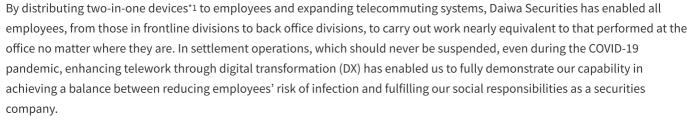
- Daily 10000 transactions on average
- Annually
 Approximately 2.6 million transactions (mainly by institutional investors within and outside Japan)

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Responsibility as a Securities Company



If anything that could stall securities settlement should occur, it would not only affect the Group but also damage trust in markets as a whole. It could even have a significant impact on the global economy. We consider it vital to settle transactions accurately and promptly as required in order to ensure that markets function as a social infrastructure and become a driver for economic development. We are therefore striving to build a structure enabling the smooth execution of settlement operations. Amid the emergence of investors engaged in frequent trading utilizing computers, we have implemented a reliable system that has high processing capability and can reliably settle a massive number of transactions. We believe, however, that no matter how well operations are systematized, the most important thing for the securities settlement operation is still human resources. Staff members must have a wide range of knowledge to grasp the situation quickly when an irregular event occurs and then respond to it appropriately. For that reason, we are making efforts to visualize and accumulate the experience and expertise acquired through our daily operations, as well as expanding the business knowledge of each individual and the scope of operations they can cover by providing cross-business training and continually rotating tasks.

Meanwhile, the securities industry recognizes that, to boost the competitiveness of Japan's financial and capital markets, it is necessary to further increase convenience and strengthen risk management. With this awareness, the entire industry is currently working on reducing settlement time. Daiwa Securities has played a central role in a working group launched by the Japan Securities Dealers Association, identifying and examining a variety of issues towards the reduction of settlement time. The T+1 (trade date plus one day) settlement cycle already started for government bond trading in May 2018, and the T+2 settlement cycle for stock trading started in July 2019 and for domestic corporate bonds in July 2020.

Moreover, cross-border foreign exchange transactions entail settlement risk associated with time differences in settlement for the currencies involved (for example, the risk of being unable to receive dollars in U.S. time even when paying yen in Japan time). Daiwa Securities is the only Japanese securities company that participates directly in Continuous Linked Settlement (CLS)*2 as a settlement member. We will fulfill greater responsibility for the stability of financial markets by reducing the settlement risk of foreign exchange transactions.

We are determined to continue settlement operations no matter what happens. In accordance with such determination, we have drawn up a business continuity plan (BCP) and regularly conduct training in preparation for unforeseen circumstances, such as the spread of new infectious diseases, natural disasters, and terrorism.

The reliability of settlement is extremely important for maintaining customer trust. We will continue to meet increasingly sophisticated customer needs and quickly provide solutions by taking advantage of our reliable settlement infrastructure and human resources.

- *1. A mobile device that can be used as a desktop PC within the company and as a laptop PC or tablet outside the company
- *2. Continuous linked settlement



Environmental Initiatives

Others

Considering Application of Blockchain/ Distributed Ledger Technology to Securities Business



This is a project using an industrial collaborative framework led by Japan Exchange Group. The first phase of the project was conducted in 2017, confirming the usefulness of the application of DLT to the trade matching operations. Following such confirmation, the second phase of the project was conducted from September 2018 through January 2019. In that phase, discussions were held on data items in the operations, the standardization of the operational process, policy on operating the DLT infrastructure, and other issues. The project participants then drew up a more concrete plan toward the construction of a system. The results of the project were released as a working paper in February 2019.

Daiwa Securities Group expects that the initiatives of this project will lead to the reduction of costs in the entire domestic securities industry and the enhancement of convenience, which will ultimately contribute to the benefit of investors. We will continue working to realize the plan in order to provide useful services to customers.

* Operations in which a securities company and an institutional investor confirm the trading volume, fee, etc. with each other after the execution of securities trading

Initiatives for Development of Market Functions

Private Equity Investment in Southeast Asia

Daiwa PI Partners is engaged in full-scale private equity investment in Southeast Asia and has invested in a total of 14 projects to date in response to economic development and economic opening in the region. In addition, Daiwa PI Partners established DAIWA Myanmar Growth Fund in 2019. The investment targets include Commercial Plastic Holding, which manufactures recycled plastic in Myanmar. By reducing the amount of plastic bottle waste while expanding the use of recycled products, the company is contributing to improvement of environmental problems in the country. Onstar Express, which conducts logistics in Indonesia, is contributing to enhancing the people's convenience and living standards by undertaking last-mile logistics to end users who place orders with e-commerce companies.

Southeast Asia is undergoing amazing economic development, and there are many startup companies with high growth potential. We will continue to provide financing to these companies to support their growth and contribute to enhancing social infrastructure and the living standards of people in the region.

Support for Stock Market Development in Vietnam

In March 2019, DIR started providing technical support aimed at development of the stock market in Vietnam as entrusted by the Japan International Cooperation Agency (JICA). This is a large-scale project implemented pursuant to a request made to the Japanese government as part of the 2011 – 2020 Securities Market Development Strategy established by the Prime Minister and announced by the Vietnamese government in March 2012. The project started with implementation over three years by a team of 12 consultants including from the JPX Group and others with DIR playing a leading role.

The initial plan was to provide knowledge, training to improve practical skills, and support for the creation of practical manuals to the State Securities Commission of Vietnam (SSC), the supervisory authority of capital markets, as well as the HoChiMinh Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX), with the goal of achieving international standards of fairness, transparency, and efficiency. In addition, to this, the scope of the work was significantly expanded to include support for the formulation of enforcement ordinances and notifications pursuant to the new Securities Act, which was adopted in November 2019 and came into effect in January 2021, as well as support for the creation of strategies for development of securities markets. Since March 2020, activities have comprised primarily online consultation and courses as well as exchanges of documents in response to the COVID-19 pandemic, and a new format of business implementation with the participation of Japanese authorities and market participants, which was difficult to achieve with conventional activities centered on local travel, was introduced and received high praise from both countries.

Ordinances and notifications pursuant to the new Securities Act have been enacted in Vietnam in 2021, and their plans for the Vietnam Stock Exchange (VNX) to commence operations as a holding company of the two existing stock exchanges. It is expected that the development of Vietnamese securities markets will enter a new stage under the framework of the new legal system and securities market, and it can be said that the importance of this project continues to increase.

The four specific expected outcomes of this project are as follows:

- 1. Reinforcement of the stock market's capacity for monitoring against unfair trading
- 2. Tightening of regulations on and supervision over securities companies
- 3. Improvement of listing management and screening procedures
- 4. Penetration of investor-oriented management approach

If this project helps improve the transparency and fairness of the Vietnamese stock market through activities with these objectives, it is expected to contribute to the Daiwa Securities Group's business related to Vietnamese stocks in the medium to long term. That is because if Vietnamese companies start incorporating a more investor-oriented perspective into their management, investor trust in the stock market will increase, leading to market invigoration.

Support for the development of a stock market is aimed at contributing to the economic development of the relevant country, and DIR will continue to actively provide support to other emerging countries as well.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Development of Asian Bond Markets

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DIR is undertaking activities that contribute to the long-term development of bond markets in various countries in Asia. One representative example is participation in the Asian Bonds Markets Initiative (ABMI) framework. Taking a lesson from the Asian currency crisis that occurred in the late 1990s, ABMI seeks to secure stability in financial markets by expanding the means of financing through the development of markets for bonds denominated in local currencies. It is a regional cooperative framework that was established in 2003. Specific measures of the framework are decided at the ASEAN + 3 (the 10 ASEAN members countries plus Japan, China, and South Korea) Finance Ministers' and Central Bank Governors' Meeting. The framework provides regional support under the leadership of the Asian Development Bank (ADB) for enactment of laws and regulations, infrastructure development, bond issuance, and demand stimulus, as well as country-specific support under the jurisdiction of the ASEAN Secretariat.

DIR used these types of country-specific support programs to provide technical support to bond markets in the Philippines, Indonesia, and Myanmar in succession in collaboration with Group companies and other companies as necessary since 2004. And in all countries, the support recipients are governmental agencies such as relevant ministries and agencies, central banks, and supervisory authorities. To date, DIR has set topics suited to the development phase of each country based on discussions and consultations with executives and practitioners of government agencies in the various countries, such as the establishment of legal systems, construction of issuance and secondary markets, and the development of bond investment products, and has also provided knowledge and expertise and proposed schemes. Pursuant to a contract from the Japan International Cooperation Agency (JICA), DIR conducted a feasibility study of a project bond to provide funds to public infrastructure in the Philippines and proposed measures for future market activation.

These contributions to the development and fostering of bond markets in Asian countries facilitate the circulation of necessary funds from entities that have excess funds to those that lack of funds, and from monetary and fiscal perspectives, they are activities that can contribute to achieving the SDGs by solving social issues. DIR is committed to continuing these initiatives in the future.

Environmental Initiatives

Others

Corporate Governance

Corporate Governance Report [PDF:1431KB]

Basic Views on Corporate Governance

Daiwa Securities Group Inc. practices group management based on a holding company structure, establishes a highly transparent and objective governance structure that conforms international standards, realizes highly efficient oversight of group companies and builds a unified group management system that elicits synergies among group companies.

The Company has adopted a company with Three Committees system (a company with nominating committee, etc.) as an institutional design in order to supervise management through the following (1) and (2).

- (1) Making swift and decisive decisions by having the Board of Directors assign wide-ranging authority to Corporate Executive Officers and clarifying the division of the duties among Corporate Executive Officers
- (2) 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 the members

Furthermore, the Company proactively addresses corporate social responsibility activities in order to obtain trust from all of the stakeholders. There are indeed various aspects to corporate social responsibility, such as providing superior products, services, and sincere responses to customers; returning profits appropriately and disclosing information to shareholders; measures for labor environment and evaluation of the employees; establishing legal compliance and corporate ethics; environmental management; as well as social contribution.

The Company believes that these approaches, together with a strengthened corporate governance system which emphasizes transparency, mobility and efficiency will lead to the sustainable improvement of the corporate value.

Corporate Governance Guidelines

The Company's Corporate Governance Guidelines define the basic framework and policies of the Daiwa Securities Group's corporate governance.

Corporate Governance Guidelines
(as of April 1, 2021) Complete Text<Japanese>

Corporate Governance System

The corporate governance system of the Company consists of the Board of Directors and the Three Committees (Nominating Committee, Audit Committee, and Compensation Committee) as a supervising body, Outside Director's Committee as a subcommittee of the Board of Directors, Executive Management Committee and its subcommittees (Group Risk Management Committee, Group Compliance Committee, Disclosure Committee, Group IT Strategy Committee, and Overseas Management Committee) as an executive body, and Group Internal Audit Committee, which is in direct control of the CEO as an internal audit body.

Corporate Governance System at Daiwa Securities Group (as of June 23, 2021)



Major Initiatives in Corporate Governance

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History of Daiwa's Corporate Governance

June 1998	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置				
June 2002	Elected outside directors				
	Shortened directors' terms of office from two years to one year				
July 2003	Established the Internal Audit Committee				
June 2004	Shifted to a Committee system (currently, a Company with Three Committees system)				
October 2015	Complied with the Corporate Governance Code				
	Established the Outside Director's Committee				
April 2017	Appointed outside directors as chairpersons of all three committees				
June 2020	Adopted structure in which majority of directors are non-executive directors				

The Group discloses its state of compliance with the Corporate Governance Code via corporate governance reports.

Board of Directors

Role and responsibility

The Board of Directors determine core management matters such as basic management policy, matters related to appointment and dismissal of Corporate Executive Officers (Shikkoyaku), division of duties, command system, etc., internal control systems and risk management systems.

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 (Shikkoyaku) as much as possible.

In addition, by supervising the execution of duties of the Directors and the Corporate Executive Officers (Shikkoyaku), the Company aims to ensure the fairness and transparency of the Group management and to achieve sustainable growth and maximization of corporate value over the medium to long term based on the corporate philosophy.

The Board of Directors convenes at least once every three months; in FY2020, it convened 12 times.

Composition

The Board of Directors, in which a Board Chairman served as a chairman, consists of all Directors, of which between three and 20. In order for the Board of Directors to exercise the supervisory function over the management more appropriately, two or more and one-third or more of the members of the Board of Directors shall be independent Outside Directors with a high degree of expertise and a sense of ethics.

As a general rule, the majority of Directors do not concurrently serve as Corporate Executive Officers (Shikkoyaku). Regarding the personnel composition of the Board of Directors, the Company endeavors to ensure a balance of knowledge, experience and abilities, and diversity including gender, internationality, etc. The Company aims to increase the ratio of female Directors to 30% or more by 2030.

Following the June 2021 Shareholders Meeting, the Board of Directors consists of 14 members, seven of whom are Outside Directors—one more than in FY2020—and four of whom are female. Of its seven Internal Directors, five concurrently serve as Corporate Executive Officers (Shikkoyaku).

The members of the Board of Directors and their status of attendance in FY2020

In FY2020, all Internal and Outside Directors attended 100% of Board of Directors' meetings.

Takashi Hibino (Chairman of the Board)	12/12
Seiji Nakata	12/12
Toshihiro Matsui	12/12
Keiko Tashiro	12/12
Akihiko Ogino	9/9*
Sachiko Hanaoka	12/12
Hiromasa Kawashima	9/9*
Michiaki Ogasawara (Outside Director)	12/12

Others

Our Strategy for Initiatives the Achieving SDGs Business Ac	3			
Hirotaka Takeuchi (Outside Director)	12/12			
Ikuo Nishikawa (Outside Director)	12/12			
Eriko Kawai (Outside Director)	12/12			
Katsuyuki Nishikawa (Outside Director)	12/12			
Toshio Iwamoto (Outside Director)	9/9*			
Yumiko Murakami (Outside Director)	new appointment			

^{*}Attendance rates for the nine meetings held following their appointment as directors in June 2020

Supporting system

In order to provide support for the Board of Directors Secretariat and for Outside Directors, a Corporate Secretariat was established in April 2020.

Initiatives with

Our Stakeholders

Environmental

Initiatives

The Skill Matrices of Outside Directors



[&]quot;★" indicates chairperson

Others

Evaluating the Effectiveness of the Board of Directors

Every year since FY2014, the Group has evaluated the effectiveness of its Board of Directors, in order to clarify and rectify any issues, with the goal of improving its effectiveness.

The Company takes a survey for all of the Directors about the role and responsibility of the Board of Directors, its structure, its operating methods, and the state of its discussions. Based on the results of the survey, the Company implements the interview for them, and analyzes and evaluates the results of those interviews by expert organizations.

The results of the evaluation are reported to the Board of Directors and discussed by the directors in order to implement PDCA cycle. The Company endeavors to maintain and enhance the effectiveness of the Board of Directors using such PDCA cycle.

Response to Feedback from FY2019 Evaluations



1. Strengthening support for the Outside Directors

The Company strengthened its support for outside directors in a number of ways: it used Outside Directors' meetings—which were convened seven times in FY2020—and off-site meetings to hold discussions on diverse themes, and to encourage exchanges of opinions between the Outside Directors and their departments of responsibility; the Group also promoted information sharing among outside directors. In particular, the Company increased opportunities for discussing the new Medium-Term Management Plan, so that outside directors could participate from the earliest stages.

2. Strengthening Group governance

Reports regarding important risks taken by Group companies as well as governance of overseas branches were submitted to the Board of Directors, which verified key issues and responses to them.

3. Responses to and active discussions regarding important issues

Furthermore, the Group actively discussed "Customer First" operations, further promotion of SDG/ESG initiatives, DX (digital transformation), and potential risks related to the spread of COVID-19, etc.

Overview of the results of the Evaluations of the Effectiveness of the Board of Directors in FY2020



Regarding the evaluations of the effectiveness of the Board of Directors in FY2020, the Company evaluated the following items with reference to the advice of an external third-party organization And confirmed that the effectiveness is ensured.

Evaluation items:

- 1.Strategy and its execution
- 2. Risks and crisis management
- 3. Corporate culture
- 4. Performance monitoring
- 5. Investment and business alliance
- 6. Engagement with stakeholders
- 7. Composition and operation of the Board of Directors

Initiatives through Business Activities

Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Directors pointed out that it is necessary to strengthen monitoring of the new Medium-Term Management Plan and risks, and to discuss DX and SDGs/ESG.

Furthermore, there was an opinion that it is necessary to deepen the common understanding of the functions and roles of the Board of Directors and to further streamline the operation of the Board of Directors.

The Company will continuously endeavor to enhance the effectiveness of the Board of Directors to earn trust from various stakeholders and improve the corporate value sustainably.

Key Agenda Items for the Board of Directors in FY2020

Main agenda for the Board of	Directors in FY2020
Main items to be resolved	Formulating the new Medium-Term Management Plan (including the 2030 Vision), and reviewing the current Medium-Term Management Plan Management policies Formulating risk appetite statements (first and second-half), and corporate governance guidelines
Main items to be reported	Monitoring the state of discussions regarding both the new Medium-Term Management Plan and annual plans State of progress regarding adoption of "Customer First" operations Budget structure reforms Various types of risk monitoring Responses to COVID-19 Important new businesses, investments, and business partnerships; Group reorganization New personnel systems State of dialogue with shareholders and investors Response to and evaluation of SDGs and ESG

Nominating Committee

Role and responsibility

The Nominating Committee examines the composition of the Board of Directors and the basic idea of candidates for Director in consideration of corporate governance, and selection of candidates for Director, the succession plan for the CEO.

The meetings of the Nominating Committee are held once or more a year. In FY2020, there were six meetings in total.

Composition

Nominating Committee is chaired by an Outside Director, and consists of a total of seven members, of whom five are Outside Directors and two are Internal Directors.

Nominating Committee members

Chairperson Michiaki Ogasawara (Outside Director)

Members Takashi Hibino, Seiji Nakata, Hirotaka Takeuchi (Outside Director), Eriko Kawai (Outside Director), Katsuyuki Nishikawa (Outside Director), and Toshio Iwamoto (Outside Director)

Initiatives through Business Activities Initiatives for Supporting
Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Audit Committee

Role and responsibility

The Audit Committee is in charge of auditing the execution of duties by the Directors and Corporate Executive Officers (Shikkoyaku), 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.

Audit Committee members attend meetings of the Board of Directors, and Audit Committee members selected by Audit Committee attend the Executive Management Committee as well as other important meetings and have report hearings from Directors and employees to share the information with other Audit Committee members, in order for the Company to create an environment for the effective audit by the Audit Committee.

In principle, meetings of Audit Committee are held once a month. In FY2020, there were 15 meetings in total

Composition

The Audit Committee is chaired by an Outside Director, and consists of seven Directors who do not serve as Corporate Executive Officers (Shikkoyaku), of whom five are Outside Directors and two are full-time Internal Directors.

Audit Committee members

Chairperson Ikuo Nishikawa (Outside Director)

Members Sachiko Hanaoka, Hiromasa Kawashima, Michiaki Ogasawara (Outside Director), Eriko Kawai (Outside Director), Katsuyuki Nishikawa (Outside Director), and Yumiko Murakami (Outside Director)

Supporting system

The Audit & Supervisory Board Member's Office, which is not engaged in executive operations, provides support for the Audit Committee.

Audit Committee's Activities

The Daiwa Securities Group Inc. Audit Committee carries out auditing activities for duties executed by Directors and Corporate Executive Officers (Shikkoyaku) as part of the Group's corporate governance. In particular, it focuses on verifying the structure and operational status of internal control systems.

For example, in FY2020, the Audit Committee conducted hearings with employee unions and various divisions, including the Compliance Department and Sales Division. These hearings were designed to verify the Group's initiatives for practicing "Customer First" operations, which is a key issue in its audit policy. The Audit Committee members also visited sales branches. The Audit Committee visited the former Yokohama Station West Exit Branch*on December 10 and Shinjuku Branch on December 17, 2020 (some members took part via internet conferencing).

There, the committee exchanged opinions with branch managers, compliance managers, managing directors, managers, and sales employees regarding initiatives aimed at transitioning to "Customer First" operations; at Yokohama Station West Exit Branch, the Audit Committee also received explanations on the progress of office consolidation. These were valuable opportunities for the Audit Committee to hear at first hand the thoughts and diverse opinions of sales employees on various topics.

Going forward, the committee intends to deepen its understanding of Group operations, and continue its initiatives to strengthen the Group's corporate governance systems.

* The former Yokohama Station West Exit Branch has now been integrated into Yokohama Branch

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others



The Audit Committee inspects the sales floor of the former Yokohama Station West Exit Branch/figcaption>



The committee receives explanations from Shinjuku Branch sales employees

Compensation Committee

Role and responsibility

The Compensation Committee discusses issues related to Director remuneration policy and decisions upon individual remuneration, as well as the incentive plan of the Company group, to ensure the enhancement of consolidated earnings, etc. The specialized expertise of the Outside Directors is taken into consideration so that the Compensation Committee can plan, operate, and verify rational Remuneration system.

The meetings of the Compensation Committee held once or more a year. In FY2020 there were five meetings in total.

Composition

The Compensation Committee is chaired by an Outside Director, and consists of four Outside Directors including a chairman and two Internal Directors.

Compensation Committee members

Chairperson Hirotaka Takeuchi (Outside Director)

Members Takashi Hibino, Seiji Nakata, Ikuo Nishikawa (Outside Director), Toshio Iwamoto (Outside Director), and Yumiko Murakami (Outside Director)

Outside Director's Committee

The primary purpose of Outside Directors' Committee is sharing of information among the Outside Directors and aims to exchange their opinions on the issues including the contents of the proposal of the Board of Directors.

The meetings of the Committee are held once or more a year. In FY2020 there were seven meetings.

The Executive Management Committee

Role and responsibility

The Executive Management Committee deliberates and determine important business matters and the Company group's business strategy and the basic policy on the structural problems between the group companies.

In order to make the management decisions promptly, the Board of Directors delegated decision-making powers to the Executive Management Committee as much as possible. Furthermore, to have more expert deliberation, the Company established subcommittees each of which consists of certain Corporate Executive Officers (Shikkoyaku), etc.

Executive Management Committee is held once or more than once every three months. In FY2020, there were eighteen meetings in total.

Initiatives through Business Activities Initiatives for Supporting
Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Composition

The Executive Management Committee consists of all of 16 the Corporate Executive Officers.

Subcommittees

Group Risk Management Committee

Role and responsibility

Group Risk Management Committee deals with the group risk management system and the status of the risk of the Company group etc., deliberates and decides upon policy and concrete measures on risk management.

The meetings of the Group Risk Management Committee are held once or more than once every three months. In FY2020 there were ten meetings in total.

Composition

The CEO is the chairman of the committee, and the Committee consists of ten Corporate Executive Officers (Shikkoyaku) and one Executive Officer (Shikkoyakuin).

Group Compliance Committee

Role and responsibility

Group Compliance Committee deliberates and decides general policies and specific measures on the compliance with the laws and regulations, establishment of corporate ethics, internal control, etc. of the Company group.

The meetings of the Group Compliance Committee are held once or more than once every three months. In FY2020 there were four meetings in total.

Composition

The CEO is the chairman of the Committee, and the Committee consists of eleven Corporate Executive Officers (Shikkoyaku).

Disclosure Committee

Role and responsibility

Disclosure Committee is in charge of decision making regarding disclosure of the Company group's information on management, effectiveness and appropriateness of internal control report, the scope of consolidated financial reporting, etc. In principle, the meeting of the Committee are held before the quarterly earnings announcement, disclosure of a securities report or a quarterly report. Committee meetings are also held from time to time when certain important matters to be disclosed occur. In FY2020, there were sixteen meetings in total.

Composition

In principle, the chairman of the Committee is CFO, and the Committee consists of seven Corporate Executive Officers (Shikkoyaku), who are in charge of the sections which have close relations to the above decision making and who have jurisdiction over such section and one other member, a total of eight members.

Environmental Initiatives

Others

Group IT Strategy Committee

Role and responsibility

Group IT Strategy Committee deliberates and decides to integrate management strategy and IT strategy, enhance speed of the decision-making related to IT investment and improve IT investment efficiency.

In principle, the meetings of the Group IT Strategy Committee are held once every six months in principle. In FY2020 there were two meetings in total.

Composition

The CEO is the chairman of the Committee, and the Committee consists of six Corporate Executive Officers (Shikkoyaku) and four Executive Officer (Shikkoyakuin), a total of ten members.

Overseas Management Committee

Role and responsibility

The Company established the Overseas Management Committee as a deliberative and decision-making body for the management administration of overseas subsidiaries, etc. and other related matters.

The meetings of the Committee are held once or more than once every three months. In FY2020 there were six meetings in total.

Composition

The CEO is the chairman of the Committee, The Committee consists of thirteen Corporate Executive Officers (Shikkoyaku), eight Executive Officers (Shikkoyakuin) and two Senior Managing Director (Sanyo), a total of twenty three members.

Group Internal Audit Committee

Role and responsibility

Group Internal Audit Committee deliberates and determines various matters of the business of the Company group related to the development of the internal audit system and verification of internal controls to secure suitability and effectiveness of the Group's business operations, internal audit system and internal control.

The meeting of the Group Internal Audit Committee are held once or more than once every three months. In FY2020 there were six meetings in total.

Composition

The CEO is the chairman of the Committee, and the Committee consists of twelve Corporate Executive Officers (Shikkoyaku).

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Preventing Conflict-of-Interest Transactions between Group Companies

Conflict-of-interest transactions can occur between Daiwa Securities Group Inc. and Group companies in situations such as intra-Group transactions. Daiwa Securities Group applies rules regarding conflicts of interest stipulated by Japan's Companies Act to the Executive Management Committee as well as the Board of Directors. Conflicts of interest between Daiwa Securities Group Inc. and Group companies are appropriately prevented through a rule prohibiting an executive officer from voting when he or she concurrently serves as an officer of an interested Group company and thus has a special interest in a matter to be decided.

Executive Compensation that is Closely Linked to Performance

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

Environmental Initiatives

Others

Policies on Determination of Remuneration of Directors and Corporate Executive Officers

Compensation for Directors and Corporate Executive Officers is based on the following fundamental policies.

- To create effective incentives, which contribute to the increase of shareholders' value through sound business development and also lead to the improvement of business performance in the short-term and in the medium/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 operate effectively as a company with a nominating committee, etc.

Remuneration of Directors and Corporate Executive Officers consists of base remuneration, Performance-linked remuneration and Stock-linked remuneration, and determined at the Compensation Committee which are specifically as below.

Base remuneration

· A fixed amount calculated based on his/her position, duties and role, and paid monthly and in cash.

Performance-linked remuneration

- Determined depending on the level of individual contribution, mainly on the basis of consolidated ROE and consolidated
 ordinary income, which are set 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 the other relevant
 factors and provided at a certain time every year.
- A certain limit is set on Performance-linked remuneration to be paid in cash based on business performance. If Performance-linked remuneration exceeds the limit, the exceeded amount will be paid in restricted stock instead of cash.
- It does not apply to Directors who do not serve as Corporate Executive Officers.

• Stock-linked remuneration

- To increase the link between remuneration and shareholders' value, the Company grants, as Stock-linked remuneration, restricted stock, etc., the value of which corresponds to a certain percentage of base remuneration as non-monetary remuneration at a certain time every year.
- It does not apply to Outside Directors.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Performance-linked remuneration

The Company refers to KPIs, which are set as the Group numerical goals in the Medium-Term Management Plan "Passion for the Best" 2023 to calculate Performance-linked remuneration.

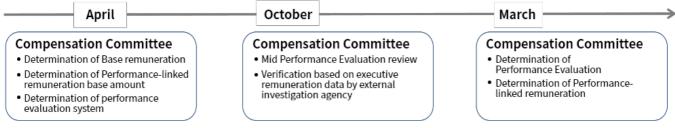
The performance evaluations used for calculating Performance-linked remuneration reflects the Financial Performance Evaluation, which is based on Performance KPIs (a subset of Financial KPIs), and Quality Evaluation that comprehensively evaluates the KPIs of each strategic target. The Financial Performance Evaluation and the Quality Evaluation are determined by the Compensation Committee.

Performance-linked remuneration is calculated by multiplying the reference amount determined for each position and the Performance Evaluation and reflecting the degree of individual contribution. The same calculation formula is applied to all positions for Performance Evaluation.

Procedures to Determine Executive Compensation

The Articles of Incorporation stipulate that the remuneration, etc., of the Directors and Corporate Executive Officers (Shikkoyaku) is determined by the resolution of Compensation Committee.

In determining the amount of remuneration, it is calculated based on the indicators determined by Compensation Committee, majority of which is held by Outside Director to secure the transparency.



^{*}In addition to above, Compensation Committee is held from time to time.

Internal Control System and Internal Audit

The Company group has created management structure centered on the Company with regard to the group's various main risks, and seeks to ensure compliance with the laws and regulations regarding the effectiveness and efficiency of operations, the reliability of the finance report and the business operations, and the preservation of assets, etc. This is based on the recognition that the maintenance of the internal control system to accomplish the sound and appropriate operation is the responsibility of the manager.

The Internal Audit Department verifies the effectiveness of the system.

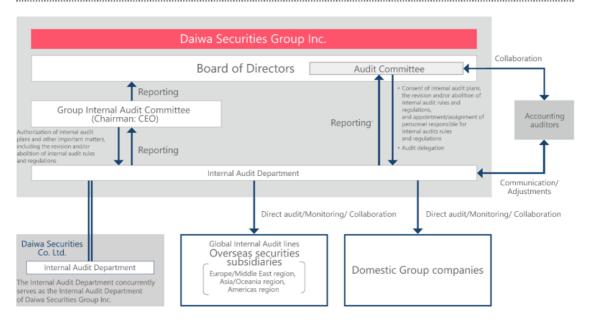
Based on the recognition that instalment of a sound and efficient internal audit system enhances the value of the Company group, and having concluded that the internal audit plays an important role in such a system, the Company has positioned a full-time Internal Audit Corporate Executive Officer (Shikkoyaku) in charge, and has Internal Audit Department, which is independent from other sections, examine the internal control system.

By conducting effective audits on a risk basis, the Department strives to enhance the Group's corporate value.

Examples of aspects of the Group's business activities to which the Internal Audit Department pays special attention

- The internal control systems at Daiwa Securities and its overseas offices as global financial instruments business operators
- The status of businesses at Group companies, and the status of control over Group companies by the holding company

Internal Auditing System Diagram of Daiwa Securities Group



Authorization of Plans and Reporting of Results

Internal audit plans are subject to approval by and results of the audits are presented to the Group Internal Audit Committee. Furthermore, internal audit plans shall be consented by the Audit Committee or Selected Committee Member who has been given certain authority from the Audit Committee, and the results of the audits are also reported to the Audit Committee. Reports to the Group Internal Audit Committee are not limited to the audit results conducted at Daiwa Securities Group Inc. and Daiwa Securities Co. Ltd. They also include highly important findings made during audits conducted on companies in Japan and overseas.

Collaboration with Parties Inside and Outside the Group and Improvement of System

The Internal Audit Department collaborates with the internal auditing divisions of Group companies in Japan and overseas through periodic meetings, monitoring, and audits.

The Internal Audit Department maintains communications with the Audit Committee and accounting auditor, making any necessary adjustments to ensure that audits are performed efficiently. The Department also sometimes receives audit requests from the Audit Committee. The degree to which these internal auditing activities satisfy the Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing," the global standard for internal auditing, is routinely evaluated by independent outside third parties. The Group thus strives to constantly improve its system.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Compliance

Daiwa Securities Group has four corporate principles. They are "building trust," "placing importance on personnel," "contributing to society," and "maintaining healthy earnings results." The Group believes that compliance is a significant element for achieving these principles. The goal of the Group's compliance activities is not merely to "comply with laws and regulations," but to earn the trust of customers, markets, society, and stakeholders.

Compliance System

The compliance division of Daiwa Securities Group consists of the Compliance Control Department and the Compliance Department. The former is mainly responsible for overall compliance planning and formulation and also plays a role as a gatekeeper to the market. The latter is tasked with providing support to sales branches and headquarters departments and divisions. The two collaborate to build a compliance system, working concurrently for Daiwa Securities Group Inc. and its subsidiary Daiwa Securities.

At Daiwa Securities Group, the compliance system focuses on three key issues: securing the fairness and transparency of the market, eliminating any relations with anti-social forces (including countermeasures against money laundering and funding of terrorism), and maintaining information security. With these issues in mind, it supports Daiwa Securities and other Group companies.

At Daiwa Securities, the Compliance Department monitors transactions and solicitation by sales branches, identifies challenges and issues, and visits sales branches to check their business status and provide instructions. The department also regularly conducts on-site inspections. Moreover, it visits the work sites of headquarters departments and divisions directly, identifying issues and providing training support. In providing instructions and support, the department uses online tools when instructions and support are difficult to provide face-to-face due to the COVID-19 pandemic. The Customer Counseling Center, established within the Compliance Department, comprehensively handles customer feedback and complaints and reflects them in the business to improve customer satisfaction.

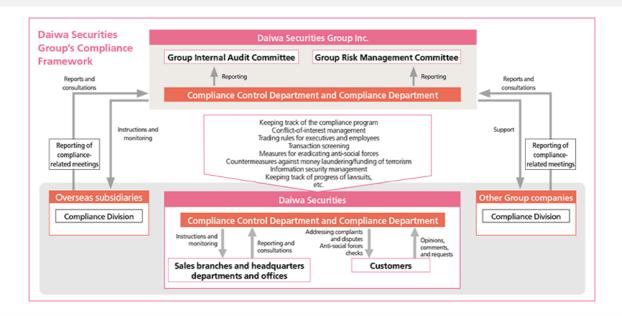
One of Daiwa Securities' strengths lies in its stationing of full-time internal administrators belonging to the Compliance Department at all sales branches. The internal administrators work on improving the effectiveness of the PDCA cycle (plan, do, check, act) at each sales branch as compliance managers. They also cooperate closely with the Compliance Department in an effort to build a solid compliance system.

Staff members in the compliance division—the Compliance Control Department, the Compliance Department, and internal administrators at sales branches—total approximately 250 as of April 1, 2021. They are striving to strengthen Daiwa Securities Group's compliance system.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others



Full Implementation of "Customer-First"

Daiwa Securities is taking measures in line with the compliance program to ensure the effective operation of our internal control system and strict compliance of our sales activities with laws and regulations. For FY2021, we set up the pillars outlined below, maintaining "Customer-First" as the keyword, as in the previous fiscal year.

- 1. Full implementation of "Customer-First Operations"—pursuit of the greatest benefit to customers
- 2. Reinforcement of countermeasures against money laundering/funding of terrorism
- 3. Exercising of proper functions as a gatekeeper to the market
- 4. Creation of firm information management systems
- 5. Strengthening of compliance systems of overseas worksites

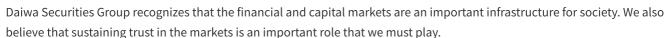
Daiwa Securities markets various financial products, including stocks and investment trusts. When soliciting investment from customers, we ensure compliance with the principles of integrity and fairness, suitability, and self-responsibility, from the perspective of investor protection. We have adopted the practice of systematically providing continuous and thorough after-sale follow-ups, rather than leaving it to individual sales staff, especially when the market is trending downward. We believe that providing thorough, face-to-face explanations to customers and maintaining customer trust and a sense of security at times of market fluctuations are part of the practice of Customer-First for Daiwa Securities as a marketer of financial products. We will continue stepping up such initiatives going forward.

Initiatives through Business Activities Initiatives for Supporting
Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Daiwa Securities Group's Customer and Client Inspection System



For example, to maintain trust, it is important for financial institutions, such as Daiwa Securities Group, to eradicate anti-social forces in response to particularly strong social demands in Japan. Internationally, it is also important to prevent the use of the financial and capital markets by terrorists, organized criminal groups engaged in money laundering and other crimes, as well as organizations and individuals designated by international institutions. For this reason, Daiwa Securities Group has put in place a structure to inspect new and existing customers and clients

- 1. We undertake the following procedures for all customers opening a new account with Daiwa Securities.
 - (1) Screening using our own database constructed using information obtained from news reports, the Internet, and other sources
 - (2) Screening using databases provided by public and other institutions
 - (3) Utilization of overseas information provided by information vendors and other sources
- 2. We regularly check for matters of concern related to existing customers and conduct further investigation if necessary. When a problem is identified, we promptly terminate or exclude trading.
- **3.** We strive to obtain the latest information in collaboration with the police, the bar association, and other external organizations aimed at eradicating anti-social forces.
- **4.** We conduct training for executives and employees at our Group companies every year. The training is designed to raise their awareness of the importance of eradicating anti-social forces and countermeasures against money laundering and the provision of funds to support terrorism, as well as to share knowledge of the latest laws and regulations, and relevant cases.
- 5. When entering into new transactions with external service providers and other businesses, we check in advance whether or not such parties are anti-social forces. We conduct similar checks every year for existing clients as well to see whether there are any changes to the situation.

In particular, the importance of countermeasures against money laundering and the provision of funds to support terrorism has grown worldwide. This has increased the need for implementing an effective structure based on a risk-based approach to prevent such acts from occurring. We will work on reinforcement of our structure as an important management issue to ensure that Daiwa Securities Group is not used for money laundering or funding terrorism.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Securing the Fairness and Transparency of the Market

Daiwa Securities Group is working to secure the fairness and transparency of the market from two standpoints. These are how to check and prevent illicit transactions by investors and by Daiwa Securities itself. To prevent illegal transactions by investors, Daiwa Securities checks daily transactions by extracting deals that go beyond certain criteria, such as whether they have an excessive impact on the market. In particular, in order to prevent insider trading from occurring, we ask about customers' place of employment and positions within their companies before registering their information. This practice allows us to check transactions as soon as trading orders are placed by customers who are in a position to acquire internal information. We also check the past transactions conducted with us retroactively when timely disclosure is made of important information.

To prevent illicit transactions by Daiwa Securities itself, we strictly manage not just material facts of listed companies but also broader information related to corporations in a similar way for both proprietary trading and trading by executives and employees.

We have also introduced a system for managing corporation-related information, keeping track of people obtaining information and where information has been sent. Through these efforts, we have developed a structure for preventing illegal transactions.

Preventing Conflict-of-Interest Transactions between Group Companies

Conflict-of-interest transactions can occur between Daiwa Securities Group Inc. and Group companies in situations such as intra-Group transactions. Daiwa Securities Group applies rules regarding conflicts of interest stipulated by Japan's Companies Act to the Executive Management Committee as well as the Board of Directors. Conflicts of interest between Daiwa Securities Group Inc. and Group companies are appropriately prevented through a rule prohibiting an executive officer from voting when he or she concurrently serves as an officer of an interested Group company and thus has a special interest in a matter to be decided.

Fostering Compliance Awareness

Daiwa Securities Group considers it extremely important for each employee to always maintain a high level of compliance awareness. We have therefore adopted a compliance-related program in training for new employees and a number of other internal training courses. We also give tests on compliance regularly through e-learning. At Daiwa Securities, we post a "Personal Information Check Test" and "Compliance Digest" every Monday on our intranet and also broadcast compliance-related content about 10 times a year in our internal TV program which is aired every morning. Moreover, at Daiwa Securities' sales branches, the branch chief and the internal administrator lead an initiative to provide training and instructions suited to each workplace on a daily basis. The branch chief also chairs a monthly compliance meeting in which all branch members participate. We have thus implemented various systems to keep the compliance awareness of all employees at a high level, and continue to foster awareness among employees.

Structure and Achievements of Whistleblowing System (Corporate Ethics Hotline)

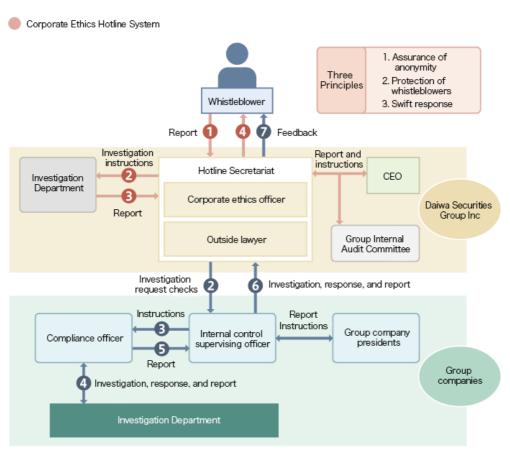
Since January 2003, the Group has operated a Corporate Ethics Hotline for all executives and employees, including those working at affiliated companies and temporary workers; the hotline enables employees to report problems in the workplace directly to Daiwa Securities Group Inc. corporate ethics officers or to outside lawyers.

The hotline's primarily goal is the early detection and prevention of behavior that risks damaging the Group's corporate value. This includes violations of the Financial Instruments and Exchange Act and other laws, rules, and regulations.

The hotline enables anonymous reporting; Group executives and employees are forbidden to retaliate or cause detriment of any kind (dismissal, demotion, pay cuts, cancellation of worker dispatch contracts, replacement, etc.) in relation to reports by whistleblowers.

Group regulations also provide for the protection of whistleblowers, forbidding Group executives and employees from asking people who have information on whistleblowers to disclose such information, and from identifying callers or searching for any other information about them in relation to reports. Email reports are accepted 24 hours a day, 365 days a year.

When the hotline is contacted, the corporate ethics officer, in cooperation with the internal control officers at each Group company, carries out a factfinding investigation, while taking steps to protect the caller. In FY2020, 57 reports were received through the whistleblowing system.



*(2) to (7) above only take place following requests from a Daiwa Securities Group Inc. Corporate Ethics Officer

Environmental Initiatives

Others

Matters to be reported

All behavior that risks damaging the Group's corporate value, including the behavior outlined below:

- Harassment (bullying, power harassment, sexual harassment, maternity harassment, etc.) and other human rights violations
- Compliance violations (internal rule violations, information management violations, corruption and bribery including excessive rewards or entertainments, violations of the Financial Instruments and Exchange Act and other laws, rules, and regulations, etc.)
- Behavior related to workplace environments
- Behavior related to etiquette and manners
- Behavior related to expenses and costs
- Behavior related to labor management (time management, etc.)

Etc.

Number and breakdown of reports to Corporate Ethics Hotline (FY2020)

Matter	Number	Percentage	
Power harassment	27	47%	
Internal rule violations	9	16%	
Workplace environments	9	16%	
Law violations	6	11%	
Etiquette and manners	3	5%	
Sexual harassment	2	3%	
Expenses and costs	1	2%	

The Group seeks to ensure that anyone can use the Corporate Ethics Hotline without hesitation. To this end, it is working to raise awareness of the hotline via the Group newsletter and intranet, and making efforts to respond quickly when reports are received.

The Group is also taking steps to improve the hotline so that it operates not just as a measure to solve problems, but also as an effective deterrent to prevent problems before they occur.



Use of the intranet to increase employee awareness

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Important Issues for FY2021 and Beyond

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We will continue with our initiatives toward the full implementation of "Customer-First Operations." At the same time, we will continue to reinforce our countermeasures against money laundering and funding of terrorism as a challenge for particular focus in FY2021. It is imperative that we comply with set rules, but we consider that the goal of our initiatives should not only be to achieve such adherence. Compliance is a common theme that must be addressed by the entire securities industry and it is also a matter of trust in the industry as a whole. We will therefore exchange information with industry peers and proceed with measures while sharing good practices with each other. Daiwa Securities Group will strive to strengthen compliance as a leading company in the industry going forward, and will make efforts to contribute to enhancing trust in the entire securities industry.

Information Security

We at Daiwa Securities Group have implemented numerous information security measures to protect personal information entrusted to us by customers in a safe and precise manner.

In many personal information leakage incidents arising in recent years, leakage has occurred at third parties to which operations have been entrusted. Accordingly, at the time of and after signing an outsourcing contract with a third party, we thoroughly check the information management structure of the party. We also conduct on-site visits before outsourcing to examine the business practices of the potential outsourcing contractor.

Following the enforcement of the My Number Act (the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures) in October 2015, we now ask customers to provide us with their Individual Numbers. We have controlled access to information entrusted to us by customers, including Individual Numbers, by isolating such information physically and managing it with extra care. No matter how much information is systematized, there always remains a human element. To ensure that a mistake does not occur, we focus on training for sales personnel to recognize the importance of information management, while keeping the number of employees authorized to access personal information at the minimum level necessary. Daiwa Securities also in principle bans employees from taking personal information out of the company. When it is absolutely necessary to take information out for business purposes, we require employees to obtain prior approval from an internal administrator or other superior and to keep records of removal and return, thereby strictly managing such information. Similarly, we strictly manage removal of personal information using emails and external storage media, while constantly monitoring whether there is any unauthorized use. Moreover, since some of the documents received from customers are paper-based, we prepare special storage files to avoid the risk of losing documents within

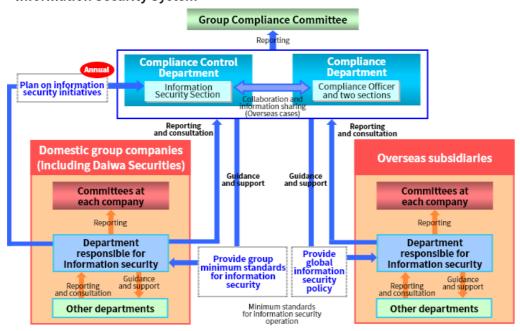
In addition, we have developed and implemented a reporting flow in the event that an information leakage incident occurs. Based on this flow, the department where the incident occurred immediately shares the incident with the information security administrator and reports to the department with responsibility for information management. The incident is then reported to the management, including the officer who takes charge of overseeing information security.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Information Security System



Policy on Personal Information Protection and Security

Daiwa Securities Group considers that personal information is an important asset of individuals. We recognize that we have a heavy responsibility of appropriately protecting such information. Based on the Act on the Protection of Personal Information and other rules, we have established Privacy Policy, and comply with this Policy and the Group's other rules, along with relevant laws and regulations. Recognizing the importance of personal information, we strive to appropriately protect and use customers' personal information.

Under the idea that the variety of information that we handle in business is an important asset, we have also established a policy to protect important information assets from various threats and maintain information security, as well as an emergency response policy. We implement appropriate risk management to reduce and avoid various risks, including confidentiality risk, integrity risk, and availability risk associated with information assets.

Implementation of Risk Assessments and Audits Concerning Personal Information Protection

Daiwa Securities Group implements risk control self-assessments (RCSAs) as a framework for controlling operational risks. The RCSA is a process in which those who perform work identify, understand, and assess operational risks on their own, analyze those risks based on frequency of occurrence and impact, and evaluate and verify the efficacy of risk mitigation efforts. We implement RCSAs regularly at major Group companies and also conduct a risk assessment on the protection of personal information as part of the RCSAs. The assessment results are reported to the Group Risk Management Committee. In response to the assessment results, each company carries out self-inspections to reduce the risks identified during the RCSAs. For example, Daiwa Securities conducts a self-inspection every month in an effort to build a structure in which self-cleansing action operates at work sites.

The organization responsible for internal auditing at each company (the Internal Audit Department of Daiwa Securities Group Inc. for some Group companies) conducts audits periodically from the standpoint of the third line of defense to check whether such RCSA initiatives function properly. Checks on the information security system of Daiwa Securities' sales branches are conducted by the Inspection Section of the Compliance Department, which is the second line of defense, during inspections at sales branches.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Creation of Governance System Concerning Protection of Personal Information

Daiwa Securities Group has established operation standards for information security measures (Group minimum standards) for the purpose of appropriately controlling various risks pertaining to information assets, including personal information. Based on these operation standards, Group companies have developed rules on the protection and handling of personal information. In addition, we have appointed the executive officer overseeing the Compliance Control Department as Group Information Security Manager to maintain and control the information security of the entire Group. We also place an Information Security Manager at each Group company to maintain and control the information security of their own company.

The Information Security Managers at Group companies report to the Group Information Security Manager as appropriate regarding the information management structure of their companies. The compliance division provides support to Group companies to strengthen the Group's information management structure. The status of information management structures at Group companies and support provided to them are reported to the Group Compliance Committee. In this way, Daiwa Securities Group is working to strengthen the information management structure of the entire Group.

Training on Protection of Personal Information

Daiwa Securities Group provides a variety of training for all executives and employees to enable them to appropriately understand the handling of personal information and perform daily work based on relevant laws and regulations including the Act on the Protection of Personal Information, Group minimum standards for information security, and other related rules. We provide training programs according the position and years of employment of individuals, in addition to training for all employees, as the roles and knowledge required of each employee vary, depending on their situation and position. For example, we have programs for sales managers, internal administrators, and employees in their first to fifth year at the Group. We handle a broad range of topics in training. Major topics include "Daiwa Securities Group's Information Security System," "Occurrence Trends of Information Leakage Incidents," "Disciplinary Action against Unauthorized Removal of Information," "Prohibited Matters in Use of Information Devices for Business Purposes," "Important Points When Using Emails," "Use of Social Media," and "Developing Awareness of Information Security." Through such training, we appropriately inform and raise the awareness of all executives and employees about the importance of building an information management structure and implementing initiatives for the protection of personal information.

Policy on Incident Investigations and Responses

At Daiwa Securities Group, if an information leakage incident occurs or may occur, the department where the incident occurred or may occur immediately shares the incident with the information security administrator and reports to the department with responsibility for overseeing information security (the "Managing Department"). The incident is then shared with the Information Security Manager. Prioritizing the protection of customer information, the department where the incident occurred works to recover leaked information and informs the affected customers of the facts of the leakage under the instructions of the Managing Department. At the same time, the department also immediately conducts an investigation into the incident and implements other measures necessary to ascertain the cause of the incident and prevent it from recurring. The details of the investigation are reported to the Managing Department, which then informs all departments of the incident and issues a warning. In this way, we make Group-wide efforts to prevent recurrence.

Prevention of corruption

In line with the principles of the United Nations Global Compact, Daiwa Securities Group works to prevent corruption.

The Code of Ethics and Conduct, which guides the actions of officers and employees, stipulates that if corporate ethics and interests conflict with each other, corporate ethics should be prioritized and acts contrary to corporate ethics should never be performed. In addition, payment of any money or provision of convenience that is against the law is prohibited. Moreover, we prohibit the provision and receipt of economic benefits that may not be valid in the light of common wisdom, such as cash rewards and excessive entertainment. For entertainment, we apply and manage in accordance with management rules on entertainment, and we have set special precautions especially for entertainment with government officials including those from foreign governments.

In order to thoroughly prevent corruption, we carry out educational activities for employees, such as conducting ethics training based on the Code of Ethics and Conduct every year, and monitor the status of entertainment. Headquarters departments and offices have also incorporated the status of observance of management rules on entertainment into self-inspection items. Each department and office therefore inspects their practice voluntarily, and the results of inspections are checked by relevant departments and divisions. Officers in charge or relevant departments and divisions also monitor the use status of entertainment expenses at sales branches to confirm that such expenses are appropriately spent.

We have also built a structure that prevents the fraudulent granting of benefits at overseas offices by establishing internal rules that suit local laws and regulations.

In FY2020, Daiwa Securities Group did not have any serious matters of note such as violations of laws and regulations related to the prevention of corruption.

Others

Daiwa Securities Group Anti-Corruption Policy

Daiwa Securities Group Anti-Corruption Policy

The Daiwa Securities Group (the "Group") has established the following Anti-Corruption Policy based on its corporate philosophy. With high ethical standards, we strive to prevent corruption and ensure fair and sound relationships with all stakeholders including our customers with high ethical standards.

1 Prevention of corruption

The Group prohibits receiving and giving of any form of bribery. Also, the Group prohibits the receiving and giving of inappropriate entertainment, gift, facility, and other benefits that exceed acceptable limits under normal social conventions.

2 Management involvement

The management of the Group recognizes the importance of corporate ethics, sets a good model through its daily activities, and is responsible for preventing corruption.

3 Compliance with laws and regulations

The Group complies with anti-corruption laws and regulations and international treaties that apply in the jurisdictions where it does business. Relevant laws and regulations include the Unfair Competition Prevention Law (Japan), the Foreign Corrupt Practices Act (US), the Bribery Prevention Law (UK), the Commercial Bribery Regulations (China), and others.

4 Internal control

The Group appropriately prepares internal rules and other regulations regarding anti-corruption based on relevant laws and regulations. The Group regularly checks the operation and effectiveness of these internal rules to take necessary actions such as reviewing them.

5 Education / training

The Group provides all officers and employees with regular education and training on anti-corruption, such as the prohibition of bribery and raising awareness about the whistleblowing system.

6 Reporting / whistleblowing

The Group establishes a system for receiving reports or whistleblowing from officers and employees regarding activities that breach or might breach anti-corruption laws and regulations and internal rules and other regulations. The Group will thoroughly protect whistleblowers so that any officer or employee who reports will not be disadvantaged.

7 Dealing with breaches

If any officer or employee of the Group breaches relevant anti-corruption laws and regulations or internal rules, the Group will strictly apply the applicable sanction procedures based on internal rules.

8 Understanding and embedding the policy

All management and employees of the Group fully understand this policy and make annual attestation.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

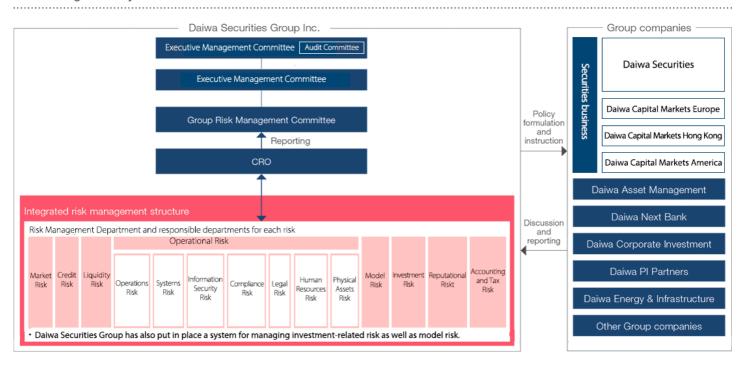
Risk Management

Daiwa Securities Group recognize the importance of identifying and evaluating the various risks associated with our business operations accurately, and controlling them effectively, while we pursues profitability and growth. We aim to maintain a sound financial base and profit structure by properly balancing risks and returns and appropriately control not only short-term risks but also risks that are likely to appear in the medium- to long-term, such as climate change risk. By doing so, we seek to achieve sustainable improvement in corporate value.

Response to the TCFD

Risk management system

Risk Management System



To manage risks for the entire Group based on its RAF, the Board of Directors of Daiwa Securities Group Inc. has approved the Risk Appetite Statement (RAS), which expresses the RAF in writing, and the Rules for Risk Management. The rules mainly define basic policies related to risk management, the types of risks that need to be managed, and the responsible executives and departments for each major risk. Based on the RAS and the Rules for Risk Management, the Board of Directors and the Audit Committee oversee risk management for the entire Group. In order to establish an effective risk governance system, we have created a Guideline for Three Lines of Defense and maintain a comprehensive structure for risk management.

Others

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

- 1. Management's proactive involvement of management 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 of the Group companies conducts risk management suited to the risk profile and size of each business in accordance with the basic policies related to risk management. The Risk Management Department and responsible departments for each risk within Daiwa Securities Group Inc. 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 as necessary. The CRO gives directions to address the risk management system, risk status, and other issues for each company, verifies the effects of risk management systems, and conducts reviews if necessary according to the business scale and characteristics and risk status of each company. The risk status and other issues of Group companies are reported to the Group Risk Management Committee, which is a subcommittee of the Executive Management Committee of Daiwa Securities Group Inc. The committee deliberates and decides on policies on risk management and specific measures. The Board of Directors verifies the effects of risk management systems through deliberation and decisions on RAF-related matters. In addition, major Group companies regularly hold risk management meetings in order to strengthen their risk management systems.

Types of Risks to Be Managed / Managing Major Risks

Daiwa Securities Group faces various risks in the course of its business activities. The Group therefore believes that it is important to identify these based on business characteristics and risk profiles, and appropriately evaluate and manage those risks in order to maintain a sound financial base and earnings structure.

The Group utilizes its own accounts to temporarily hold product positions for sales purposes and to provide products to customers. Accordingly, the Group is subject to various risks, such as market risk due to market fluctuations and ineffective hedging, foreign currency and other liquidity risk, credit risk related to counterparties and issuers, operational risk that naturally occurs through the execution of business, and model risk resulting from using models for decision making. In addition, following the implementation of growth investment based on hybrid strategies, investment risk occurs as a result of deterioration in the business performance and credit status of investee companies, and changes in the market environment. Therefore, the Group utilizes stress tests*1 and top risk management*2 to manage risk on an integrated basis, including measuring the impact on capital and liquidity within the Group from a forward-looking perspective.



Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

- *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. Top risk management is used to select and manage those risk events that stand to have a significant impact on the Group, in the event that such risks should emerge, as top risks

(1) Market risk management



Market risk refers to the risk of incurring losses due to market fluctuations, which affect the value of stock prices, interest rates, foreign exchange rates, and commodity prices. In terms of the Group's trading business, by providing market liquidity the Group acquires compensation while at the same time taking on market risk through the holding of a certain amount of financial assets. The Group implements suitable hedges to curtail fluctuations in profits and losses. However, as hedges may fail to function effectively in times of stress, the Group sets limits on Value at Risk (VaR)*1 and loss estimates under various types of stress test*2 to ensure that they are within the scope of equity capital after taking into consideration financial conditions and such factors as the business plans and budgets of subject departments. The Group also sets limits on such facets as position and sensitivity.

The departments in charge of the Group's trading services calculate positions and sensitivity for the purpose of assessing their own market risk, and monitor such. Meanwhile, risk management departments also monitor the status of market risk, confirm whether risk falls within the established limits, and report on such to management on a daily basis.

- *1. Value at Risk (VaR) represents the maximum possible loss of a given trading portfolio with a given probability over a given time horizon.
- *2. Stress tests are used to calculate the Group's maximum losses based on scenarios of the most significant market fluctuations of the past and due to scenarios based on hypothetical risk events.

Daiwa Securities Group (Consolidated) Value at Risk

Range and Assumption of VaR

- Scope: Trading accounts
- Confidence level: 99% (one-side test), Holding period: 1 day
- Adjusted for price correlation between products

(Billions of yen)

	19/6	19/9	19/12	20/3	20/6	20/9	20/12	21/3
VaR (Month-end)	1.33	1.42	0.94	1.22	0.99	1.21	1.20	1.18
Quarter								
High	1.68	1.55	1.61	1.77	1.43	1.43	1.89	1.62
Low	0.74	1.02	0.94	0.87	0.75	0.90	0.94	1.05
Average	1.18	1.27	1.28	1.18	1.08	1.11	1.35	1.35
By risk factor (Month-end)								
Equity	0.38	0.39	0.34	0.19	0.21	0.33	0.37	0.40

Initiatives through Business Activities

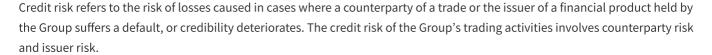
Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

(Billions of yen)

	19/6	19/9	19/12	20/3	20/6	20/9	20/12	21/3
Interest	1.16	1.35	1.21	1.12	1.25	0.97	1.16	1.22
Currency	0.21	0.24	0.20	0.20	1.25	0.29	0.41	0.31
Commodities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(2) Credit risk management



When the Group provides products and engages in asset management and investments, there exists a risk that its exposure to various products and transactions could be concentrated on specific counterparty groups. If the credit situation at such counterparty groups should worsen, large-scale losses could be generated. For this reason, the Group sets limits on its total exposure to individual counterparty groups and monitors this exposure regularly.

Supplier risk

The Group sets an upper limit on the amount of credit that can be accepted for a trading partner group and monitors it regularly.

Issuer risk

We also monitor the amount of credit risk of the issuers of financial instruments held as a result of our market making activities.

(3) Liquidity risk management

Liquidity risk refers to the risk of suffering losses due to cash management difficulties or having to finance at markedly higher costs than usual as a result of a change in market conditions or a deterioration of Group companies' finance.

Initiatives through Business Activities

Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Basic Policy on Fund Procurement

The Group conducts securities-related operations using a variety of financial assets and liabilities, and makes investments and loans that contribute to providing new value as an integrated securities group with a hybrid business model. In order to prevent market fluctuations from affecting the continuation of our business activities, the Group is constantly striving to secure the stability of fund procurement. Additionally, with the anticipation that financial crises may make it difficult to procure new funds and reacquire existing funds, the Group diversifies repayment periods and fund sources.

Liquidity management system using Liquidity Management Indicators

Daiwa Securities Group Inc. has established a liquidity management system that utilizes the regulatory consolidated liquidity coverage ratio as well as its own liquidity management indicators.

The Group performs daily checks to ascertain that the liquidity portfolios in place are sufficient to cover the repayment of unsecured short-term funds due within a certain time period as well as the estimated outflow of funds under stress in an appropriate time frame—here a number of stress scenarios are adopted. These efforts are made to ensure the Group can continue its business operations even when it becomes impossible to procure funds without collateral for a whole year.

Contingency Funding Plan

The Group recognizes the emergence of liquidity risks can have a direct impact that leads to the business failure of a financial institution. Accordingly, Daiwa Securities Group has put in place a contingency funding plan that predefines the required response methods, roles and authorities, and procedures, among others, in order to ensure that the Group responds appropriately as a unified entity at the time of a liquidity crisis. This plan states the basic policy concerning the reporting lines depending upon the urgency of stress internally originated, including a credit crunch, and externally originated including an abrupt change in the market environment, and the method of raising capital. The contingency plan enables the Group to prepare a system for securing liquidity through a swift response.

(4) Operational risk management

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Operational risk is the risk of losses that occur when internal processes, people, and systems do not perform adequately or do not function; it can also arise from external events.

Definitions of Principal Operational Risks

Туре	Definition
Operations Risk	The risk of suffering losses due to the neglect of proper operations by employees and executives or due to accidents or impropriety
Systems Risk	The risk of suffering losses due to computer systems going down, malfunctioning, or experiencing system inadequacies, and the risk of suffering losses due to the inappropriate use of computers

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Туре	Definition
Information Security Risk	The risk that a threat to information assets could materialize, preventing information security (confidentiality, completeness, or continued availability) from being assured
Compliance Risk	The risk of suffering losses due to the failure of employees and executives to comply with corporate ethics or laws and regulations, and the risk of suffering losses due to lawsuits with customers and other parties in Japan
Legal Risk	The risk of suffering losses due to the inappropriate conclusion of contracts, breaches of contract, or lawsuits with customers or other parties in relation to overseas offices
Human Resources Risk	The risk of suffering losses due to problems in labor management or from the standpoint of workplace safety, and the risk of being unable to secure necessary human resources
Tangible Fixed Asset Risk	The risk of suffering losses due to damage to tangible fixed assets as the result of natural disasters or external factors, or to negligence on the part of executives and employees

The Group classifies operational risks into the seven categories listed in the above table and monitors them by assigning departments responsible for individual risks. As the Group's business becomes more sophisticated, diversified, and systemized, the accompanying risks become more varied. As a result, the importance of managing operational risk has grown each year.

Major Group companies control their operational risks appropriately by measures including risk control self-assessments (RCSAs), in accordance with rules on operational risk management set by Daiwa Securities Group Inc. In addition, the Group has taken other necessary measures, including the implementation of rigid rules concerning authority, the automation of office operations for reducing human errors, and the preparation of procedural manuals. Each Group company strives to reduce operational risk according to the nature of its own business.

* RCSA (Risk Control Self-Assessment) uses a predetermined assessment sheet to identify and assess operational risks, analyzes risks based on frequency of occurrence and impact, and evaluates and verifies efficacy of risk mitigation efforts.

(5) Model risk management

^

Model risk refers to the risk that the Group will suffer direct and indirect losses resulting from errors in the development and implementation of models, or from their misuse.

In order to effectively manage model risk, the Group has clarified the roles and responsibilities of those involved in the models, and has established a mechanism to systematically manage models throughout their lifecycle. Specifically, the Group has prepared model verification and approval processes to manage models prior to use and during updating, and conducts monitoring and regular checks to manage models during use.

Initiatives through Business Activities Initiatives for Supporting
Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

(6) Investment risk management



In terms of portfolio level management, the Group has set Group-wide risk limits on a per industry basis in order to appropriately manage the investment concentration condition, and regularly monitors this situation. In terms of individual investment level management, along with verifying risk prior to making the investment based on a certain standard, the Group monitors the risk condition following investment on an ongoing basis.

(7) Reputational risk management

^

Reputational risk refers to the possibility of the Group sustaining unforeseen losses and the Group's counterparties being adversely affected due to a deterioration of its reliability, reputation, and assessment caused by the spread of rumors or erroneous information. There are no uniform procedures for managing reputational risk because it can emanate from a variety of sources

The Group has established various regulations under its Disclosure Policy, with particular emphasis on the management and provision of information. It has also set up the Disclosure Committee within Daiwa Securities Group Inc.

Each Group company is obligated to report information that could turn into reputational risk to the Disclosure Committee.

That way, Daiwa Securities Group Inc. can obtain and centrally manage information, and it disseminates accurate information in a prompt manner according to the decisions of the Disclosure Committee.

The Group strives to keep abreast of problems and occurrences that may affect its reputation so that if and when such problems occur, their impact on the Group can be minimized. It also acts to ensure that erroneous and inaccurate information is properly corrected, and that it responds appropriately to libel and other issues. The Group has public relations and investor relations systems in place to prevent and minimize risks regarding its reputation.

(8) Accounting and tax risk management



Accounting and tax risk is the risk of not conducting appropriate accounting treatment and disclosure in accordance with accounting or taxation standards, laws, and regulations, or of not filing or paying taxes appropriately, as well as the risk of losses arising as a result.

The Group strives to reduce accounting risk by operating in accordance with fundamental regulations related to internal controls on financial reporting, and by establishing, putting into practice, and striving to improve its internal controls on financial reporting.

In addition, by notifying principal Group companies of necessary reporting items related to tax risk management and receiving such items in a timely manner, the Group endeavors to appropriately determine the tax risk management status and risk conditions for the Group as a whole, thereby reducing its tax risk.

Initiatives with Our Stakeholders Environmental Initiatives

Others

Tax Policy

The Daiwa Securities Group has enacted "Daiwa Securities Group Tax Policy" in aiming to develop corporate tax governance, and describes our code of conduct and standard of judgements in taxation.

Daiwa Securities Group Tax Policy

- 1. Daiwa Securities Group complies with laws and ordinances, and contributes to sustainable development of society through appropriate tax payments with high ethical standards.
- **2.** Daiwa Securities Group rewards our shareholders by achieving sound profits based on proper and fair tax planning.
- **3.** For cross border intra group transactions, Daiwa Securities Group sets an appropriate price, which can achieve adequate accountability under transfer price tax regulations.
- **4.** The CFO, executive officer in charge of Finance, and Head of Finance Department of Daiwa Securities Group Inc. from time to time provide guidance and advice to subsidiaries and other departments within the Group as necessary, so that corporate governance over tax matters can be well shared and implemented throughout Daiwa Securities Group.

Initiatives with Our Stakeholders Environmental Initiatives

Others

Business Continuity Plan (BCP)

To be prepared for disruptions of social infrastructures, we have drawn up a business continuity plan (BCP). The BCP prioritizes important operations to be restored or continued* in order to keep the financial markets open and protect customers' economic activities. Disruptions of social infrastructure might make our head office functions, branches and data centers or other important facilities inoperative.

They can be caused by events such as earthquakes, fires, storms, floods, other extraordinary weather conditions, terrorism, large-scale power failures, and serious outbreaks of infectious diseases. In accordance with the BCP, we will not only ensure the safety of customers and our employees, and protect our assets, but will also strive to continue our vital operations in the financial markets where our business serves the public interest. For example, we boast Japan's highest level backup center, and have established a system which enables us to easily switch to the alternate system in case of an emergency at headquarters. We can therefore continue vital operations through a substitute office location.

Prioritized operations to be restored or continued

- 1. Carrying out securities transactions traded in the markets and yet to be settled
- 2. Payment to our customers
- 3. New orders from customers to sell or cancel the following products and sell securities back to exit a long position in margin trading
 - Domestic listed shares, including closing long positions on margin transactions
 - MRF (money reserve funds)
 - Japanese government bonds for individual investors
 - Ordinary deposits

Measures to Address Disaster Risk by Region

Daiwa Securities has offices across Japan. As disaster risk differs amongst regions, it has formulated a disaster response plan for each sales branch and is preparing disaster relief supplies that reflect the disaster risk for each branch. The hazard maps created by the municipalities of respective regions are sent to branches and made available on our intranet.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

IT Strategy and Management of Systems Risk

Daiwa Securities Group has raised pursuing the best mix of digital and real as one of its basic policies for the Medium-Term Management Plan "Passion for the Best" 2023. Based on this basic policy, the Group is advancing a digital strategy intended to achieve a higher top lines and more sophisticated, efficient business by fusing the respective strengths of its people and data/digital technologies starting from those of data.

IT Organization and Structure

The Group IT Strategy Committee is established at Daiwa Securities Group Inc. as a sub-committee of the Executive Management Committee, and the IT Strategy Committee is created at Daiwa Securities as a subcommittee of the Management Committee. These subcommittees serve to deliberate and decide upon matters for accelerating decision-making involving the integration of management and IT strategies, as well as involving IT investments, and for enhancing the efficiency of IT investments.

Amid a rapidly changing and difficult-to-predict business environment, the Group believes it is important for those employees on the frontlines who interact with customers to take the initiative on fully utilizing data and digital technologies in an effort to improve the experience of the customer (CX: Customer eXperience). Similarly, the Group believes it must heighten the experience of the employee (EX: Employee eXperience) so that each and every employee can focus their efforts on enhancing CX. In order to achieve a higher order of balance between business model reform and optimization for the entire Group, the Group has established and is strengthening a digital transformation (DX) promotion system that includes training for digital professionals, the establishment of a new Digital CoE*, and other avenues that are unique to Daiwa.

* An organization that provides knowledge and know-how associated with data and digital technologies in support of the business departments. CoE stands for Center of Excellence.

IT investment

The Group has been investing in IT in order to provide products and services responding to customer needs from the perspective of customer-oriented operations, promote a digital transformation which aims at improving the efficiency of existing business and advance business innovation and business process innovation in order to engage in high value-added business, establish basic infrastructure that is indispensable to the continuation of business, comply with legal requirements, and enhance the risk management system.

In FY2020, we worked toward implementing Investment Planning*1, Asset based free plan for investment trust *2, and web service for stock-based compensation and benefit plans*3 all of which are provided by Daiwa Securities Co. Ltd. In addition, by utilizing mobile business devices, the Group worked on digitizing a series of processes related to customers' services, and on increasing the sophistication of risk management such as by strengthening cyber security and compliance.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

- *1 A customized risk analysis solution service WealthBench provided by MSCI Inc. Daiwa Securities is the first company in Japan to provide WealthBench to individual customers.
- *2 A new plan in which there is no purchase fee for investment trusts. Instead, a management fee is charged based on the appraised value of the fund.
- *3 An Internet service that manages stock compensation plans, company benefits utilizing shares, etc., such as stock ownership plans, Workplace NISA, defined contribution pension plan system.

Systems risk management

Daiwa Securities Group has worked to maintain and enhance the management of systems risk in order to reliably provide high-quality services to customers while protecting information assets from various threats and risks originating from inside or outside the company. We recognize the importance of cyber security as a group management issue, and continue to work toward improving its resistance and resilience to ever-more sophisticated cyber-attacks. At the same time, we also collaborate with outside organizations in an effort led by a dedicated organization (Daiwa-CSIRT*) that works throughout the Group.

In line with the proliferation of telecommuting, full-fledged use of cloud services, and advancements in system coordination with partners and other outside companies, the locations of and access routes to data assets have become increasingly diverse. This change has led the Group to revise those conventional countermeasures intended to defend the boundaries between internal networks and the Internet included in the new Medium-Term Management Plan, and to advance the development of a zero trust security infrastructure that verifies the authenticity of every access request.

* Computer Security Incident Response Team: The organization that manages cyber security across departments.

Others

Human Rights Education and Awareness

Daiwa Securities Group states in its corporate principles that "the Group will strive to maintain a high sense of morality and duty, endeavoring to continue contributing to the sustainable growth of the societies in which we operate." To improve a corporate culture rooted in the basic principles of respect for human rights, we are further strengthening our efforts to educate and enlighten our employees about human rights. We therefore respect the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, ISO 26000, the UN Guiding Principles on Business and Human Rights, and the Act on the Promotion of Human Rights Education and Human Rights Awareness-Raising. We have also joined the UN Global Compact.

Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues

- 1. Daiwa Securities Group supports and complies with the protection of human rights as advocated internationally and does not infringe on human rights within the boundaries of its influence.
- 2. The Daiwa Securities Group educates and instructs Group employees with accurate information on human rights and social integration issues.
- **3.** At the same time, the Group views human rights and social integration issues as our own problem, not somebody else's problem, and fosters a sensitivity that enables empathy with the suffering of others.
- **4.** We provide an equitable working environment that values people and is free of discrimination or human rights violations based on race, nationality, biological sex, sexual orientation, or gender identity.
- **5.** Each employee is a member of society unburdened by prejudice.

Specific Efforts

- 1. We highly value the human rights of every stakeholder and our staff will always address clients, local communities and their members with great awareness of human rights.
- 2. We work to ensure that our hiring and recruiting, personnel evaluations and labor management practices are always fair.
- **3.** The Group is continually improving internal human rights education and awareness programs, including regular training and feedback and response loops.

Human Rights Awareness Promotion Committee Revised on August 12, 2016

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Human Rights Education and Awareness System

In 1984, Daiwa Securities Group set up the Human Rights Awareness Promotion Committee. The committee aimed at promoting activities and training for raising human rights awareness, thereby encouraging better understanding and appreciation of social integration and other human rights issues. We have been working to achieve its objectives. Besides the committee, all Group managers at the head office or branch level act in a promotional role, engaging in education and awareness activities to ensure that employees correctly understand and acknowledge human rights and social integration issues.

Daiwa Securities Group has been a member of the Industrial Federation for Human Rights, Tokyo, since 1998. The Federation is composed of 123 companies mostly headquartered in Tokyo with a combined total of 1.5 million employees (as of April 2021). Federation members work together to further improve their employees' awareness of human rights issues through research and communication.

Composition of Human Rights Awareness Promotion Committee

Chair: Human Resources Officer at Daiwa Securities Group Inc.

Vice Chair: Head of the Human Resources Department

Committee Members: Five department heads including the head of the Corporate Planning Department, General Affairs Department, and Compliance Control Department

Initiatives in FY2020

In FY2020, we provided human rights education as part of training for the Group's new employees conducted immediately after their induction ceremony. It is also included in training for young employees (annex education) and for those newly becoming general managers, managers, and associate managers. The chief of the Human Rights Awareness Promotion Committee Secretariat has taken charge of all of these training courses.

We have also been providing training on LGBT issues since FY2015. It has been conducted for those in the Group's compliance and human resources divisions. The issues are also taken up in training for new employees every year.

LGBT issues are also included in training for promoted employees as an opportunity to deepen their understanding. The cumulative number of employees participating in training on LGBT issues is now 6,154.

The Group held a Human Rights Awareness Workshop for all executives and employees to consider human rights from multiple viewpoints.

Times are changing, and we are moving from the stage of understanding our differences to that of actively turning those differences into value. Discussions between participants were therefore held after watching "Turning Differences into Strengths," an educational video with the theme of hints for promoting greater workplace communication.

We also called for human rights awareness slogans between October and November 2020 in a contest designed to promote a broader and deeper understanding of human rights issues. Contest participation was open not just to employees but also to their families. The winning entries were presented in our in-house magazine.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Human rights education for employees for FY2020

Training participants	311 new employees
Objective	To acquire basic knowledge concerning human rights and to understand and raise awareness of the Group's fundamental principles concerning respect for human rights
Training participants	1,008 promoted employees
Objective	To acquire knowledge and raise awareness concerning human rights required for their respective positions

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Supply Chain Management

Responses to ESG Issues in Supply Chain

Daiwa Securities Group regularly checks documents disclosed by major business partners, including equipment and service providers, as well as news reports about these companies and their reputation on the Internet, in order to address ESG issues in the Group's supply chain. If any issues are found, we take steps such as urging the business partners to make improvements. Particularly with regard to the environment, in our "Approaches to Green Procurement," we ask suppliers to understand the Group's Environmental Vision, Environmental Principles, and Basic Environmental Policies as well as our SDGs promotion system and the purpose of supply chain management.

> Approaches to Green Procurement

We also collect information provided by public institutions within and outside Japan and exchange information with external parties to be aware of ESG issues existing in the countries and regions where the Group conducts business operations. We then consider taking appropriate measures for important issues. In June 2021, we also formulated the Environmental and Social Policy Framework to strengthen our system for managing environmental and social risks in new investments and loans. We will carry out ESG due diligence for businesses that may have significant negative impacts on the environment and society to determine whether or not to invest or provide loans.

> Environmental and Social Policy Framework

When underwriting an initial public offering, we carry out due diligence in accordance with the items stipulated in the Japan Securities Dealers Association's rules on securities underwriting and other matters. In such due diligence, we incorporate an ESG perspective and focus not only on business performance and financial aspects but also on other items as key issues, such as the issuer's business model, social reputation, the status of compliance with laws and regulations, the implementation of a compliance system and corporate governance, and the planned uses of the proceeds. We conduct more thorough due diligence on these issues by undertaking field work, meetings and other initiatives, and sometimes make proposals for improvement to the issuer. If major concerns remain even after taking such measures, we report them to the Chief Risk Officer (CRO).

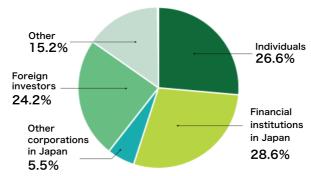
Engagement with Shareholders and Investors

Daiwa Securities Group works hard to promote communication with shareholders and other investors. We will strive to provide shareholders and investors with improved communications and information that are easy to understand.

Breakdown of Shareholders



Total number of issued shares:1,699,378,722 shares



- (Note 1) Fractions of less than 1,000 shares are discarded.
- (Note 2) The percentages of shareholdings are rounded off to one decimal place.
- (Note 3) "Other" includes shares held by central and local governments and securities companies, as well as treasury shares.

Capital Policy

At Daiwa Securities Group, we strive to balance efficient capital management, investment in growth that contributes to improving corporate value, and active returning of profits to shareholders based on our solid financial foundation in order to achieve sustainable growth by earning healthy profits. We aim for expansion through a capital recycling model that places emphasis on capital efficiency.

Dividend Policy

Daiwa Securities Group Inc. strives to continuously enhance shareholder value, including profit distribution. In principle, dividends are paid semiannually (interim and year-end dividends) at a payout ratio of 50% or more based on consolidated financial performance. However, after taking stability into account, when we can secure a sufficient amount of internal reserves required for future business development, we intend to increase returns to our shareholders, including share buybacks.

Others

Shareholder Returns

We raised the target payout ratio to at least 50% in FY2018. When we can secure a sufficient amount of the internal reserves required for future business development, we intend to increase returns to our shareholders, including share buybacks. The full year dividend payout ratio was 50.6% in FY2020.

Share buyback program for FY2020

Buyback period	From May 19, 2021 to March 24, 2022
Total number of shares repurchased	45 million shares (maximum) (Percentage of total number of issued shares excluding treasury stock: 2.95%)
Total amount of shares repurchased	¥30 billion (maximum)

^{*}The program was announced on April 28, 2021 along with the announcement of financial results for the fourth quarter of FY2020

Fair Disclosure

The Group has formulated a Disclosure Policy, which outlines the Group's basic approach to information disclosure, and strives to provide information that is fair, timely, and appropriate.

As a company engaged in the securities business, we are committed to fair information disclosure in accordance with the Fair Disclosure Rules so that we will be a role model for other listed companies. We will strengthen disclosure not only of financial information, but also nonfinancial information with social and environmental aspects that are not apparent in the financial figures in the short term.

Disclosure Policy

- We will observe fair and timely disclosure of important financial, social and environmental information ("Management-Related Information") regarding the Daiwa Securities Group so that our stakeholders, (including shareholders, investors and the communities we operate in) may understand and maintain realistic expectations of the Daiwa Securities Group.
- We will comply with the Financial Instruments and Exchange Law and other laws and ordinances related to securities transactions and the various rules of the financial Instruments exchanges where on which our stock is listed.
- We will endeavor to achieve fair disclosure both in terms of content and timing.
- We will utilize various communication channels including presentations, telephone conferences, the Internet and printed materials to disclose information in an easy to comprehend manner for investors.
- We will consciously act as a leader of the securities markets in terms of disclosure and set the standards for other listed corporations.
- To realize the above policies we will establish Disclosure Regulations* and set up a Disclosure Committee to lay down procedures for disclosing information.

Others

Communication with Shareholders and Other Investors

Every year, many shareholders attend our general meeting of shareholders, which is an opportunity for us to interact directly with everyone. For the general meeting of shareholders in June 2021, we recommended that shareholders refrain from coming to the venue on the day of the meeting from the perspective of preventing the spread of COVID-19. Meanwhile, we enabled shareholders who did not come to the venue to watch the meeting on the Internet.

To increase communication opportunities, we also carry out various IR activities. These include telephone conferences on the days of earnings announcements, briefings about the company for individual investors, management strategy briefing sessions, one-on-one meetings with institutional investors and analysts in Japan and overseas, and participation in Daiwa Investment Conferences held within and outside Japan.

From February 2020, we started refraining from holding briefings at venues and one-on-one meetings from the viewpoint of preventing the spread of COVID-19. However, we have been actively engaging in dialogue using alternative methods such as websites and telephone to continue to communicate with our shareholders.

In addition, we are further developing information disclosure on our IR websites and publishing integrated reports and business reports for shareholders. We will continue working to make our communications even more precise and easy to understand for shareholders. Feedback and questions received from shareholders are reported to the CEO and other management personnel on a weekly basis, as well as at Board of Directors meetings.

Questionnaire for Shareholders

We distribute a questionnaire to shareholders coinciding with the distribution of rewards under our shareholder rewards program at the end of September, to gather and incorporate their views into management and IR activities. The findings of these questionnaires are utilized to enhance satisfaction with the shareholder rewards program and to improve our business operations.

Shareholder Rewards Questionnaire Contents at the End of September 2019

- When did you first purchase our shares?
- Why did you choose to buy Daiwa Securities stock? (multiple answers allowed)
- What types of disclosure and corporate communications activities would you like to see enhanced in the future? (multiple answers allowed)
- Are there any products you would like to have included in the shareholder rewards program? (multiple answers allowed)

Initiatives through Business Activities Initiatives for Supporting
Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Shareholder Rewards Program

Daiwa Securities Group Inc. has been implementing a shareholder rewards program for over 10 years to express our continuing gratitude to shareholders. We also introduced a catalog system for rewards at the end of March 2008. Reward products are provided semiannually, at the end of March and September. Shareholders can choose from 30 items such as regional specialties, charitable donations, and "Kaisha Shikiho," a quarterly journal on investment.

Starting with the shareholder rewards offered to shareholders of record on September 30, 2017, if shareholders request reward items on our website, we donate ¥20 per case to "Daiwa Securities Group Children Support Fund for a Bright Future," established in the Public Resources Foundation. We thus support activities for improving the environment surrounding children and breaking the cycle of poverty through NPOs engaged in fighting child poverty.

It also became possible to select Single Mothers Forum, a certified NPO, as a donation recipient group from the shareholder rewards offered to shareholders of record on March 31, 2019.

The contributions made will be used for initiatives to give congratulatory money to children in single-parent households who enter elementary, junior and senior high schools and colleges.

Starting with the shareholder rewards offered to shareholders of record on September 30, 2019, we have been gradually expanding our shareholder rewards programs in collaboration with our Group companies. More specifically, we have enabled shareholders to receive a discount on the initial cost of private nursing homes under the name of "Good Time Living" and rental residences for the elderly under the name of "Platesia," both of which are operated by Good Time Living Co. Ltd. We have also added preferential services that can be used when staying at hotels owned by Daiwa Hotel Private Investment Corporation, as well as discounts and preferential services provided at hotels and golf courses in which Daiwa PI Partners Co., Ltd. invests. In this way, we provide shareholders with opportunities to receive a variety of preferential services at facilities related to the Group.

> For details on shareholder rewards, click here < Japanese only >

Initiatives in FY2020

Dialogue with Various Stakeholders

In FY2020, we held a total of 186 meetings with institutional investors and analysts. As face-to-face meetings were restricted due to the spread of COVID-19, we held all these meetings by phone or online and continued to actively disseminate information contributing to the improvement of the Group's corporate value. We communicated the progress of our Medium-Term Management Plan, an overview of our management policy, and other information efficiently and effectively in earnings announcements and management strategy briefing sessions, as well as in integrated reports and business reports. For institutional investors in Japan and abroad, we implemented effective activities suited to each investor base, and held telephone conferences by top management with overseas institutional investors. With regard to ESG dialogue and investment, in December 2018, we held an ESG meeting for institutional investors and analysts, with outside directors participating. In FY2019 and FY2020, we conducted one-on-one ESG meetings, exchanging opinions with institutional investors. The topics for these meetings varied widely, including materiality (important management issues), the status of responses to TCFD, Net Promotor Score (NPS), the effectiveness of the Board of Directors, cross-shareholdings, and director compensation systems. We also focused on briefings for individual investors, with the CEO participating. As all of these briefings for individual investors were held online from the perspective of preventing the spread of COVID-19, we were able to attract the participation of more investors and larger audiences than in the previous fiscal year. At these briefings, we provide a question and answer session and conduct a survey, thereby obtaining diverse feedback to use for the improvement of communication with individual investors in the future.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

> For details on IR events and briefings, click here < Japanese only >

Number of overseas IR activities held in FY2020

Number of meetings with institutional investors and analysts (all held by phone or online)	186 meetings
including IR activities with investors in North America:	12 events
including IR activities with investors in Europe:	20 events
including IR activities with investors in Asia:	11 events

Number of briefings for individual investors (all held online)	9
Video streaming of company briefings for individual investors:	2 video streams
Total number of live participants and on-demand video viewers Approx.	17,600 (approx. 9,200 people in the previous fiscal year)



Internet streaming of May 2021 management strategy briefing (President and CEO Nakata)

- > Video of May 2021 management strategy briefing
- > For a list of videos of company briefings for individual investors, click here < Japanese only >

Initiatives with Our Stakeholders Environmental Initiatives

Others

Environmental and Social Policy Framework

Daiwa Securities Group Inc. formulated the "Environmental and Social Policy Framework" in June 2021 in order to strengthen its management and governance infrastructure for environmental and social risks on business. By recognizing and appropriately addressing risks associated with business that could have a significant negative impact on environment and society through initiatives such as the engagements with our stakeholders including investees and/or lenders, Daiwa Securities Group strengthens our supply chain management and strives to create a better society along with its stakeholders.

** Daiwa Asset Management Co.Ltd. has established a policy as an <u>"ESG Investment Policy"</u>, and Daiwa Real Estate Asset Management Co.Ltd. has established a policy as a <u>"Policy Regarding ESG"</u> separately from this framework.

Daiwa Securities Group "Environmental and Social Policy Framework"

1. Introduction

As awareness of environmental and social issues such as climate change and human rights violations continues to grow in Japan and overseas, the Daiwa Securities Group (the "Group") is committed to playing its role, as a comprehensive securities group, in supporting the realization of a sustainable and prosperous society in order to meet the environmental and social goals of all stakeholders.

The Group established its "Environmental Vision" in 2012 and, based on the "Environmental Principles" and the "Basic Environmental Policies" announced at the same time, it has been working to help solve environmental issues and continuously reduce the environmental footprint that results from its business activities. Furthermore, in May 2021, it established its management vision "Vision 2030", putting the realization of the UN's SDGs at the center of the Daiwa Group's strategy, proactively working towards the promotion of the transition to a carbon-neutral society and the realization of a resilient society.

In addition, the Group has formulated the "Environmental and Social Policy Framework" (the "Framework") in order to strengthen its management and governance infrastructure for environmental and social risks, such as the conservation of the global environment / biodiversity and the protection of human rights. We want to create a better society in partnership with our stakeholders by acknowledging the risks for businesses that may have negative impacts on the environment and society, and taking appropriate measures through engagement.

The Group will actively support innovation and technological initiatives that will lead to the realization of carbon neutrality, and will focus on providing a variety of financial solutions, including transition finance, to support these.

2. Governance on this Framework

The Group discusses SDG and ESG issues related to the environment and society at the SDGs Promotion Committee, chaired by the President and CEO. The results of these discussions are reported to the Board of Directors as appropriate, and important matters are passed through the Board of Directors as resolutions, which strengthens the system for supervision by the Board of Directors. This Framework was approved by the Board of Directors following discussion with the SDGs Promotion Committee.

This Framework will be assessed regularly, with the aim of strengthening it, based on the experience of its implementation and changes in the external environment.

3. Applicable products and services

This Framework covers new investments and loans made by Daiwa Securities Group Inc. and its major group companies.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

4. Applicable business

(1) Prohibited business

- Businesses that negatively impact UNESCO-designated World Heritage Sites
- Businesses that negatively impact wetlands designated under the Ramsar Convention
- Businesses violating the Washington Convention
- Businesses involving human rights violations such as child labor and forced labor

(2) Restricted business

1) Businesses affecting indigenous communities

When providing investments or loans to a business, we will carry out ESG due diligence including environmental and social risk assessments ("ESG due diligence"), carefully assessing whether they will cause serious cultural, social and economic damage to indigenous communities, and whether appropriate measures are taken to mitigate them. We will utilize these risk assessments in making decisions.

- 2) Business involving land expropriation that leads to involuntary relocation of residents When providing investments or loans to a business, we will carry out ESG due diligence, carefully assessing whether they result in land expropriation that forces residents to relocate against their wishes and whether appropriate measures are taken to prevent them, and utilize these results in making decisions.
- 3) New construction of coal-fired power generation
 We prohibit any investments and loans where the use of proceeds are utilized in this type of business.
- 4) Weapons of mass destruction / inhumane weapons manufacturing
 We prohibit any investments and loans where the use of proceeds are utilized in this type of business. Weapons of mass destruction include nuclear weapons, chemical weapons, biological weapons, and inhumane weapons include cluster munitions and antipersonnel land mines.

5) Palm oil plantation development

When providing investments or loans to a business, we will carry out ESG due diligence, carefully assessing whether the loss of wildlife habitat due to overdevelopment may lead to a loss of biodiversity, or land conflicts with indigenous residents, or human rights violations such as child labor/ forced labor, or whether appropriate measures are taken to prevent them. We will utilize these results in making decisions.

In addition, when providing investments or loans to a business, we will confirm if RSPO (Roundtable on Sustainable Palm Oil), an international certification system for palm oil, has been acquired. Where this is not in place, we will encourage the business to obtain certification.

6) Business involving deforestation

When providing investments or loans to a business, we will carry out ESG due diligence, carefully assessing whether appropriate measures will be taken to prevent a negative impact on the environment caused by the destruction of ecosystems, and whether illegal logging is carried out. We will utilize these results in making decisions.

When providing investments or loans to a business, we will encourage the operator to obtain FSC (Forest Stewardship Council), an international forest certification system, or to have a commitment to NDPE (No Deforestation, No Peat and No Exploitation) or other compatible policies.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

7) Coal mining

When providing investments or loans to a business, we will carry out ESG due diligence, carefully assessing whether appropriate measures are taken to ensure occupational safety and a sanitary environment to prevent cave-in accidents, flood accidents, gas explosions, and human rights violations such as illegal labor and, in addition, whether or not the mountaintop removal (MTR) method is used. We will utilize these results in making decisions.

8) Large-scale hydroelectric power generation construction

When providing investments or loans to a business, we will carry out ESG due diligence, carefully assessing whether appropriate measures will be taken against the destruction of the environment and ecosystems and negative impacts on local residents due to the construction of a dam. We will utilize these results in making decisions.

9) Oil and gas development

When providing investments or loans to a business, we will carry out ESG due diligence, carefully assessing whether appropriate measures are taken against their impact on the environment, ecosystems and local communities. We will utilize these results in making decisions.

5. Assessment process

When providing investments or loans to the above businesses, we will carry out initial ESG due diligence. If it is determined that additional confirmation is necessary as a result of the assessment, we will apply enhanced ESG due diligence to determine whether or not to provide investments or loans. If the implementation of the business may have a serious impact on the corporate value of the Group, the executive management will discuss further and make a final decision on whether or not to provide the investment or loan.

June 23, 2021

Please also refer to the following.

- > Communication with Stakeholders
- > Supply Chain Management

Stakeholder Communication

Daiwa Securities Group recognizes that grasping social challenges as a company is an important issue.

In light of the rapid changes in the economy and society in recent years, social issues are also expected to change with the times. We place importance on communications with various stakeholders as a method of continuing to grasp such changing social issues. Through our business, we will resolve social issues identified by active dialogue with a broad range of stakeholders, including customers, shareholders, investors, local communities and NPOs, in pursuit of balancing social values and economic values.

Policy on Communication with Stakeholders

• Basic Policy (1)

Daiwa Securities Group will strive to maintain two-way communication with a broad range of stakeholders based on ISO 26000 and the Charter of Corporate Behavior of the Nippon Keidanren.

• Basic Policy (2)

The Group will strive to deepen communication with stakeholders already known to us, including customers, shareholders and other investors, business partners, employees and local communities.

• Basic Policy (3)

The Group will strive to communicate actively with third-party institutions, organizations, and individuals, etc. with whom we have previously had no contact in order to identify other stakeholders.



	St	akeholders	Main Contact Points for Dialogue	Relevant Web Pages
Customers	Investors	We strive to improve customer, satisfaction by providing products and services that meet Individual Investors, Institutional Investors and the needs of potential investors who are considering investing.	Retail marketing divisions Corporate business divisions Contact Center Customer Support Center	Providing Quality Service to Customers

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

	Stake	holders	Main Contact Points for Dialogue	Relevant Web Pages
Customers	Issuers	We propose optimal financing methods among from a wide range of methods to corporations, public organizations, and others seeking to raise funds through the issuance of stocks and bonds, and provide total support for their financing from formulation of plans to execution.	Retail marketing divisions Corporate business divisions Contact Center Customer Support Center	Providing Quality Service to Customers
Society	strive to maintain active division communication, including Retail ma engagement with investee divisions	Retail marketing divisions Various operations	Role and Social Responsibilities of the Securities Business Supply Chain Management	
	Business partners	We maintain fair relationships with all our business partners and collaborate with them in order to create a sustainable society.	divisions Corporate communication divisions SDGs Promotion Office, Corporate Planning Department	Sponsorship Activities for Culture and the Arts Support for NPOs Promotion of Volunteer Activities Economic and Financial
	Government We fulfill our tax obligations and present policy recommendations in order to create a better society. Da For	Daiwa Securities Health Foundation Daiwa Securities Foundation Daiwa Anglo-Japanese	Education Initiatives through Foundations	
	NPOs/NGOs We collaborate with Foundation		Foundation Daiwa Myanmar-Japan	
	Local communities	As a member of the local communities where Daiwa Securities Group's head and branch offices and overseas subsidiaries are located, we engage in community-based activities.		

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

	Stakeho	lders	Main Contact Points for Dialogue	Relevant Web Pages
Employees	Employees and their families	We create an environment in which employees, who provide added value for all stakeholders, are able to feel motivated to work and demonstrate their abilities and enthusiasm. Families of employees are also our important stakeholders.	Human resources divisions Corporate communication divisions SDGs Promotion Office, Corporate Planning Department	Communication with Employees
Shareholders and others	Shareholders and others(*)	We endeavor to provide highly transparent information disclosure and meet the expectations of shareholders and others through sustainable value creation. (*) Including investors in bonds issued by Daiwa Securities Group	Investor Relations Office, Corporate Planning Department	Engagement with Shareholders and Investors

Important external initiatives

Daiwa Securities Group has participated in, signed, and supports the initiatives described below to contribute to developing a sustainable society.

- The United Nations Global Compact (signed by Daiwa Securities Group Inc. in 2010).
- The United Nations-supported Principles for Responsible Investment (PRI) (signed by Daiwa to in May 2006).
- <u>United Nations Environment Programme Finance Initiative (UNEP-FI) (signed by Daiwa Securities Group Inc. in May 2018)</u>
- Task Force on Climate-related Financial Disclosures (TCFD) (Daiwa Securities Group Inc. announced its support in April 2018).
- 30% Club Japan (the Board of Directors and President and CEO of Daiwa Securities Group Inc. started to participate as members in May 2019)
- > Click here for details

Workforce Statistics

Daiwa Securities Group (Consolidated)

Number of employees

(Unit: persons)

		A	As of March 31, 2020			As of March 31, 2021		
		Employees	FA*1	Temporary employees	Employees	FA*1	Temporary employees	
Japan	Male	8,025	42	-	7,819	40	-	
	(Career track*2)	7,499	-	-	7,291	-	-	
	(Managers)	4,177	-	-	4,132	-	-	
	Female	5,347	38	-	5,292	32	-	
	(Career track*2)	3,741	-	-	3,843	-	-	
	(Managers)	562	-	-	654	-	-	
	Japan total	13,372	80	535	13,111	72	357	
Overseas		1,868	-	112	1,913	-	33	
Total		15,240	80	635	635 15,024 72		390	

^{*1.} Financial advisors

^{*2.} Includes employees in broad regional career-track positions (with job transfers involving relocation within a certain area) and in regional career-track positions (without job transfers involving relocation), and specialists

Others

Number of New Graduates Recruited

Daiwa Securities Group appoints talented human resources regardless of gender.

The Group conducts recruiting activities with the goal of stably maintaining the ratio of women among new graduates recruited at 50% in each fiscal year until FY2020.

The data covers eight Group companies: Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Business Innovation Ltd., Daiwa SB Investments Ltd (now Sumitomo Mitsui DS Asset Management Co., Ltd., Daiwa Securities Business Center Co. Ltd., and Daiwa Corporate Investment Co., Ltd. The data covers seven Group companies from April 2019. For April 2021, four Group companies (Daiwa Securities Co. Ltd., Daiwa Asset Management, Daiwa Institute of Research, Ltd., Daiwa Securities Business Center).

		April 2017	April 2018	April 2019	April 2020	April 2021
Career-track	Male	345	289	337	244	164
employees, regional career-	Female	333	289	340	216	155
track employees, etc.	Ratio of women	49.1%	50.0%	50.2%	46.9%	48.6%

^{*} The data covers eight Group companies: Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Ltd., Daiwa Institute of Research Business Innovation Ltd., Daiwa SB Investments Ltd (now Sumitomo Mitsui DS Asset Management Co., Ltd., Daiwa Securities Business Center Co. Ltd., and Daiwa Corporate Investment Co., Ltd.

Daiwa Securities (unconsolidated)

Number of Employees

(Unit: persons)

		FY2016	FY2017	FY2018	FY2019	FY2020
Japan	Male	5,128	5,216	5,204	5,144	5,018
	Female	3,657	3,824	3,975	4,032	3,936
	Total	8,785	9,040	9,179	9,176	8,954

The data covers seven Group companies from April 2019. For April 2021, four Group companies (Daiwa Securities Co. Ltd., Daiwa Asset Management, Daiwa Institute of Research, Ltd., Daiwa Securities Business Center).

Number of New Graduates Recruited

	April 2017	April 2018	April 2019	April 2020	April 2021
Male	275	219	262	169	121
Female	290	229	263	142	102
Ratio of women	51.3%	51.1%	50.1%	45.7%	45.7%

^{*} This data covers career-track and regional career-track employees

Average Age

	FY2016	FY2017	FY2018	FY2019	FY2020
Average age (as a whole)	38.0	38.0	38.3	38.4	38.9
Average age (male)	39.6	39.6	39.8	39.7	40.2
Average age (female)	35.7	35.7	36.2	36.6	37.2

^{*} This data covers Daiwa Securities

Average Number of Years of Service

	FY2016	FY2017	FY2018	FY2019	FY2020
Average number of years of service (as a whole)	13.6	13.7	13.8	13.9	14.4
Average number of years of service (male)	15.2	15.3	15.4	15.5	15.9
Average number of years of service (female)	11.4	11.4	11.5	11.8	12.4

^{*} This data covers Daiwa Securities

Working Hours and Paid Vacation Usage Rate

	FY2016	FY2017	FY2018	FY2019	FY2020
Annual regular working hours (hours)	1837.5	1837.5	1830	1807.5	1837.5
Average monthly overtime hours (hours)*1	23.5	23.2	22.8	21.7	21.2
Paid vacation usage rate (Average number of days taken)	66% (14.0)	68% (14.2)	68% (14.3)	72% (16.0)	72% (15.9)

^{*} This data covers Daiwa Securities

^{*1.} Figures for employees who are members of Daiwa Securities Group Employees' Union

Others

Hiring Initiatives

Hiring Approaches and Trends

Daiwa Securities Group wants all our employees to work with a high level of loyalty and motivation. All new college graduates recruited by the Group, including those with disabilities, are brought on as full and regular employees so that newly hired employees will be able to have a sense of trust and pride in the Group, and a sense of solidarity with their colleagues. We are making efforts to provide an environment where a diverse range of people can perform to their full potential.

In order to flexibly accommodate job-seekers, we hire year-round, and new employees may join the company even after April. We also focus on attracting people capable of excelling globally in order to develop a global network and strengthen alliance strategies.

Daiwa Securities Group offers internship programs to provide opportunities for gaining firsthand experience in the securities business through interaction with employees.

Fairness in Hiring

Daiwa Securities Group has formulated and announced its Guidelines for Fair Hiring, comprising three fundamental principles for ensuring fair hiring practices.

Guidelines for Fair Hiring

- 1. Utmost respect for the rights of the applicants
- 2. Eligibility for all individuals who meet the hiring criteria
- 3. Making all hiring decisions based on a fair and objective evaluation of the applicants' ability, aptitude and motivation

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Recruitment of University Graduates

In FY2011, we began hiring recent university graduates who had obtained their diploma within the preceding three years with or without any work experience during the period as part of our efforts to build a diverse workforce. These recruits receive the same training as new graduates.

Number of new employees for FY2021

319 people (4 group companies*)

- * Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Ltd., Daiwa Securities Business Center Co. Ltd.
- > Click here to see Number of new employees for FY2021 🕒

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Diversity and Inclusion

Diversity and Inclusion

One of the areas in which Daiwa Securities Group focuses its efforts is diversity & inclusion. We are working to develop personnel who provide additional value and build an organization in which members thrive as they recognize and respect each other's diversity. In order to accelerate our diversity & inclusion efforts, we have established a Work-Life Balance Committee and a SDGs Promotion Committee, which regularly engage in discussions.

The Work-Life Balance Committee was established in 2017 by its co-chairpersons, Chairman of the Board Takashi Hibino and President and CEO Seiji Nakata. Staff from various positions and divisions, from executives and managers to young employees, participate as advisors to discuss and verify the status of various measures, including efforts to achieve goals for the promotion of women's activities and support for balancing work with childcare and nursing care.

The SDGs Promotion Committee, established in 2018 and led by chairperson President Seiji Nakata, provides a space to discuss Group policies related to the promotion of SDGs. We always invite external experts to the Committee, and this has enabled the Committee to utilize the experience and insights of those experts in their discussions.

Encouraging Women to Succeed

Daiwa Securities Group proactively appoints talented human resources regardless of gender. We are trying to appeal more to women's individual interests by introducing thriving female employees as role models in internal publications in order to increase the number of women in managerial positions. A career consultation service has been set up on the Group's internal WLB promotion website. Female executives as well as heads of each department, office, and branch give advice on the concerns and inquiries of female employees. In 2015, the current Chairman of the Board of Daiwa Securities Group Inc. showed his support for the "Declaration on Action" by a group of male leaders who will create "A Society in which Women Shine" spearheaded by Japan's Gender Equality Bureau Cabinet Office.

See also Work-Life Balance for more information on promoting women's activities.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Women from our Group have been introduced by Nikkei Inc. in its Nikkei Womenomics Project.

Please have a look. < Japanese only >

> WOMENOMICS STORY Daiwa Securities Group Vol. 6 Click here to read the article on Keiko Tokuhiro, "Connect with People, Create Possibilities: How to Turn Problems into Opportunities" □

> WOMENOMICS STORY Daiwa Securities Group Vol. 5 Click here to read the article on Shoko Ochiai, "Tackling Challenges at My Pace: From My Hometown Branch to a Global Financial Center" □

> WOMENOMICS STORY Daiwa Securities Group Vol. 3 Click here to read the article on Ei Ga, "The Future-oriented Leadership I'm Creating Through My Own Diversity" □

> WOMENOMICS STORY Daiwa Securities Group Vol. 2 Click here to read the article on Maika Oda, "Persistently Taking on New Challenges to Better Serve Customers Throughout Their Lives" □

> WOMENOMICS STORY Daiwa Securities Group Vol. 1 Click here to read the article on Saika Inomata, "Using My Own Sensibilities and Legwork to Discover Promising Information that Links Companies and Investors" □

Targets Related to Initiatives for Empowering Women

Daiwa Securities Group has aimed to raise the ratio of women in director's positions to at least 30% by 2030, and we have set specific targets for the years through FY2025. In this manner, positive steps are being taken to provide an environment in which employees with diverse values can maximize their capabilities.

Targets for Years through FY2025 (Daiwa Securities)

- Women account for at least 25% of people managerial positions by FY2025, reaching 30% by 2029
- Continue hiring high quality employees, regardless of gender, and maintain a stable ratio of 50% of women among newly recruited graduates every fiscal year
- 50% of women among participants in training, which aims to provide participants with various skills and improve their expertise
- Continue to maintain a 100% rate of childcare leave use by male employees and a childcare leave duration of 14 days or more

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Support for Female Employees' Career Advancement

By increasing the number of role models, we are making it easier for the Group's female staff to envision their career path. In this context, there has been a sharp increase in female employees aspiring to advance their careers by switching to career-track and regional career-track positions in recent years.

To date, more than 1,500 female employees have converted to career-track positions. An increasing number of employees have also taken advantage of our Professional Return Plan, a system for re-hiring employees who left work to raise children or care for family members, starting them at the same level of compensation as when they left. The scope of this system was expanded in FY2015. This has helped us to secure talented personnel who support business operations. The number of female employees right before being promoted to managerial positions is 2,109 at the end of June 2021, substantially increasing from 1,093 in 2005.

We also launched a career support training initiative for female employees (Daiwa Woman's Forum) in FY2014, and a program for women in managerial positions (Daiwa Woman's Management Forum) in 2018. These programs have contributed to building networks among women.



Appointment of Female Executives and Women in Managerial Positions

Daiwa Securities Group has a total of twelve women in top managerial positions who work as directors, corporate executive officers, and executive officers. They include three female executives serving as directors and corporate executive officers at Daiwa Securities Group Inc. The number of women in managerial positions is increasing year by year, with the Group's total number standing at 666 as of the end of June 2020. The ratio of women in managerial positions has risen from 2.2% at the end of FY2004 to 13.2% on a group-wide basis (up from 2.3% to 15.9% at Daiwa Securities).

Becoming a Member of 30% Club Japan

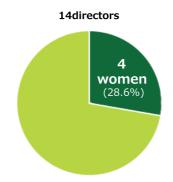
Daiwa Securities Group Inc. supports activities undertaken by the 30% Club Japan, with its Chairman of the Board and President and CEO participating as members. The organization, launched in Japan in May 2019, aims to increase the ratio of women in top management of Japanese companies. It has set the goal of raising the ratio of women in the Boards of Directors at the TOPIX 100 companies to 30% by 2030. Chairman of the Board Takashi Hibino also participates as a member of the Steering Committee. We will accelerate our initiatives to produce female leaders who will lead Japan's financial industry.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders

Environmental Initiatives

Others

Number of female executives



Support for the Success of Veteran Employees

As the careers of employees grow even longer, we aim to provide our veteran employees, who have a wealth of experience, with the new skills they need to stay at the forefront of our times, and to create environments in which they can continue to thrive, thereby contributing to the sustained growth of our company.

Daiwa Securities is greatly expanding its training programs for employees aged 45 and older, and has introduced a License Certification System that provides incentives to employees who have improved their skills and polished their acumen as professionals. Since its introduction, approximately 1,900 employees, accounting for about 60% of personnel aged 45 and older, have undertaken over 26,000 training programs.

Furthermore, Daiwa Securities Group has in place a Senior Advisor System that enables veteran employees with a wealth of experience to play an active role in the workplace. Senior advisors are dispatched to locations of their choice and engage in community-based consulting and sales from a long-term perspective.

In FY2017, we eliminated employment age limits for senior advisors, enabling them to continue working regardless of their age. For employees in other positions, as well, we have raised the retirement age to age 70, provided that certain conditions are met. In addition, we have created a Senior Fellow System and have enhanced the personnel system for veteran employees with outstanding expertise and knowledge who have made remarkable achievements. We support both work and caregiving, and are creating an environment in which employees can thrive without worrying about their future lives.

We have also introduced long service leave for employees in their 20th year and 30th year at the Group. The leave is designed with gratitude to provide employees who have contributed greatly to the Group's development with an opportunity to refresh themselves and spend time with their parents, spouse, and other people around them who always support them.

Employment of People with Disabilities

As of FY2019, Daiwa Securities Group had more than 200 employees with disabilities handling a wide range of responsibilities in our head office, sales branches and contact centers. We started recruiting new graduates with disabilities as regular employees (general office staff) in FY2008, and in FY2011 broadened the scheme to career-track employees, regional career-track employees, and customer service employees. Once people with disabilities are hired, we provide support for their career advancement by, for example, creating opportunities for them to enter the career-track and regional career-track employment opportunities. To further strengthen our support to employees, we also introduced the Daiwa LEAP Plan in 2018. This provides comprehensive support including a leave program for outpatient treatment, subsidies for expenses incurred to start work, and the introduction of support tools according to the type of disability. The Plan is a measure for bringing out employees' talents while taking their respective circumstances into consideration, and developing a pleasant working environment.

We have vigorously increased recruitment opportunities by holding briefings about the company for new graduates, participating in career expos, and implementing job placement support programs for university students with disabilities.

Moreover, Daiwa Securities Group participates in the Accessibility Consortium of Enterprises (ACE), a general incorporated association, as a member. ACE was founded for the purpose of establishing a model for people with disabilities that contributes to corporate growth, and communicating information to society concerning human resources sought by businesses. As of October 2020, ACE has 37 corporate members, mostly large companies. Through the holding of seminars and workshops for human resources personnel and employees with disabilities, as well as issuance of educational brochures, ACE carries out awareness-raising activities for parties concerned, creates role models, and makes proposals to management and society. Our Group's "Daiwa LEAP Plan" initiative received a "Special Award" in the "Environment Creation Category" of the 2020 ACE Awards.

Employment Rate for Persons with Disabilities

FY2017	FY2018	FY2019	FY2020
2.10%	2.33%	2.57%	2.58%

Promoting Increased Understanding toward the LGBT Community and Related Issues

As an opportunity to deepen understanding of LGBT issues, LGBT themes are taken up in training for new and young employees, as well as in training for those who have been promoted. A cumulative total of approximately 5,000 have participated in this training to date.

In addition, every year we hold a Human Rights Awareness Workshop for all employees in each department and office, which includes video training and discussion to promote understanding of LGBT issues. In addition, the Group's Compliance and Human Resources departments receive training from the NPO Nijiiro Diversity to deepen their understanding of the fundamentals and case studies of other companies in order to create a comfortable work environment. Our Human Resources Department supports employees who are undergoing gender transition by allowing them to take time off. Efforts are also made to promote increased understanding among surrounding employees.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Initiatives Addressing Human Rights and Social Integration Issues

The Group clearly states in its corporate principles that "the Group will strive to maintain a high sense of morality and duty, endeavoring to continue contributing to the sustainable growth of the societies in which we operate," and we have formulated a Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues.

<u>Please see our Human Rights Education and Awareness page for information regarding the contents of the Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues.</u>

Human Resource Development and Skill Enhancement

Employee Training Approaches and Trends

The source of Daiwa Securities Group's competitiveness lies in the capabilities of its employees. The Group has defined its personnel ideals as "human resources who can provide high value-added solutions through the use of our 'Quality No. 1' integrity and specialized skills, who constantly make new discoveries, and who have positive mindsets, constantly taking on challenges as they seek to achieve even higher targets." We are focusing on developing human resources that meet these ideals.

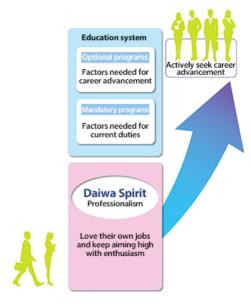
In particular, we offer extensive training programs to newly hired employees, as we believe that this is a critical period for their training. Seeking to achieve the "Quality No. 1" in the industry, we adopt a system that allows employees to refine their knowledge, techniques, and mindsets through a variety of programs in the curriculum. It enables us to nurture human resources with professional skills at an early stage.

We believe that our employees must have a firm understanding of corporate ethics and compliance to ensure the development of sound financial and capital markets. Accordingly, we provide all employees with regular training on information security and compliance. We also believe that not only having a strong commitment to compliance but also maintaining a high sense of morality and making decisions in light of general social norms is important for living up to the trust of customers and society. Based on this belief, we hold monthly discussions, using a case study approach, for young employees within the first five years of employment, with the participation of senior employees.

Education and Training System

Daiwa Securities Group seeks to be a group of true professionals who love their jobs and keep aiming high. Our employees not only acquire skills necessary for their current work assignments but also make consistent efforts toward achieving their career visions. We have adopted an educational system comprising mandatory programs clearly positioned as duties that must be worked on, and a variety of optional programs that can be chosen according to the needs of each employee for their career advancement. In this way, we support the autonomous career formation of each employee.

In 2019, we introduced the "Digital IT Master Certification System," a structured system for developing human resources that can leverage digital technologies to create innovation within our business. We have also introduced and improved other systems aligned with our business environment and strategies, and have set a target of 200 or more digital IT personnel as one of our Group-wide human resource development key performance indicators (KPIs).



Daiwa Securities Group's Education System

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Training Records in FY2020

Number of times skill training was held in FY2020:	28 training courses held 49 times
Number of participants	4,966 people
Cumulative number of participants (FY2007-FY2020)	22,819 people
Cost for the Group's educational investment:	¥1.8 billion
Cost per employee	¥140,000

Training for Young Employees

Daiwa Securities Group views the first two years of an employee's career as a period for their basic training for becoming a professional. Accordingly, we implement the Daiwa Basic Program that covers this period of training. The program sets the items and levels that should be acquired, and organically combines group training, OJT, e-learning, and support for the acquisition of qualifications. We have been conducting an educational program called "Q-Road" for employees in their third to fifth year of employment. This program helps them improve their knowledge, techniques, and mindsets so that they can achieve "Quality No.1" in the industry. It sets high-level goals for them to further promote their growth.

Skill Training

We provide twice-a-year skills training aimed at enhancing the skills and techniques that employees themselves want to improve as an opportunity for them to acquire various skills and special knowledge. We offer roughly 30 kinds of e-learning, which employees can take when it is most convenient for them, and two-way online instructor-led training. We have thus developed a training system that can better satisfy employees' motivation for self-development. For example, in the "Inheritance and Business Succession Master" course, which is led by a practicing tax accountant, employees learn basic knowledge of laws and systems and then acquire practical skills by generating output through case studies. The course helps the participants to acquire the skills and specialized knowledge necessary for conducting high-quality solutions business, and many of participants have stated that the course helped them better understand customers' issues and needs and provide solutions to address them. In addition, a wide range of training programs on coaching, digital literacy and other topics have been made available so that employees can choose programs according to their career aims, regardless of their own department and duties.

Training for Veteran Employees

We have been providing the Advanced Skill-building Program, a training program for employees aged 45 and older that is designed to continuously improve skills. We have also introduced a license certification system that provides incentives to employees who play active roles in their divisions and continue to work to improve the skills that divisions will need in the future as they implement our business strategies. Since its introduction, approximately 1,900 employees, accounting for more than 60% of personnel aged 45 and older, have undertaken a total of over 26,000 training programs.

Supporting Employees Trying to Earn Credentials

Daiwa Securities sees Financial Planner (AFP and CFP®) and Certified Member Analyst (CMA) qualifications as core requirements, and has set as a sustainability KPI a target of a combined total of 3,000 CFPs® and CMAs by FY2023. The number of employees with CFP® certifications has exceeded 1,000 for the first time for a company/organization in Japan, making it the highest level in the industry. CFP® is a high-level credential certifying knowledge and skills pertaining to the tax system, inheritance, and real estate fields, essential for providing financial planning services. Moreover, through the Daiwa Basic Program and Q-Road learning program, nearly all employees in their second year of employment acquire AFP qualifications. Our education system then allows employees to aim for CFP® or Certified Member Analyst of the Securities Analysts Association of Japan (CMA) certifications by their fifth year, depending on their own career goals.

We have also introduced an in-house Inheritance Planner Certification®. The certification is granted to employees who have completed practical training, based on extensive knowledge obtained through the acquisition of CFP® certification, that is applicable to business worksites. In addition, the company provides generous support by subsidizing certification costs so that employees can enhance their specialized skills and become professionals.

Number of Persons Earning Major Credentials (as of March 31, 2021)

Number of persons earning CFP® certifications:	1,165 people
Number of Certified Member Analyst of the Securities Analysts Association of Japan (CMA)®:	1,490 people

Intra-Group Job Postings and the Career Track Change System

We have instituted a Career Track Change System that enables non-career-track employees to transfer to career-track and regional career-track positions. Under the system, more than 1,500 employees have moved to other positions. We have also instituted a system of intragroup job postings to help employees with skills and the desire to realize their potential to open new career paths.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Evaluation System

To ensure that all employees can continue working with a high level of motivation, it is important to have a fair and convincing evaluation system. For this reason, Daiwa Securities Group has implemented a multifaceted evaluation system for managers whereby subordinates conduct evaluation. This involves subordinates assessing each manager's job performance in carrying out daily duties and the results being fed back to the manager. The scheme aims to help managers to identify their challenges and improve their managerial skills through training programs and other means, thereby improving our overall productivity. The multifaceted evaluation system covers all managers, including executives, the heads of departments, offices, and sales branches, and section chiefs. We also evaluate employees comprehensively by taking their compliance-related performance into account. In addition, we endeavor to create a personnel evaluation system that motivates all employees, regardless of years they are with us, whether they are young, middle of career, or experienced veterans, to take on the challenges of the next stage of their careers and to work in positions with greater responsibilities. Even while on childcare leave, employees are still eligible for promotions as we properly evaluate their contributions to date.

Work-Life Balance



Support for women's advancement and work-life balance

Daiwa Securities Group is creating a working environment which flexibly responds to change and in which all employees can continue to work energetically. Our aim is to create a workplace in which no one is left behind by achieving a high degree of work-life balance that enables diverse personnel to thrive.

One of the Group's Corporate Principles is "placing importance on personnel" and the corresponding text is "The source of the Group's competitiveness lies in the capabilities of its employees. 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." We believe that maximizing the motivation of each and every employee will lead to higher customer satisfaction and ultimately higher shareholder value. We are implementing various measures with the aim of becoming a Group in which employees feel that their work is rewarding, and feel even more proud to be a member of the Group, extending to their families and related parties.

* WLB: Abbreviation for work-life balance.

Daiwa Securities Group's approach to supporting women's advancement

Daiwa Securities Group's management strategy states "Daiwa Securities Group is working to create a working environment which flexibly responds to change and in which all employees can continue to work energetically" and "We are creating a workplace in which no one is left behind by achieving a high degree of work-life balance that enables diverse personnel to thrive."

Regarding support for women's advancement, in order to produce female leaders who will drive the Japanese financial world, we will actively promote female employees and create an environment where they can continue to work actively even after life events such as marriage and childbirth. We will support the efforts of companies by publicizing the status of support for women's advancement in the Group.

In 2009, four female directors were appointed concurrently. To incorporate more diverse perspectives into our Group management, we have appointed four female directors at Daiwa Securities Group Inc. and 12 female directors, officers, and executive officers throughout the Group.

In addition, Daiwa Securities Group Inc. supports the 30% Club Japan activities launched in Japan in May 2019, with the Chairman of the Board and the President and Representative Executive Officer participating as members. 30% Club Japan has set a goal of increasing the percentage of women in the TOPIX 100 board of directors to 30% by 2030, and aims to increase the percentage of women in the top ranks of Japanese companies.

Roughly 20% of branch managers and one overseas base manager are women (as of June 30, 2021), demonstrating the increasing advancement of women. As the number of role models increases, it becomes easier for women to plan their careers, and in recent years, the number of female employees who are aiming to improve their careers through a shift to career-track and regional career-track positions has significantly increased.

Furthermore, we support various systems and measures that go beyond legal requirements so that employees can continue to work actively even after undergoing life events such as marriage and childbirth.

We will continue to build systems that improve the motivation and engagement of employees, promoting greater trust and unity between them.



Kana Shirakawa, Executive Managing Director Head of Human Resources and Chief Health Officer (CHO) Daiwa Securities Group Inc.

Various systems

Childcare leave	Can be taken up to the day before the child reaches the age of three
Childcare Support Leave	Can be taken when the spouse gives birth or returns to work (within the first two weeks of child care leave, while wages are guaranteed). Since its introduction in September 2014, it has been used by a cumulative total of 1,600 people. We continue to aim to maintain a 100% rate of childcare leave use by male employees and a childcare leave duration of 14 days or more.
Pre-childcare leave for male employees	Can be taken when the employee accompanies the spouse to a pregnancy checkup and participates in a parents' class, as well as for preparations for hospitalization, etc. before the birth. The leave is designed to nurture an awareness of participation in child rearing among male employees before the birth of a child. This system has been used by a total of roughly 70 employees.
Short working hours system	A system that allows employees to leave the company up to 90 minutes early until their children graduate from elementary school
Exemption/restriction on overtime work	Exemption from overtime work is possible until the employee's children complete the third grade of elementary school. Overtime work can be limited until graduation from elementary school
Nursing care leave	Up to 5 days per child before elementary school, up to 10 days per year if the employee has 2 or more children.
Daycare subsidy	The Group subsidizes the cost of child care facilities or after-school care until the employee's children reach the third grade of elementary school
Babysitter system	Employees can use a babysitting service contracted by the company at a special rate until their children complete the third grade of elementary school. This system has been used by a total of over 1,200 employees.
Support desk for employees looking for nursery schools	Offers free-of-charge services that check information on nursery school facilities, the status of availability, and other such matters on behalf of employees, thereby assisting them to find nursery schools. This system has been used over 200 times in total.
Job location change system	If an employee needs to relocate due to marriage, spouse job transfer, nursing care time care, etc., the Group will provide a work position at the new location. Since fiscal 2007, approximately 400 people have used this system
Spouse work reassignment leave system	Employees can take up to 5 years of leave if their spouse is transferred overseas. This system has been used by a total of over 60 employees.
Birth gift of 2 million yen from the third child	The Group pays 2 million yen as congratulations for the birth of the third and subsequent children

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Nursing care leave	Employees can take up to four periods of nursing care leave within 3 years (1095 days) for each family member requiring care
Nursing care time	Employees can take up to 2 hours per day of family care time within 3 years from the start of use
Nursing care-support leave	Employees can take leave to take care of family members who need nursing care, to attend hospital, etc. or to carry out procedures on behalf of family members. Up to 5 days per year can be taken (half days can also be taken, 10 days for 2 or more family members). This system has been used by a total of over 1,700 employees.
Nursing Care Travel Home Expense Allowance	The Group subsidizes travel expenses incurred when employees return to their parents' home to provide nursing care. This system has been used by a total of roughly 150 employees.
Life Support Paid Leave	Employees can take paid vacation when it is required for injury/illness, nursing care preparation, fertility treatment, or nursing a child (up to 50 days)
Work-Life Balance phoneline	The Work-Life Balance phone line provides various types of advice to employees regarding balancing work and child care/ nursing care, career planning, etc.
Professional Return Plan (re-hiring of sales staff)	A system to re-employ employees who have retired due to marriage, childbirth, or nursing care, etc. with the same treatment as when they retired Used by about 70 people in total
Expanded leave system	The Group has defined marriage preparation vacation; kids' ceremony vacation (for children's entrance ceremonies, etc.); family day vacation (to deepen family friendships); parents'longevity vacation (to coincide with longevity celebrations for own or spouse's parents); and volunteer vacation, and encourages employees to take paid vacation
The telecommuting system	Telecommuting has been introduced in all divisions, including Retail marketing, and promotes greater autonomy by individual employees and work styles which increase the productivity of the organization as a whole.
Flex time system	Depending on the operational characteristics of each department, employees can select "Flex time (with core times)" or "Super flex time (with no core times)," promoting work styles which increase the productivity of the organization as a whole.
Daiwa ELLE Plan	Regarding health issues for women who are active at various life stages, the Group provides comprehensive support including measures for the menopause; ELLE vacations (for poor physical condition during menstruation/menopause and fertility treatment); improvement of literacy such as e-learning training for managers; subsidies for specific fertility treatments; and a work-at-home system to balance work and fertility treatment

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

The Group continues to educate its employees through various training sessions according to position regarding the initiatives and objectives of "supporting women's advancement" and "promoting work-life balance" as management strategies. Furthermore, the Group conducts training on its work-life balance support system for balancing work with child care and nursing care responsibilities based on the idea that it is important to deepen mutual understanding not only for employees who use the system, but also for the employees who work alongside them.

In addition, once a year, we conduct a survey for all employees about work-life balance and balancing work with child care and nursing care responsibilities. We survey the recognition, degree of use, and issues of our systems, while soliciting opinions and requests from employees, to promote further understanding and enhance penetration of the systems. Based on employee feedback, we also review the design and operation of these systems.

Various measures

Supporting career advancement among female employees

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To help female employees move closer to their ideal future image while going through various life events, the Group implements a career support training initiative for female employees named Daiwa Woman's Forum. The initiative provides an opportunity to make it easier for female employees to picture their future work style and career image. Every year, 100 to 200 female employees who are one step before a managerial position participate across divisions and departments. In addition to career plan training and skill training, the curriculum incorporates interaction with role models such as female directors and female managers. The program thus contributes to building networks among women.

In addition, based on the experience to date, the Group holds a training event for female managers, "Daiwa Woman's Management Forum," to further improve the future image that each person envisions.

Against the backdrop of extended working lives amid the shift toward people living to 100 years old, in FY2019, we expanded the range of career choices to include "regional career-track" (positions that do not involve relocations). We have also established a new "broad regional career-track" system that allows employees to be relocated within a certain area, seeking to enable staff to continue to play active roles and remain strongly motivated.



Various skill training



For the purpose of fostering true professionals, the Group provides various skill training sessions that are opportunities for employees to acquire various skills and specialized knowledge. We are making efforts with the goal of setting the ratio of female participants to 50% by FY2025 (46% in FY2020).

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Job shift system

With regard to job shifts, up to now more than 1,500 people have shifted to career-track or large area career-track positions (that can be relocated within a certain area or area career-track that does not involve relocation, and the number of female employees active in a wide range of jobs has increased significantly.

The increase in the number of role models has resulted in a major rise in the number of female employees who are aiming to improve their careers through a shift to career-track positions.

Work-Life Balance Committee

In 2017, Chairman of the Board Takashi Hibino and the President and CEO Seiji Nakata were appointed co-chairpersons the Work-Life Balance Committee, which is launched to promote women's activities and dramatically improve productivity under stronger leadership. Staff from various positions and departments, from executives and managers to young employees, participate as advisors to discuss and verify the status of various measures, including efforts to achieve goals for the promotion of women's activities, support for balancing work with childcare and nursing care, leaving work before 19:00, planned annual leave taking, and male employees taking childcare leave.

System Usage Calendar

The Group introduced a "System Usage Calendar" that allows all employees in the department to share their plans for using annual leave, continuous leave, and the systems for balancing work with child care (short working hours system, etc.). It is extremely effective in promoting annual leave for all employees, and has become a system that allows each workplace to use the leave systems smoothly.

Distribution of Career Design Books

To support the career design of each and every employee, the Group posts "Career Design Books" on the internal portal site, making them available to all employees. These books compile information on a variety of career paths and positions, various personnel systems and education/training programs, and welfare and other systems.

Return to work guideline

The Group has established guidelines for department managers so that employees can take child care leave and return to work smoothly. These guidelines encourage appropriate consideration to make it easy for employees to use the system according to their physical condition and individual circumstances. They also promote understanding among other employees, and describe how to distribute work according to the situation and how to provide training as a role model. They go on to describe how to give fair and impartial evaluations and feedback to employees with various circumstances, such as those who will use the system and those who have returned to work. Through training and other measures managers can remain informed and educated.

In addition, the Group has distributed a list of the various work-life balance systems to managers as "Work-life balance systems for balancing work and child care/nursing care that managers need to know about."

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders

Environmental Initiatives

Others

Education for managers



Furthermore, for the purpose of improving management ability and the productivity of the entire Group, subordinate employees evaluate the work and behavior of managers in their daily work, and the results are fed back to the individual. In this way, a "360-degree evaluation" is conducted for all management including executives, department managers, and section managers. As part of these evaluations, the status of diversity efforts is also evaluated, and the results are incorporated into the manager's evaluation.

Self-reporting system

The Group has implemented a "self-reporting system" as an opportunity for managers to think about their future goals and career development. Managers share their hopes and goals with their superiors and interviews are held to support their career advancement as managers.

ANSWERS

In 2021, we introduced ANSWERS, an internal online social network through which employees can consult with each other, help each other with difficulties, and build networks. It presents them with opportunities to meet role models, broadening their perspectives regarding future career advancement.

Career Consulting Salon

The Group set up a "Career Consulting Salon" on the work-life balance promotion site (inside the Daiwa WLB station) for employees only, and female executives and female department managers act as "career advisors" to discuss career paths and work-life balance with junior employees across divisions and departments.

Expanded support for balancing work and nursing care



The Group is helping employees balance their work and nursing care in various ways. To further improve the environment in which employees with abundant experience and a high degree of specialization can continue to work actively without feeling anxious about future nursing care, the Group established a nursing care leave system that exceeds the legal requirements (up to 1095 days, can be acquired in four periods) and introduced a work-from-home system for all departments including sales departments. Further, following consultations with employees who are providing nursing care and their families, the Group introduced a Nursing Care Concierge Service that can provide various solutions. Moreover, in conjunction with "Nursing Care Day" on November 11th, the Group held study sessions at all branches entitled "Responding to an Aging Society and Balancing Work and Family Care," to raise employee awareness and foster a corporate culture that makes it easy to use the systems.

Trend in Number of women in managerial positions

Since the establishment of the "Women's Advancement Promotion Team" in 2005, the Group has continued to make various efforts with the aim of supporting women's advancement and realizing "work-life balance" for employees, while establishing various support systems for work-life balance that exceed legal requirements. As a result of our efforts so far, the number of female managers has sextupled compared to before the introduction of the measures.

The Group operates a fair treatment and evaluation system that encourages all employees, from young people, mid-level employees, and experienced employees, regardless of their years of employment, to work hard at a higher stage and in a position of greater responsibility. Also, based on the belief that promoting appointments based on fair evaluations and creating an environment in which diverse human resources can maximize their abilities will lead to an increase in corporate value, even during child care leave, employees are evaluated correctly based on their achievements up to that point and are eligible for promotion. The Group has created an environment in which employees can aim for career advancement even as they experience life events.

As a result of various efforts, the number of role models has increased, and the number of female employees in positions just below management positions has doubled since 2005.

Furthermore, the Group is appointing future candidates for executives regardless of gender at an early stage, and is working to develop candidates for management executive positions through selective management training.

Daiwa Securities Group

	2006 As of March 31	2017 As of March 31	2018 As of March 31	2019 As of March 31	2020 As of March 31	2021 As of March 31
Number of women in managerial positions (Consolidated)	97	375	424	490	562	654
Ratio of female managers	2.7%	8.8%	9.4%	10.5%	11.9%	13.7%

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Daiwa Securities Co. Ltd.

In terms of the ratio of female managers, the Group is continuing various initiatives with the goal of increasing the ratio to at least 25% by 2025 and 30% by 2029. The ratio of women who have a position at or above the level of manager is 9.3% (44/471), and the ratio of women at the level of section manager is 16.3% (494/3,040) (as of March 31, 2021).

	2006 As of March 31	2017 As of March 31	2018 As of March 31	2019 As of March 31	2020 As of March 31	2021 As of March 31
Number of women in managerial positions (Consolidated)	77	295	329	378	432	504
Ratio of female managers	2.8%	10.6%	11.6%	12.9%	14.5%	16.3%

^{*} Deputy managers and above are counted as managers

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of new female managers (Daiwa Securities)	62	40	61	61	83
Ratio of women among new managers	32.3%	24.4%	26.2%	26.8%	29.6%

Child care/nursing care-related

With the goal of supporting the spouse's child care and smooth return to work, and supporting the further advancement of women, the Group is continuing to advance efforts to achieve a 100% rate for men taking child care leave and an average of more than 14 days of leave taken by 2025.

OTrend in the number of employees taking child care leave

	FY2016	FY2017	FY2018	FY2019	FY2020
Female	671	695	696	680	538
Male	327	437	420	378	170
Total	998	1,132	1,116	1,058	708

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

OTrend in the number of employees taking nursing care leave

	FY2016	FY2017	FY2018	FY2019	FY2020
Female	0	2	5	10	5
Male	2	3	3	3	3

Other data

		FY2016	FY2017	FY2018	FY2019	FY2020
Childcare leave	Female	100.0%	100.0%	100.0%	100.0%	100.0%
usage rate	Male	96.8%	100.0%	100.0%	100.0%	100.0%
Return rate	Female	91.5%	89.5%	91.4%	91.9%	92.1%
from child care leave	Male	100.0%	100.0%	100.0%	99.0%	100.0%
Employment rate when a female employee's child is 1 year old		100.0%	100.0%	100.0%	100.0%	100.0%
Short working ho	urs system users	324	373	446	505	474
Daycare subsidy users		625	702	759	909	833
Birth gifts for third	d child	33	54	45	28	30

Promotion of WLB

With the goal of creating a workplace in which no one is left behind by achieving a high degree of work-life balance that enables diverse personnel to thrive, the Group is making efforts to promote work-life balance, aiming to achieve work styles in which work and life are in harmony, and to enhance the work environment, in which both men and women can work using a variety of work styles.

The Work-Life Balance Committee, which is chaired by the Chairman of the Board and the President and CEO, is held every quarter, and under strong leadership, officers and employees working in various positions at various departments, from executives and department managers to young employees, participate in a wide range of discussions on various measures such as work-life balance and promotion of women's advancement. The Group has also set up a Work-Life Balance Promotion Office in the Human Resources Division to plan, make proposals, and promote work-life balance and support for women's advancement. The Work-Life Balance Committee and the Work-Life Balance Promotion Office are working together to implement various measures, and hold regular cross-Group women's advancement promotion meetings in order to advance efforts across the Group.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Expanding the Telecommuting System

Taking advantage of the fact that we distributed two-in-one terminals to all employees, we expanded our teleworking system, which we introduced in March 2020 and which includes working from home. This has made it possible to work outside the office in an environment equivalent to the office environment, producing a diversity of work styles that are aligned with the life stages of employees and helping improve the business continuity and productivity of the company as a whole.

Enforcement of leaving the office before 7 p.m.

Since 2007, led by our policy of creating an environment in which employees can work efficiently within time constraints, the Group has encouraged employees to leave the office before 7 p.m. and has set the goal of achieving a 100% implementation rate in all divisions. Furthermore, the Group has developed guidelines for work and meetings where multiple departments collaborate. The Human Resources Division regularly confirms if employees are leaving the company by 7:00 p.m., and the Work-Life Balance Committee has established a system for verifying the implementation status of this initiative.

Since 2015, the Group has been expanding investment in human resource development by capitalizing on the results of productivity improvements. In addition, in 2017 and 2018, the Group provided a "special allowance for work-life balance and work style reform," and in 2019 provided a "special allowance for productivity improvement." Lump sum payments, funded by the results of productivity improvement, were paid to employees separately from their bonuses.

Further, the Group operates an "hourly leave system" that allows employees to take annual leave in units of one hour, which enables flexible work styles. The Group has also set up a "shift work system" according to the business situation of each department.

Promotion of taking annual leave

The Group promotes "taking planned annual leave" for the purpose of improving productivity and work efficiency by refreshing the mind and body and bringing out new vitality. As part of its efforts, the Group introduced a System Usage Calendar and various initiatives, such as Kids' Ceremony Leave, Family Day Leave, Parents' Longevity Celebration Leave, Long Service Gratitude Leave, Expecting Mother Escort Leave, Volunteer Leave, and Marriage Preparations Leave. Employees are made aware of the objectives and importance of the different kinds of leave through training, in-house broadcast, and the like.

Family Workplace Visits

Since 2008, the Group been carrying out "Family Workplace Visits" in which we thank the families who support our employees every day and invite them to the workplace.

Held at head offices nationwide, these events are popular with employees and their families. In 2020, these visits were held online for the first time, and roughly 5,800 families participated.





Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Daiwa WLB Station

A work-life balance promotion site exclusively for employees, which introduces the child care and nursing care systems and features content on the subjects of self-improvement and health. It can be viewed from home while on leave, and the bulletin board is used as a communication tool for employees. In addition, the Group has set up a "Career Consulting Salon" that utilizes the bulletin board function, and female executives and female managers give advice to junior female employees about their concerns and questions.



Work-life balance promotion site
"Daiwa WLB Station"

"Daiwakko" Daiwa Child Care Club

In 2021, we created "Daiwakko," the Daiwa child care club, to provide both work and child care support to expecting mothers and mothers taking care of children, assisting them to improve their skills and shape their careers so that they can feel secure and motivated as they continue to work while expecting children and providing child care. It is hosted on a dedicated site within Daiwa WLB Station and offers ways for colleagues to connect and introduces various ways of using Daiwa's systems.

Questionnaire about work-life balance

The Group regularly administers questionnaires to all employees concerning work-life balance and balancing work and child care/nursing care. In 2020, we received responses from over 7,000 employees. We assess system usage conditions and collect requests concerning systems, and we use employee feedback when revising the designs and operation of these systems.

Use of Group newsletter/Group satellite broadcasting

In every issue of the bi-monthly Group newsletter, there is a regular feature on "Everyone's Work-Life Balance Open Space," which introduces the Group's initiatives and systems for work-life balance, and role models that are active in various careers. In addition, the Group facilitates the sharing of best practices in each department via Group satellite broadcasting.

Initiative results/evaluation

External evaluations of initiatives

Results from the Group's efforts to support women's advancement and promote work-life balance have been steadily realized, and the Group has been highly praised by many external evaluation organizations in recent years.

2006	 Award for Companies That Promote Equality and Work-Life Balance Equality Promotion Company Division "Director General of Tokyo Labour Bureau Excellence Award" (sponsor: Ministry of Health, Labour and Welfare)
2009	 Award for Companies That Promote Equality and Work-Life Balance Equality Promotion Company Division "Minister of Health, Labour and Welfare Excellence Award" (sponsor: Ministry of Health, Labour and Welfare) The 3rd Work-Life Balance Grand Prize "Excellence Award" in the Organizational Activity Division (Sponsor: Japan Productivity Center)
	• The 4th "Nikkei Child Care Support Grand Prize" (sponsor: Nihon Keizai Shimbun)
2010	The 3rd Diversity Management Award "Work-Life Balance Award" (sponsor: Toyo Keizai Inc.)
2011	• 3rd overall in "BEST 100 Companies in Which Women Play an Active Role" 1st in Utilization of Women category (sponsor: Nikkei WOMAN)
2012	 Award for Companies That Promote Equality and Work-Life Balance Family Friendly Division "Director General of Tokyo Labour Bureau Excellence Award" (sponsor: Ministry of Health, Labour and Welfare)
2013	Career Supporting Company Award 2013 "Minister of Health, Labour and Welfare Award" (sponsor: Ministry of Health, Labour and Welfare)
2014	 Selected for "Diversity Management Companies 100 Selection" (sponsor: Ministry of Economy, Trade and Industry)
2015	 Selected for FY2014 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange) Selected for "Health & Productivity Stock Selection" in FY2014 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders

Environmental Initiatives

Others

2016	Selected for FY2015 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry,
	Tokyo Stock Exchange)
	 Selected for "Health & Productivity Stock Selection" in FY2015 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
	 "BEST 100 Companies in Which Women Play an Active Role" 1st place for Promotion of Women's Advancement 5th place for Diversity Penetration (sponsor: Nikkei WOMAN)
	 Ikumen Company Award 2016 "Special Encouragement Award" (sponsor: Ministry of Health, Labour and Welfare)
	• 7th place for "Companies That Facilitate Easy Parenting 2016" (sponsor: Nikkei DUAL)
	 Award for Companies That Promote Equality and Work-Life Balance Family Friendly Division "Minister of Health, Labour and Welfare Excellence Award" (sponsor: Ministry of Health, Labour and Welfare)
	 Award for Advanced Companies Where Women Can Shine "Minister of State for Special Missions (Gender Equality) Award" (sponsor: Cabinet Office)
2017	 Selected for FY2016 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
	 Selected for "Health & Productivity Stock Selection" in FY2016 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
2018	 Selected for FY2017 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
	 Selected for "Health & Productivity Stock Selection" in FY2017 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
2019	 Selected for FY2018 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
	 Selected for "Health & Productivity Stock Selection" in FY2018 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
	• 2nd place for "Companies That Facilitate Easy Parenting 2019" (sponsor: Nikkei DUAL)
2020	 Selected for FY2019 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
	 Selected for "Health & Productivity Stock Selection" in FY2019 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
	• 3rd place for "Companies That Facilitate Easy Parenting 2020" (sponsor: Nikkei DUAL)
2021	 Selected for FY2020 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
	 Selected for "Health & Productivity Stock Selection" in FY2020 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)
	• 5th place for "Companies That Facilitate Easy Parenting 2021" (sponsor: Nikkei xwoman)

Selected for "Nadeshiko Brand" jointly sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange!

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Daiwa Securities Group Inc. has been selected as a "Nadeshiko Brand" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for six consecutive years from fiscal 2014 as a listed company that excels in promoting women's advancement.

The Group was commended for setting clear goals regarding the promotion of women's advancement and work-life balance and promoting an environment where personnel with diverse values can maximize their abilities.



We support the Declaration on Action by the Cabinet Office "Group of Male Leaders Who Will Create "A Society in which Women Shine""

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On December 18, 2015, Takashi Hibino, Chairman of the Board, endorsed the Declaration on Action of the "Group of Male Leaders Who Will Create "A Society in which Women Shine"" which is led by the Gender Equality Bureau of the Cabinet Office Under this activity, male leaders of companies actively engaged in promoting women's advancement shared a Declaration on Action in order to maximize the abilities that women can have, and expanded the circle of support.



Formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace

Daiwa Securities Group has aimed to raise the ratio of women in director's positions to at least 30% by 2030, and we have set specific targets for the years through FY2025. In this manner, we are further accelerating our efforts to provide an environment in which employees with diverse values can leverage their full potential.

[A general business owner action plan was formulated and submitted on April 1, 2021]

> Daiwa Securities Action Plan [PDF: 89.6 KB] (Japanese)

[Press Release]

> "Setting Goals for Promoting Women's Advancement and Approval to the Cabinet Office of "Meeting of Male Leaders to Accelerate the Success of Women" [PDF: 103 KB] (Japanese)

Since April 2005, Daiwa Securities Group Inc. has formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and has been working to create a workplace environment where employees can work comfortably while balancing their work and family life.

In recognition of this initiative, as of June 9, 2008, the Daiwa Securities Group Inc. received the "Child Care Support Authorized Company Mark" (known as "Kurumin") from the Ministry of Health, Labour and Welfare as a "company actively working on support for the development of the next generation" based on the Act for Measures to Support the Development of the Next Generation.

Furthermore, on March 11, 2016, Daiwa Securities received the "Platinum Kurumin Certification" as an excellent "parenting support company" that is working at a higher standard than companies that acquired "Kurumin."

[A general business owner action plan was formulated and submitted on November 1, 2015]

> Daiwa Securities Action Plan [PDF: 256KB]





Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Received the symbol mark (known as "Tomonin") from the Ministry of Health, Labour and Welfare for promoting the development of a "work environment that ensures a balance of work and nursing care"!



The Group is continuously working to create a workplace environment that makes it easy to use the work-life balance support systems so that employees can continue to work while balancing work and nursing care.

The Group received the symbol mark (known as "Tomonin") from the Ministry of Health, Labour and Welfare for promoting the development of a "work environment that ensures a balance of work and nursing care"



Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Health Management

Our Beliefs and Policies

The Group's Corporate Principles include "placing importance on personnel." Based on the idea that the source of the Group's competitiveness lies in the capabilities of its employees, we believe that we must make our employees happy as we improve our productivity. We are also seeking to create an environment in which employees feel motivated to work actively over the long term. We have set various KPI, implement the PDCA cycle, and are working strategically to maintain and improve the health of our employees.

Goals

Reduce obesity rate at age 35 by 30% by 2024

[Target] Obesity rate for 35-year-olds in FY2024 Male: 20%, Female: 8% (FY2018 results: Male: 28%, Female: 12%)

Structure to Promote

Appointment of Chief Health Officer (CHO)

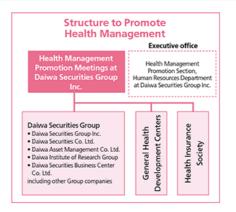
In 2008, when specific health checkups and specific counseling guidance were started at the workplace, the Human Resources Department, Human Resources Department, and occupational health staff began to work in earnest to strengthen employees' health in the Group. Then, in 2015, a Chief Health Officer (CHO) was appointed to strengthen the health management promotion system, and the Health Management Promotion Section was established within the Human Resources Department.

Held "Health Management Promotion Meetings" sponsored by CHO

In addition, "Health Management Promotion Meetings," which are chaired by the CHO and attended by executives from each Group company, are held quarterly. Occupational health staff, Heath Insurance Society, employee unions, and outside experts participate in the meetings to verify and share health management initiatives.



Promote Health Management Meetings



History so far

	Main achievements	External Evaluations
FY2008	 Started specific counseling guidance (metabolic syndrome guidance) The Human Resources Department, General Health Development Center, and Human Resources Department started working together to promote health 	
FY2009	 Introduced a system for checking past health checkup results and various health information online Started following-up with persons with possible medical issues with the "yellow paper" system 	
FY2010	Started walking and quit smoking challenges	
FY2011	Started "Eating to 80% full" (Harahachi) campaign	
FY2012	Started Red Case Support Program (for severely ill persons)	
FY2013		Received the Minister of Health, Labour and Welfare "Extending Healthy Life Expectancy Award"
FY2014	Our Group's efforts were published in the "Minister of Health, Labour and Welfare White Paper"	Selected as "Health Management & Productivity Stock Selection"

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

	Main achievements	External Evaluations
FY2015	Started point incentive * Points are given to self-help efforts for employee health promotion. When the points reach a certain level, it is reflected in the employee's salary after age 55	Selected as "Health & Productivity Stock Selection 2016" > Press Release [PDF: 114 KB] < Japanese only >
	 Appointed Human Resources Officer of Daiwa Securities Group Inc. to "Chief Health Officer (CHO)" Implementation of "Promote Health Management Meetings" 	
	 Established "Health Management Promotion Section" in the Human Resources Department of Daiwa Securities Group Inc. Issued "Daiwa Securities Group White Book on 	
	Health"	
FY2016	KA-RA-DA iki-iki Project Introduction ➤ Press Release [PDF: 91 KB] < Japanese only > ▶	 Selected as "Health & Productivity Stock Selection 2017" and "Excellent Health and Productivity Enterprise 2017 (White 500)"
		> Press Release [PDF: 99KB] < Japanese only>
		 Ministry of Health, Labour and Welfare- commissioned project "Cancer Measures Promotion Company Action" Received the Minister of Health, Labour and Welfare Award for companies promoting cancer control
		> Press Release [PDF: 80KB] < Japanese only >
FY2017	Introduced Employment Support Plan for Employees with Cancer > Press Release [PDF: 121KB] < Japanese only>	 Selected as "Health & Productivity Stock Selection 2018" and "Excellent Health and Productivity Enterprise 2018 (White 500)" > Press Release [PDF: 141KB] < Japanese only >
		A Supules only
		 Received the Tokyo Metropolitan Government "Company Award for Excellent Initiatives for Balancing Treatment of Cancer Patients and Work"
		> Press Release [PDF: 78KB] < Japanese only >

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders

Environmental Initiatives

Others

	Main achievements	External Evaluations
FY2018	Introduced Daiwa ELLE Plan > Press Release [PDF: 191KB] < Japanese only>	Selected as "Health & Productivity Stock Selection 2019" and "Excellent Health and Productivity Enterprise 2019 (White 500)" > Press Release [PDF: 98KB] < Japanese only >
FY2019	 Introduced a new health checkup plan (a system that allows people to have a cancer checkup together with their regular health checkup, specific counseling guidance using ICT, online health consultation by a doctor) Started health promotion measures for young customers (fitness app, counseling guidance for people in their 20s and 30s) 	Selected as "Health & Productivity Stock Selection 2020" and "Excellent Health and Productivity Enterprise (White 500)" > Press Release [PDF: 113KB] < Japanese only >
FY2020	Introduced Daiwa Online Care > Press Release[PDF:84KB] < Japanese only>	Selected as "Health & Productivity Stock Selection 2021" and "Excellent Health and Productivity Enterprise (White 500)" > Press Release [PDF: 113KB] < Japanese only>
FY2021	Mindfulness Training for New Employees in Cooperation with Keio University	

Three-Part system

In fiscal 2008, we established the Three-Part system through cooperation by the Human Resources Department, the General Health Development Center, and the Health Insurance Society from the perspective of the company's obligation to give consideration to safety and promote health among insured persons, with the aim of enhancing the viability of our health business.



Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders

Environmental Initiatives

Others

Initiatives

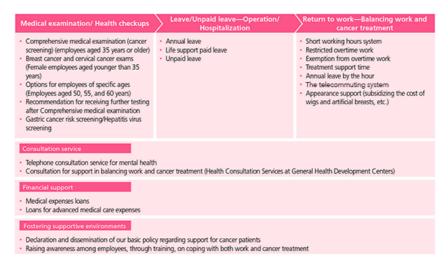
Regular health checkup (including cancer screening)	
Daiwa Online Care	Employees can access the medical office at any time from branches across Japan or from their own homes when teleworking. It provides diagnosis and medication prescriptions.
Employment Support Plan for Employees with Cancer	Support for balancing work and cancer treatment
Daiwa ELLE Plan	Comprehensive support for women's health
"yellow paper"	Sent to employees who have a possible medical issue following the regular health checkup. Promotion of medical institution consultation
KA-RA-DA iki-iki Project ∼Healthy Lifestyle∼	A project aimed at raising the health awareness of all employees, including those who are indifferent to health (young customers, etc.). We introduced a system whereby employees are awarded points for taking part in health promotion events that can be exchanged for gifts such as health-related goods, healthy beverages, and donations to TABLE FOR TWO
Smoking cessation support	Quit smoking program and quit smoking challenge where applicants take part in groups
Walking challenge program (point incentive)	Participants join a group with the goal of walking 10,000 steps a day for three months. Gifts are awarded by the Health Insurance Society
Harahachi program to promote moderate meal portions (point incentive)	Participants join a group with the goal of eating to 80% full for one month
Lectures on health literacy (point incentive)	Participants learn about lifestyle diseases, exercise, nutrition and mental health to improve their health literacy
Disseminating information to all Group employees	Disseminate information from the General Health Development Center to all Group employees via the company intranet Provide a wide range of knowledge on measures to combat lifestyle-related diseases, cancer, hay fever, infectious diseases, and women's health problems
Influenza vaccination	The medical office provides influenza vaccinations. The Heath Insurance Society provides subsidies, including for family members
White Book on Health	Issued "Daiwa Securities Group White Book on Health"
Mental health support	Stress check, mental health consultation, mental health training

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

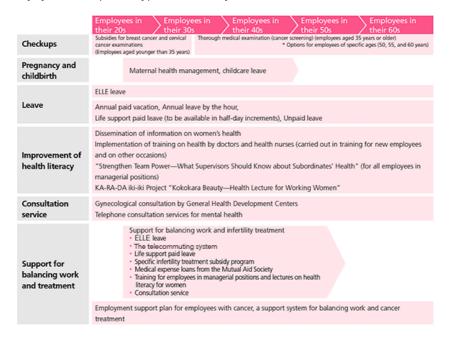
Employment Support Plan for Employees with Cancer

Since 2017, we have introduced the Employment support plan for employees with cancer, a support system for balancing work and cancer treatment. In addition to flexible working systems such as short working hours and telecommuting, we provide financial support and have set up a helpdesk. We are also striving to create workplaces that make it easy to work by deepening understanding of cancer patients.



Daiwa ELLE Plan

In October 2018 we introduced the "Daiwa ELLE Plan" as a comprehensive support system for women's health issues. We provided support for women's menopause, established of ELLE leave (leave for menstrual/menopausal conditions or infertility treatment), improved employee health literacy, and enhanced support for balancing work and infertility treatment. In order to support the balance between work and infertility treatment, in addition to ensuring that women have time for treatment, we newly established a subsidy system for specific types of infertility treatment.



KA-RA-DA iki-iki Project

Since 2016, the Human Resources Department, Health Insurance Society, and General Health Development Center have worked together to introduce the "KA-RA-DA iki-iki Project" targeting all employees, including young employees who have less interest in health, with the aim of further improving health awareness.

When an employee participates in a health promotion event, they receive "SDGs points," which are converted into money and donated by the company to TABLE FOR TWO. The "Kara-Iki points" collected from participating in events can be donated to social contribution activities or exchanged for health related prizes, so that employees' health efforts help to contribute to society.

Events

- 10 minutes per day of physical activity (Plus 10)
- No alcohol challenge program
- Breakfast Everyday
- Diet recording
- Stop eating between meals
- KA-RA-DA iki-iki seminars
- Harahachi program to promote moderate meal portions
- Walking challenge program
- Smoking cessation challenge program



Staff taking part in KA-RA-DA iki-iki Project



Initiatives for Mental Health

The Human Resources Department, the General Health Development Centers, and the Health Insurance Society work together to provide detailed advice to employees seeking consultations about their concerns, mental health problems, anxiety, stress, etc., while helping them to manage their mental health. Highly-specialized counseling is also conducted by collaboration between a psychiatrist and a certified clinical psychologist.

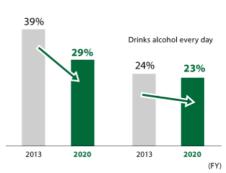
Results of initiative

The number of employees with a healthy lifestyle has increased.

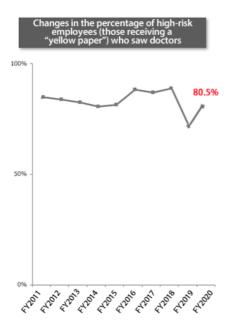
Indicators to be increased Gets enough rest 69% from sleeping Does walking or equivalent physical activities in daily life 53% for an hour or longer per day Does exercise that works up 40% a sweat for at least 30 minutes each time twice a week or more for at least one year 26% 22% 17% 2013 2013 2020 2020 2013 2020



Indicators to be decreased



We were able to confirm a heightened level of employee health awareness.



Health issues

(Excerpt from White Book on Health)

The proportion of obese people is increasing as a whole. Since the number of obese people tends to increase with age, it is necessary to raise awareness of health from a young age. Especially for young people, there is a problem with lifestyle habits, such as an increase in the percentage of both men and women who do not eat breakfast. In addition to measures against obesity, it is necessary to take measures that will lead to awareness about establishing a healthy lifestyle from the start of employment.

In addition, the number of both men and women with blood pressure for which medical examination is recommended is increasing. Furthermore, a high percentage of employees with this level of blood pressure remain at the same level the next year and the year after. Therefore, it is necessary to take prompt measures to support employees who are at or above the blood pressure level for which medical examination is recommended.

Health issues recognized by Daiwa Securities Group and examples of efforts to address them

Daiwa Securities Group recognizes the following health issues and is working to address them.

Health issues

- Reducing obesity and hypertension among employees with health risks
- Improving the health consciousness of young employees
- Addressing the unique health issues faced by women
- Early stage cancer detection and treatment
- Improving mental health

Goals for improvement initiative

Focus on obesity control and hypertension control, continue to provide thorough counseling guidance to each risk group, and encourage them to participate in the "KA-RA-DA iki-iki Project" to make them aware of their lifestyle habits.

In order to ensure that young people have awareness of health from an early stage, implement new health events using ICT to increase the participation rate. Provide counseling guidance to employees who are obese and enhance opportunities to obtain knowledge and information on health.

Investment in health management (total amount and per capita amount)

We have invested a total of 840 million yen, or 61,000 yen per person, in health management. (As determined through a health management survey questionnaire)

External Evaluations



management issues using health management

Solved

Started "White Book on Health" strategy

Implementation of Data Health Plan

Selected for "Health & Productivity Stock Selection" for seven consecutive years Selected for "Nadeshiko Brand" for seven consecutive years

Selected as "Excellent Health and Productivity Enterprise (white 500)" for five consecutive years (Selected jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange)

Implementation of "yellow paper" system 2008

Three-Part system



2013

Received the Minister of Health, Labour and Welfare Award for Excellence, the highest recognition in the corporate category of "The Second Extending Healthy Life Expectancy Awards'



Received the Minister of Health, Labour and Welfare Award in the "Cancer Measures Pomotion Company Action" project
The award is given to the group which implements

the most advanced measures overall for cancer





2018

Received an Excellence Award in the "2018 Company Awards for Excellent Initiatives for **Balancing Treatment of Cancer Patients and** Work"

Selected as one of the 11 companies receving awards in the large company category (five of which received an Excellence Award)



Implementation of "KA-RA-DA iki-iki Project"





Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders

Environmental Initiatives

Others

Other related data

Percentage of obese employees	35-year-old obesity rate Male: 30.4% Female: 7.9%
Non-smoking rate	78.4%
Percentage of employees who took the stress chec	90.8%
Work Motivation Survey	Work 3.3 Organization 3.2 Colleagues 3.2 Growth and career advancement 3.2 Remuneration 3.0
Number of women in managerial positions	654
Ratio of women in managerial positions	2.2% [March 2005] \rightarrow 13.7%[End of March 2020] (Daiwa Securities 2.3% \rightarrow 16.3%)
Rate of participation in regular health checkups:	almost 100%
Percentage of employees who regularly exercise:	22%
Proportion of those seeing doctors after regular employee health checkups with problematic results in such checkups:	80.5%

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Communication with Employees

We believe that good communication with employees is vital for a better workplace environment. We have thus implemented a semiannual self-assessment system whereby employees can communicate their career plans to their superiors and the Human Resources Department. Under the system, employees can also communicate to the Human Resources Department not only their career visions but also their thoughts on the duties they assume, personnel and training systems, the workplace environment, and other matters. Daiwa Securities Group uses such feedback to develop an environment that enables employees to work with a high level of motivation.

To give feedback on assessment results, we conduct interviews with department and sales branch heads twice a year, thereby sharing future goals and career development with them and providing appropriate guidance and advice to each employee.

We also regularly conduct surveys on work-life balance for all employees. We incorporate employees' feedback, and have introduced the Nursing Care Concierge Service to remove employees' concerns about nursing care. We have also introduced a support desk for employees looking for nursery schools to ensure that those on leave can have a smooth return to work, while expanding a program for subsidizing expenses for day care and after-school child care for employees with children up to the third grade in elementary school. Moreover, we conduct interviews with employees returning from childcare leave after a certain time has passed in an effort to resolve any worries they may have and provide a support system that employees can use until their children finish elementary school. These inputs from employees help us to identify areas for improvement in our systems and initiatives and to create a better workplace environment.

Work Motivation Survey

^

In August 2018, we introduced a Work Motivation Survey as a monitoring indicator. It is designed to raise employees' motivation to work through challenges for higher value-added operations and contribute to customers and society, thereby achieving a virtuous cycle of improved employee and customer satisfaction. Based on assessed results, we identify factors leading to increases in employees' motivation and use such factors for various measures.

Communication among Employees

In October 2007, Daiwa Securities introduced a program for supporting club activities. This program was created to help employees enjoy their time off and deepen their friendships with colleagues, building more opportunities for sharing a sense of camaraderie and solidarity. It is also intended to support work-life balance and facilitate a fuller social life for employees. The program was expanded and enhanced in FY2009. Under this program, employee groups that meet certain conditions are recognized as Daiwa Clubs or Daiwa Circles, which receive subsidies to cover some of their activity costs.

As of March 2021, 20 clubs and five circles were active across the Group. In 2021, we introduced ANSWERS, an internal online social network through which employees can feel at ease consulting with each other, help each other with difficulties, and build networks.

Relationship with Employee Unions

The Group supports the Ten Principles of the UN Global Compact, which include Principle 3, "Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining," and respects freedom of association and the right to collective bargaining.

Based on labor agreements signed with employee unions, we regularly hold labor-management negotiations on bonuses and other compensation and the working environment, thereby building a sound labor-management relationship.

We also increase opportunities for learning the opinions of our employees and improve communication through surveys conducted by employee unions, direct dialogue between management and union members, and other activities.

As of the end of FY2020, 6,640 employees belong to employee unions, and the union membership ratio is 58.7%.

Initiatives for Families

We work to ensure that members of employees' families share their pride in being part of the Group. Since FY2008, we welcome employees' families to the workplace on Family Visit Day to give family members a better understanding of our company and the employees' jobs. Other initiatives for supporting our employees' families include the new creation of Kid's Ceremony Leave, Family Day Leave, and Parents' Longevity Celebration Leave, as well as the extension of mental health support to employees' families.

Active Use of In-House Magazine

Daiwa Securities Group issues an in-house magazine, "Fuji," whose history dates back to 1925, when one of the company's predecessors, Fujimoto Bill Broker Bank, commenced its publication. The content covers a broad scope, including the basic management policy, a message from top management, specific SDGs initiatives (includes ESG and improvement of environmental awareness), information from Group companies, profiles of winners of awards presented by Daiwa, overview of worksite visits on family day, explanations of our welfare and human resources systems, human rights issues, and our internal whistle-blowing system (how it works and its usage status). By including information that traverses the Group, our intention in producing the magazine is not only to engender communication among company employees but also to further the Group culture, the sense of connectedness and exchange of knowledge. At present, 20,000 copies of the bi-monthly magazine are distributed among Group executives, employees and retirees. In addition, the magazine is also posted on the work-life balance promotion website for employees, making it viewable to company employees who are currently involved in child rearing, nursing family members or are on leave from work.

Activities to Support Communities through Our Foundations

Daiwa Securities Group proactively works on social contribution activities through public interest incorporated foundations and funds to realize a prosperous society.

Daiwa Securities Health Foundation



In 1972, Daiwa Securities Health Foundation was established in commemoration of Daiwa Securities' 30th anniversary. It currently targets research projects on medicine and medical care for diseases specific to middle-aged and elderly people, preventing the elderly from becoming bedridden, rehabilitation, and home-based medical care and nursing care. In FY2020, additional grants for research projects relating to COVID-19 provided to meet the needs of the times. Grants are provided primarily to support young researchers. In FY2020 (the 47th year of support, COVID-19 related support), the Foundation awarded a total of ¥40.6 million to 43 recipients. In addition to grants, the Foundation issues reports on research results and works to contribute to local communities.



FY2019 presentation ceremony at Daiwa Securities Health Foundation (Head Office) In FY2020, a presentation ceremony was not held in consideration of the COVID-19 pandemic.

Daiwa Securities Health Foundation's cumulative grants awarded through FY2020

Number of recipients	1,341 people
Total amount of grants	¥1,319,1 million

> For details on Daiwa Securities Health Foundation, click here < Japanese only>

Daiwa Securities Foundation



In 1994, Daiwa Securities Foundation was launched as part of commemorative activities for the 50th anniversary of the establishment of Daiwa Securities. It has provided grants to activities for supporting the elderly, children with disabilities, and children, and other volunteer work with great social significance, as well as disaster relief efforts for victims of large-scale natural disasters such as those from earthquakes and torrential rain. In FY2018, the Foundation expanded its scope of support by adding activities for supporting children living in poverty or other harsh environments to its grant targets. In FY2020 (its 27th year of support the third year of grants for children), the Foundation awarded a total of ¥47.64 million to 185 organizations.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others



FY2019 presentation ceremony at Daiwa Securities Foundation (Nagoya Branch)
In FY2020, a presentation ceremony was not held in consideration of the COVID-19 pandemic.

Daiwa Securities Foundation's cumulative grants awarded through FY2020

Volunteer Activities Grants	 Number of projects receiving grants: 3,878 projects Total amount of grants: ¥977.90 million
Grants to activities supporting children	 Number of projects receiving grants: 17 projects Total amount of grants: ¥8.18 million

Media reports concerning grant activities

In FY2020, there were no media reports as the presentation ceremony was not held due to the COVID-19 pandemic.

> For details on Daiwa Securities Foundation, click here < Japanese only>

Daiwa Anglo-Japanese Foundation (Chartered in the United Kingdom)

As a UK charity for fostering closer ties between the United Kingdom and Japan, the Daiwa Anglo-Japanese Foundation was established in 1988 with contributions from Daiwa Securities Co Ltd.

The Foundation's Tokyo office provides local assistance to Daiwa Scholars (students from the United Kingdom) staying in Japan for about 20 months, administers grant applications from Japan and collaborates with other institutions promoting Anglo-Japanese relation

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Activities

- 1. Awarding grants to individuals, institutions, and organizations working to promote ties between the United Kingdom and Japan
- 2. Awarding scholarships (Daiwa Scholarships) for British graduates to study Japan and the Japanese language
- 3. Awarding the Daiwa Scholarships in Japanese Studies, which are supported by Daiwa Securities, for students from the United Kingdom who are advancing to graduate school in the U.K. or Japan to conduct research on Japan
- **4.** Organizing events regulatory, at Daiwa Japan House in London, which is the Foundation's headquarters, to improve understanding of Japan in the United Kingdom

 Seminars are currently being held online (as webinars) due to the COVID-19 pandemic.
- 5. Organizing events in Japan in collaboration with the British Embassy and others

> For details on Daiwa Anglo-Japanese Foundation (Chartered in the United Kingdom), click here

Daiwa Scholars and Daiwa Scholars in Japanese Studies

After getting PCR test of the COVID-19, Daiwa Scholars 2019, who had arrived in Japan and completed their one-year Japanese language study in 2019, finished for four-week home-stays in Kasuga City, Kyoto, Mima City, Tanegashima, Sado Island, Kochi City, Kuroshio-cho, Akita City, and Kunitomi-cho upon completion of their one-year Japanese language study. This year, visits to Daiwa Securities branches at the homestay sites were not conducted.

A closing ceremony was held online for the first time at the Head Office building on March 23, 2021 as the final event of the Daiwa Scholarships.

Chair of the Trustees of Sir Tim Hitchens gave a congratulatory speech in Japanese, and a video message in Japanese from Ambassador Julia Longbottom of the United Kingdom to Japan was played. Takashi Hibino, Vice Chair of the foundation, who is also the Chairman of the Board of the Group, gave a congratulatory speech and presented certificates of completion, followed by speeches by the 2019 scholarship recipients (one of whom participated online from the UK) expressing their gratitude for the program, bringing the 19-month scholarship program to a conclusion.



The Daiwa Scholar 2019 completion ceremony

Cumulative number of people completing the Daiwa Scholar program by FY2019

190 people

➤ For details on Daiwa Scholarships, click here □

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Daiwa Myanmar-Japan Foundation



In April 2013, Daiwa Securities Group established the Daiwa Myanmar-Japan Foundation to improve people's livelihoods in Myanmar and develop the human capital necessary for sustainable economic growth. Since its establishment, the Foundation has implemented a scholarship student support program that provides junior staff of the country's central government with opportunities to study in Japan. To date, it has supported a total of 30 scholarship students.*1 After completing their studies, the students are provided with opportunities to receive training at the Financial Services Agency of Japan and Daiwa Securities Group. The Foundation has also provided training to 100 certified public accountants in Myanmar to date,*2 based on the tripartite memorandum of understanding signed with the Myanmar Institute of Certified Public Accountants and the Japanese Institute of Certified Public Accountants. It has also assisted staff of the Government of Myanmar in gaining securities-related credentials, starting in June 2020, in an effort to help improve their financial knowledge. The Foundation's initiatives are positioned as one of the measures that Japan's public and private sectors have worked on together to invigorate Myanmar's capital market. They contribute to developing and creating a network of the human resources that will form the country's future leaders.

- *1 In consideration of the COVID-19 pandemic, the FY2020 program was postponed.
- *2 In consideration of the COVID-19 pandemic, training was conducted online in FY2020.

Contributions by Daiwa Myanmar-Japan Foundation

Number of Myanmar citizens receiving scholarships	30 people
Number of participants in public accountant training	100 people

^{*} Cumulative contributions through FY2020

For Your Dreams - Daiwa Securities Group Children's Smile Project

The Daiwa Securities Group has launched the "For Your Dreams - Daiwa Securities Group Children's Smile Project" to help solve the problem of child poverty.

Outline of the Project

As part of its "Children's Smile Project," Daiwa Securities Group has created "Daiwa Securities Group Child Support Fund for Bright Future" in collaboration with the Public Resources Foundation, a public interest incorporated foundation. And we have donated gifts to children through the "Santa Charity Program", a fund-raising activity by executives and employees and volunteers of OBs and OGs to help children to create fun memories of Christmas.



Why do we support the future of children?

"The financial and capital markets are a symbol of capitalism, and its benefit securities companies have been receiving. Meanwhile, capitalism can generate a disparity, becoming a cause for child poverty, which is a distortion of society. For this reason, we recognize the need to contribute to solving the poverty issue by using sound profits that we have gained from our core businesses.

Progressively declining birthrates and an aging population resulting in a decreased number of children shouldering Japan's future will significantly affect the sustainable growth of the country.

Child poverty generates many side effects, such as inadequate education, possibly leading to a situation where the children shouldering the future of Japan cannot acquire enough qualities as members of society."

Eradicating child poverty is an extremely challenging goal that cannot be achieved overnight. However, we must now work to improve the environment surrounding children and break the chains of poverty.

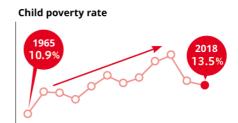
Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others





Child poverty is a serious issue in Japan, with one in seven children living in poverty. Japan's child poverty rate has been on an increasing trend since the 1980s, and continues to be especially serious in families such as single-parent households. While they may all look the same as school-going children, due to being disadvantaged in aspects such as learning, further studies, meals, and medical care, children living in poverty may be severely affected in their learning abilities and future income. This may even lead directly to a reduction in national power in the long term eventually.



Source: "Summary Report of Comprehensive Survey of Living Conditions 2016"

View details

Disparity in Children's Environment at Present

The following report from Daiwa Institute of Research shows the degree of severity of child poverty issues in Japan at present.

View details

Daiwa Securities Group Future Support Bonds Child Support Group Sustainable Fund

Daiwa Securities Group decided to donate \102.5 million of the total amount raised through the issuance of bonds (nicknamed "Daiwa Securities Group Future Support Bonds") in June 2020 to the "Daiwa Securities Group Future Support Bonds Child Support Group Sustainable Fund," which is to be established in collaboration with the Public Resources Foundation.

View details

Daiwa Securities Group Child Support Fund for Bright Future

Daiwa Securities Group has created "Daiwa Securities Group Child Support Fund for a Bright Future" in collaboration with Public Resources Foundation, a public interest incorporated foundation. The Fund is designed to improve the environment for children and break the chains of poverty. It assists groups supporting children's future.

Daiwa Securities Group intends to contribute a total of around ¥100 million in the initial five years and will select grant recipients after soliciting applicants.

Total amount of grants for FY2020 (the fourth call)

Total amount of grants for FY2019 (the third call)

Total amount of grants for FY2018 (the second call)

¥13.4 million

¥21.22 million

¥15.95 million

View details

Santa Charity Program



Since 2017, we have been implementing a Santa Charity Program—an initiative in which executives, employees, and former members of Daiwa Securities Group donate Christmas presents to children. Contributions collected under the Program are used to purchase assorted snacks and toys and donated to children's homes, livelihood support facilities for fatherless families, and NPOs supporting children across Japan. The donations are made through the <u>Public Resources Foundation</u>

 $\hfill\Box$, a public interest incorporated foundation.

Support for Culture and the Arts

DOCS for SDGs

Daiwa Securities Group supports Yahoo! JAPAN Corporation's <u>DOCS for SDGs</u> action plan for achieving the SDGs. Yahoo! JAPAN has posted documentary films on a special website, so be sure to watch them.

Documentary film

The Land of Hope: The Promises of the Technical Intern and the President (Japanese)



SDGs Creative Award

The SDGs Creative Award \Box is a film contest that seeks to promote SDG education and initiatives by recognizing live-action films intended to solve social issues. Daiwa Securities Group supports this initiative, which was launched in FY2018 by holding the SDGs Creative Award Executive Committee meeting in Sapporo.

Second Daiwa Securities Group Award

Ryuzo Tanaka, Taki Corporation, "TAKI SMIKLE DESIGN LABO \times Chonmagetai—Lala Tree" (Japanese)

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders

Environmental Initiatives

Others



Second SDGs Creative Award: Other Recommended Works (Japanese)



First Daiwa Securities Group Award

Yusaku Kanagawa, "Verde Africa Forever" (Japanese)



First SDGs Creative Award: Other Recommended works (Japanese)











Children's Art Exhibit Held

Since 2017, we have been holding children's art exhibits on the first floor of the head office building.

With cooperation from the Japan National Council of Social Welfare and the National Council of Children's Homes, we borrow paintings created by children living in children's homes and display them to provide an opportunity for more people to deepen understanding of these children.

- > Images of the FY2019 exhibition can be seen here (Japanese)
- ➤ Images of the FY2018 exhibition can be seen here (Japanese) □
- * In FY2020, the exhibition was not held as a result of effects of the COVID-19 pandemic.



Other Support Programs

Daiwa Securities Group continues to provide support to promote sports, culture, and the arts.

Media Gallery (support programs)

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Action with NPOs

The Daiwa Securities Group plans various programs such as disaster relief programs and programs to donate part of the trust fees of investment trusts. By subsidizing NPOs rooted in the community, we are working steadily to provide support where needed.

Daiwa Securities Phoenix Japan Program

In May 2012, we established the Daiwa Securities Phoenix Japan Program as a measure to support reconstruction after the Great East Japan Earthquake that occurred on March 11, 2011. Under this program, we donate part of the trust fees from the investment trust "Daiwa Nippon Support Fund Vol. 3 - Phoenix Japan -."

(Collaboration: Authorized NPO Japan NPO Center)

Kopernik Program >

Since fiscal 2010, the Group has provided support to the American NPO Kopernik, which was established to improve quality of life and reduce poverty in developing countries. This program is operated by donations related to the investment trusts "Daiwa Eco Fund" and "Russell Investment Global Environmental Technology Fund".

Other disaster support (examples)

Torrential Rain Disaster in July 2020	5 million yen
Donation in response to damage caused by Typhoon Hagibis in 2019	10 million yen
Contribution to Areas Damaged by the 2018 Hokkaido Eastern Iburi Earthquake	10 million yen
Contribution to Areas Damaged by the Torrential Rain in July 2018	10 million yen
	About 11.22 million yen (donation activities by officers and employees)

^{*} Also refer to "Support for the 'New Tohoku' Reconstruction Business Contest 2020".

Others

Initiatives with Our Strategy for Initiatives through **Initiatives for Supporting Our Stakeholders** Achieving SDGs **Business Activities Business Activities** Donation in response to the heavy rain disaster in 10 million yen

Environmental

Initiatives

northern Kyushu in FY2017

Major initiatives to date

Disasters

Daiwa Securities Group Tsunami Reconstruction Fund (implemented March 2005 to September 2015)

The "Daiwa Securities Group Tsunami Reconstruction Fund" was established on March 9, 2005 as a measure to support the reconstruction of areas affected by the Sumatra Earthquake and Indian Ocean Tsunami that occurred on December 26, 2004. This is a long-term support project over 10 years from 2005, with Daiwa Securities Group Inc. contributing 10 million yen each year (100 million yen in total). (Monitoring: Authorized NPO Asia Community Center 21, Fund management: Sumitomo Mitsui Trust Bank, Limited)



Society

3keys program (implemented October 2012 to March 2016)

Since fiscal 2012, the Group has been providing support to 3keys, a designated NPO that provides learning support at orphanages. Under this program, we contribute part of the trust fees from the investment trust "Daiwa SRI Fund" to support the activities of this organization.

"Daiwa SRI Fund" Grant Program (implemented April 2006 to July 2013)

This is a subsidy program for domestic NPOs with the purpose of developing NPO staff who are active in fields related to "life" (human security fields). We donated part of the trust fees of the investment trust "Daiwa SRI Fund" during its operation. (Collaboration: Designated NPO Civil Society Initiative Fund)

^{*} Also refer to "Support for the 'New Tohoku' Reconstruction Business Contest 2020".

Initiatives with Our Stakeholders Environmental Initiatives

Others

Daiwa JFS Youth Sustainability College (implemented October 2006 to September 2010)

A program was held for students in which sustainability was divided into four themes to provide an overall picture over four years (once session a month). Our college was translated into English and transmitted to 191 countries and regions around the world from the website of the environmental NGO Japan for Sustainability. This program was held using part of the trust fees from the investment trust "Daiwa Eco Fund".

(Collaboration: Designated NPO Japan for Sustainability)

Social Business College (implemented October 2010 to September 2012)

We planned and held this event as a forum for disseminating information on social business and discussing sound business models and optimal financing.

A report prepared by Daiwa Institute of Research based on the college topics and details of the lectures is prese
> Press release (Japanese)
Session One: Representative Director Natsuko Shiraki of HASUNA Co., Ltd. (held on October 28, 2010)
Development of an ethical jewelry brand to address issues of poverty and child labor
> Report: Case Study 1 HASUNA(Japanese)
Session Two: Representative Director Eriko Yamaguchi of MOTHERHOUSE Co. & Ltd. (held on December 7, 2010
Creating world-class brands from developing countries
> Report: Case Study 2 MOTHERHOUSE (Japanese)
Session Three: President Yoshiki Takemoto of tobimushi Inc. (held on February 14, 2011)
Regional revitalization through forestry business
> Report: Case Study 3 tobimushi(Japanese)
Session Four: Senior Managing Director Eiko Nakamura of eco farm Co., Ltd. (held on May 31, 2011)
Using pigs as partners to regenerate abandoned land and conduct recycling-based agriculture
> Report: Case Study 4 eco farm(Japanese) 🗇
Session Five: Representative Director Michihiro Kouno of Yagisawa Shouten Co., Ltd. (held on July 21, 2011)
Rebuilding a 200-year-old soy sauce brewery to develop with Rikuzentakata
> Report: Case Study 5 Yagisawa Shouten(Japanese)

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Session Six: President Mitsuru Izumo of Euglena Co., Ltd. (held on October 25, 2011)
Green algae will save the earth!
> Report: Case Study 6 Euglena(Japanese) 🗇
Session Seven: President Keiji Ikeuchi of Ikeuchi Organic Co., Ltd. (held on December 15, 2011)
From Ehime to the world – weaving towels with the wind: business links between Imabari and Tanzania
> Report: Case Study 7 Ikeuchi Organic(Japanese) 🗇
Session Eight: Representative Director Yuko Morishige of A DANSÉ Co., Ltd. (held on January 27, 2012)
Forests, AIDS, and shea butter
> Report: Case Study 8 A DANSÉ (Japanese) 🗇
Session Nine: Co-Founder and CEO Toshi Nakamura of Kopernik Solutions (a U.Sbased non-profit organization) (held on March 5, 2012))
Using innovation to solve poverty problems in developing countries
> Report: Case Study 9 Kopernik Solutions (Japanese) □
Session Ten: Representative Director Takashi Kawazoe Carepro, Inc. (held on May 25, 2012)
Saving 33 million vulnerable people with one-coin check-ups
> Report: Case Study 10 Carepro (Japanese)
Session Eleven: Representative Director Takashi Iwasa of Yamamoto Ichigo Farm Co., Ltd. (held on July 17, 2012)
What can we do for agriculture of the future: Post-earthquake reconstruction challenges of strawberry farmers in Yamamoto-cho?
Session Twelve (held on September 25, 2012)
Part 1: CEO Masami Komatsu of Music Securities, Inc.
 Part 2: Social business—Questioning business in the 21st century CEO Masami Komatsu of Music Securities, Inc.Mariko Kawaguchi Senior Principal, Research Division Daiwa Institute of Research Ltd.

Environment



Support for production of "Renewable Japan Status Report" (implemented 2010 to 2011)

We donated trust fees from the investment trust "Daiwa Eco Fund" to be used as production costs for the 2011 and 2012 editions of the "Renewable Japan Status Report" published by the designated NPO Institute for Sustainable Energy Policies.

Daiwa Russell GEF Environmental Technology Promotion Project (implemented 2008 to 2009)

This was a project to compile and disseminate a handbook about basic technologies that can be sufficiently created and operated by materials and human resources in developing countries from among Japan's environmental technologies. A donation was made from part of the trust fees of the investment trust "Russell Investment Global Environmental Technology Fund."

(Collaboration: General Incorporated Foundation Global Environmental Forum)

Daiwa CI Biodiversity Conservation Fund (implemented 2007 to 2008)

We established and supported a fund to support eight local communities that are important for biodiversity conservation in areas around World Natural Heritage Sites. A donation was made from part of the trust fees of the investment trust "Daiwa Eco Fund."

(Collaboration: General Incorporated Foundation Conservation International)

Others

Promotion of Social Contribution Activities

Daiwa Securities Group believes that participation in volunteer programs and other community activities by employees helps broaden their perspectives and familiarize them with different values. We consider that this, in turn, has a good influence on both their work and their lives.

Through our intranet, we provide information on volunteer opportunities for projects planned by ourselves, other businesses and NPOs/NGOs as well as events that help educate employees and raise their awareness. We also strive to create an environment that makes it easy for employees to volunteer by setting up a recognition program, the Volunteer Award, and other incentives.

In FY2019, we introduced Volunteer Leave to create an environment that facilitates participation in volunteer activities.

Initiatives to Promote Volunteer Activities

President's Awards program

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Daiwa Securities has the President's Awards program to recognize outstanding achievements by employees. As part of the program, we introduced the Volunteer Award in FY2007, which is given twice a year to employees and groups involved in volunteer initiatives and activities that provide ongoing support to communities.

Dissemination of Information through the Internal Network





In-house magazine "Fuji"

The Daiwa Securities Group introduces the best practice in such volunteer work, through our in-house magazine and internal TV programs.

Collection Drive



The Daiwa Securities Group has been running the following collection drives as initiatives that are easy for employees to participate in. Collected items are donated to various NPOs and sold by them to fund their activities, including support for education, medical services and assistance to the disabled in developing countries.

Examples

- ^
- Participation in "Used Book Sale Donation for Children's Future" (donation to Children's Future Support Fund)
- Donation of unusable postcards and used stamps (donations to Japan Committee "Vaccines for the World's Children" and Live with Friends on the Earth)
- Donation of redundant calendars (donations to groups involved in disaster assistance or community support activities, which are selected each fiscal year)

Contribution made in FY2020 through collection drives (equivalent monetary value)



- Used Book Sale Donation for Children's Future: ¥37,218
- Japan Committee "Vaccines for the World's Children": ¥113,802
- Live with Friends on the Earth: ¥105,561

Donation Activity through Food and Drink

Since the spring of 2013, Daiwa Securities Group has contributed to the TFT Program, which is organized by TABLE FOR TWO, an internationally designated NPO. This is an initiative aimed at correcting food imbalances between developing and developed countries by donating a portion of revenue from the purchase of food and drink by Group officers and employees to pay for school lunches in developing countries.



Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

We introduced the TFT menu at the cafeteria in the head office building and the staff cafeteria in Daiwa Institute of Research and Daiwa Facilities Co., Ltd. started donating ¥1 per drink sold through the beverage vending machines installed within the Group. Moreover, points earned through the "KA-RA-DA iki-iki Project," which is aimed at strengthening employees' health, can now be redeemed for contributions to the TFT Program. We have thus expanded the platforms for participating in the TFT activities.

The contributions made through the TFT Program during the period of January to December 2020 were equivalent to around 77,554 school lunches in developing countries (calculated on the assumption that one meal costs ¥20).

Donation of Shareholder Reward Items

Daiwa Securities Group Inc. implements a shareholder reward program. Together with the operation of this program, we donate reward items returned to us due to the relocation of shareholders and other reasons, as well as reward items received for our shareholdings in other companies, to organizations such as designated NPOs and public interest incorporated foundations. In FY2020, we also continued to make donations to organizations that provide food for children.

Initiatives in Japan

Participation in Project to Subtitle Video Lessons for Elementary and Junior High School Students

The Daiwa Securities Financial Institutions Division participated in the "Gengle Subtitles Project", an educational support program for elementary and junior high school students implemented by eboard, a non-profit organization. By providing easy-to-read subtitles for video lessons, this project is an initiative to ensure the proper education of more than 70,000 children who are deaf or hard of hearing or whose first language is not Japanese. A total of 17 volunteers from the Financial Institutions Division and Group companies created subtitles for lessons.

One volunteer commented, "The work is different from simply transcribing speech, and it's difficult to create subtitles that are easy to understand for deaf children and children who are not proficient in Japanese. This was an opportunity to think about the issues that can arise in educational settings."

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others



A volunteer creating subtitles

Series Circuits and Parallel Circuits

Things in our everyday lives that use electricity



Subtitled materials for video lessons

Bringing Dreams, Joy and Excitement to Children Through Soccer

The Daiwa Securities Shizuoka Branch continues to donate, through the Social Welfare Council, tickets for Shimizu S-Pulse soccer matches to children within the prefecture in welfare facilities or receiving support from welfare organizations. Shimizu S-Pulse is a J League soccer team that engages in charity work to bring dreams, joy, and excitement to children through soccer. In support of these efforts, the Shizuoka Branch launched this initiative five years ago. While the climate of self-restraint continues during the COVID-19 pandemic, the hope is that the soccer matches will provide an opportunity lift the mood of the children. Kota Sugiyama, formerly a midfielder for Shimizu S-Pulse, visited the Shizuoka Branch and presented a certificate of appreciation.



Kota Sugiyama (second from the left) presents a certificate of appreciation.



Shimizu S-Pulse's home stadium

Initiatives Taken by the Group's Overseas Offices

Activities at the Group's London Operational Base

2020 saw Daiwa Capital Markets Europe ("DCME") make a step change in its sustainability initiatives with the establishment of the Sustainability Oversight Group, chaired by the Head of Strategy and Executive Governance and comprising six working groups: Business Development; Regulation & Risk; Sustainability; Charity; Wellbeing and Diversity & Inclusion.

This structure has enabled better coordinate of the initiatives already in place, whilst developing a new range of initiatives aligned with the UN's Sustainable Development Goals ("SDGs") and materially increasing DCME's expertise and credentials in the sustainability space. This firm-wide approach is designed to ensure that sustainability becomes ever more deeply embedded in DCME's practices and values.

The Wellbeing Working Group

The Wellbeing Working Group aims to build a workplace environment and foster a culture that is supportive of all aspects of wellbeing. The wellbeing strategy has been developed against 7 pillars: physical, mental, social, spiritual, environmental, financial and emotional.

Recent initiatives have seen the development of a regular wellbeing newsletter that is distributed to all staff focusing on the various aspects of wellbeing, what the firm is doing to support them and resources available to them. 2020 also saw the introduction of a Wellbeing allowance to support the physical and mental wellbeing of staff. In addition, a 'Mindfulness Network' has been set up, and a "Coping with Covid" session hosted by a psychotherapist held. Future mindfulness sessions are being planned for the rest of the year. A team of Mental Health First Aid trained employees has been established and the firm has a target to have a suitably qualified individual in every division and branch by 2022.



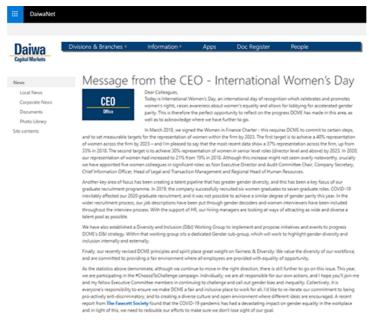
The Diversity & Inclusion Working Group

The Diversity & Inclusion Working Group has been formed to assist the firm in delivering its D&I objectives. The working group researches, proposes and, where appropriate, implements and organises D&I initiatives and events, working closely with Human Resources. It is organised into four sub-groups on Gender & Family, Race & Ethnicity, LGBTQ+ and Multi-Faith. All other aspects of D&I are managed by the D&I WG as a whole.

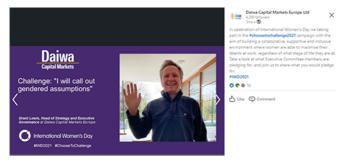
Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

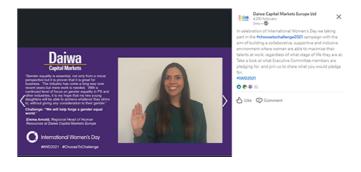
In February 2021 the first D&I panel discussion was held to explore and create awareness around the issues that affect individuals within the financial services industry. Some of DCME's senior stakeholders shared their own experiences of progressing within the financial services sector and the challenges they have faced. The firm also celebrated International Women's Day on 8th March with members of the Executive team pledging their support. In June 2021, the D&I Working Group produced a guide for Pride Month with a schedule of online events and seminars being held virtually that staff could sign up to.



Message from the CEO celebrating International Women's Day



International Women's Day – Executive Committee pledges of support via social media





CEO Meekins and the "School Bag" he made and donated to a school in Ghana



DCME D&I Panel Discussion Event

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

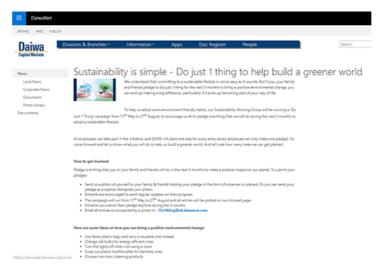
Others

The Sustainability Working Group

The Sustainability Working Group aims to define and monitor measures of waste, consumption and environmental impact in the context of DCME's business processes and develop a framework to guide the firm in lowering its environmental impact. A key objective is to measure DCME's CO2 footprint and identify a path to net neutral, including early reduction targets.

DCME has already taken steps to reduce its carbon footprint, promoting energy efficiency, recycling and re-use. Recycling stations have been introduced throughout our premises and plastic cups removed from staff kitchens. Plastic bin bag consumption is set to reduce by 50,000 a year. The firm has ensured the most efficient operation of the building to reduce energy consumption and has switched its stationery contract to a sustainable supplier.

To help DCME adopt some environment friendly habits, the Sustainability Working Group is running a 'Do Just 1 Thing' campaign from 11th May to 27th August, to encourage everyone at DCME to pledge one thing they will do during the next 3 months to adopt a sustainable lifestyle. For every entry submitted, DCME will plant a tree to build a greener world.



DCME "Do just 1 thing to help build a greener world" internal campaign

The Charity Working Group

The Charity Working Group oversees DCME's charitable activities. Emphasis is placed on supporting local initiatives and charities that can enhance the local community. Initiatives include support for areas in food poverty, disadvantage mentoring and gender and health equality. In the last 12 months, DCME has supported the following projects and initiatives:

- Direct financial support to Hackney Foodbank which provided 3,000 food packages to those suffering from food poverty in Hackney, London.
- Direct financial support to Hackney Cookery School to provide 6,000 food packages to those suffering from food poverty in Hackney, London.
- Direct financial support to For Jimmy (Smart Choices Charity) which funded places for 30 vulnerable children to attend a 5 week summer school to help them avoid and break away from street crime and gang violence.
- DCME employee support for the Smart Works 500 mile cycle challenge where 5 teams (25 DCME Employees) took part in the Smart Works 500 mile cycle challenge raising £4800 to support the work the charity does to support vulnerable women trying to get back into the employment market.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others



DCME Internal Newsletter - Hackney Foodbank donation



DCME Internal Newsletter - Smart Works Charity Cycle Campaign





Donation Amount





DCME team making Hackney Foodbank donation



Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

The Business Development Working Group

The Business Development Working Group is charged with further promoting and exploring business opportunities linked to the ESG market in all relevant business lines with an open, forward-looking, opportunistic and well-balanced mind-set.

Daiwa Securities Group and DCME have a long history of supporting the financing of social and environmental initiatives. The firm has been supporting "Green bonds" and other ESG initiatives since 2008 and has since lead managed over 50 transactions that align to the objectives of the SDGs. DCME's Debt Capital Markets Department recently won The Environmental Finance Magazine's Lead Manager of the Year – Social Bonds Award, selected by a panel of the world's largest green, social and sustainability bond investors. In addition, EMEA Finance magazine awarded the team "Best ESG Bond House" recognising 2 ground-breaking 'Social' Samurai issues and a EUR 'Education' private placement bond. In a 2020 ESG scoring survey conducted by International Finance Corporation, a member of World Bank Group, Daiwa finished joint first.



> DCME Website Awards Section 🗇

The Regulation & Risk Working Group

In recognition of the rapidly developing market, supervisory environment and associated risks, a Regulation & Risk Working Group has been established to review current and emerging regulation or guidance in the context of Environmental, Social and Governance (ESG) matters. The Regulation & Risk Working Group works closely with the Business Development Working Group to advise on any implications to proposed business initiatives.

Other Initiatives

As part of the Daiwa Group, DCME promotes and distributes "Vaccine Bonds" – bonds that raise money from Japanese investors to fund immunisations for children in the World's poorest countries. The firm is proud to work with the World Bank, the International Finance Facility for Immunisation Company (IFFIm) and the GAVI Alliance on the issue of these bonds.

DCME has also been accredited as a "London Living Wage Employer" as part of our support to eradicating poverty and reducing inequality. We continue to work with inner city charities and offer a small number of apprenticeships each year targeting disadvantaged young people. We hold regular fund raising events and support individuals participating in sponsored charity events.

There is increasing interest in DCME's promotion of SDGs, and the firm seeks to raise awareness and keep staff members informed through regular articles in the all staff newsletter "Daiwa Digest" via the weekly intranet news, and through "Town Hall" presentations by members of DCME senior management.

Others

Activities at the Group's New York Operational Base

Take Our Daughters and Sons to Work Day

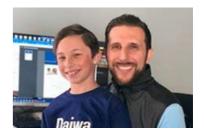
In April 2021, Daiwa Capital Markets America, Inc. (DCMA) held an online event called "Take Our Daughters and Sons to Work Day" to enable children to learn about the company. With the increase in working from home due to the COVID-19 pandemic, children's interest in their parents' workplaces has risen, so an online program was created to teach the children about the DCMA's history and finance. Innovative educational materials used illustrations and comics to enable children and adults to have fun while learning together. By introducing society, finance, and various ways of working to the children, the event served not only as an opportunity for financial education, but also as a fun chance for family contact.



CEO Meekins and the "School Bag" he made and donated to a school in Ghana



DCME D&I Panel Discussion Event



Mental Health Awareness Month 2021

DCMA has designated May Mental Health Awareness Month every year since 1949 in an effort to maintain and improve the mental health of employees. In May 2020, the company conducted a 15-day mindfulness challenge. This event encouraged meditation and mindfulness during everyday activities, providing an opportunity to adjust the balance between the mind and body. In addition to meditation and mindfulness, employee health was supported through programs for yoga, exercise, and contact with nature. Many employees continue to work from home as the COVID-19 pandemic continues, and this program contributed to a change of mood and enhanced motivation of employees.





Others

Let's Support COVID-19 Fighters! Feeding the Frontline in NYC

DCMA donated a total of \$16,000 to the "Let's Support COVID-19 Fighters!" a program that provides meals to frontline healthcare workers combatting COVID-19. Two donations were made, in May 2020 and January 2021. The project was launched in May 2020 with the hope of providing a moment of peace and relaxation to those who are working under extremely demanding conditions. As of the end of May 2021, a total of 9,490 meals had been provided. Japanese-style boxed lunches are popular in New York City, and many recipients expressed their pleasure and gratitude. The considerable social contributions of this project were recognized, and a commendation was received from the Consulate General of Japan in New York. DCMA remains committed to supporting activities that lead to social contribution.



A photo from The Mount Sinai Hospital



A photo from NewYork-Presbyterian/Columbia University Irving Medical Center

Activities at the Group's Singapore Operational Base

Daiwa Capital Markets Singapore Limited ("DSL") conducts various activities that proactively support promotion of SDGs. For example, dozens of DSL staff participated in a volunteer sewing activity sponsored by a charity. They effectively utilized resources by creating pocket tissue pouches at the office, using cloth from used clothing, during lunch time and other occasions and donating the completed pouches. Moreover, DSL has also set up a space for collecting used clothing, unopened food products, and other items within the office and has continued to use resources effectively. These initiatives have helped to promote a deeply-rooted sense of ownership among employees.

(These activities were suspended in FY2020 due to effects of the spread of COVID-19.)

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others



Activities at the Group's South Korea Operational Base

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Participation in Eco-Bag Production

Daiwa Securities Capital Markets Korea ("Daiwa Korea") participated in a project for production of eco-bags for needy children in developing countries, one of the support programs of the World Education Cultural Association (WECA), a local NGO. As the COVID-19 pandemic became protracted, for this program, in which participation from home is possible, participants purchased eco-bag production kits, colored them however they wished, and filled the completed bags with daily necessities, medicines, and other goods for provision to children in developing countries.

Daiwa Korea also makes monthly donations to Korea Food for the Hungry International, an NGO that supports children in needy families around the world to support the development of a harmonious society.

Interest in ESG and the SDGs has been rising in South Korea in recent years, and in accordance with a request from a Korean governmental agency, Daiwa Korea has provided special reports on the current status of ESG-related investment by public pension funds in Japan and other major countries.

The Korean government has recently been making strong calls throughout society to achieve a proper work-life balance, and Daiwa Korea has been making the following efforts in response: (1) encouraging proactive participation in social service activities (investigating and providing information on social contribution activity programs and granting compensatory leave to employees who participate in weekend activities); (2) creating comfortable work environments for women (improvement of welfare programs at each stage of pregnancy, childbirth, and child rearing, allowing adjustment of working hours and providing time to visit doctors for pregnant employees, setting up a nursing room and providing time for nursing at the discretion of the department head); and (3) encouraging employees to leave the office on time and take their annual paid leave to achieve work-life balance, and enhancing the welfare benefit system (subsidizing employees' self-development expenses, such as for studying languages, and expenses for promoting and maintaining health). In addition, Daiwa Korea is working to ensure the safety of its employees and sustain its business by establishing a work-from-home environment and will continue its CSR activities, such as granting paid leave after getting a COVID-19 vaccination, so that it can make further contributions to society in Korea by responding positively to demands made by society on companies.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others



Collaborative Programs

Daiwa Securities Group engages in collaborative programs as part of our efforts to create an environment where our employees find it easy to participate in volunteer activities.

> Membership of a community-based organization for volunteer work [Japanese]

Daiwa Securities Group is a member of an organization for volunteer activities, based in the Chiyoda ward of Tokyo, comprised of 17 companies and one body that works on initiatives contributing to communities together with other members.

> Chiyoda Volunteer Club [Japanese] □

Since 2009, we have joined the Chiyoda Volunteer Club, a free-of-charge membership program operated by Chiyoda Volunteer Center. Club members receive information on volunteer activities within the Chiyoda ward every month through an e-mail newsletter. The system of the club is simple and convenient encouraging our employees to participate in volunteer work under this program.

Past Activities

Forest Preservation Activities

Daiwa Securities Group has continued to conduct hands-on programs for experiencing the importance of maintenance and preservation of forests, which account for two thirds of Japan's total area.

Hands-on Forest Experience in Sayama Hills



The Group provided employees and their families with a forest preservation experience for 10 years from 2005 to 2014 at Mount Takao (Hachioji City, Tokyo). We changed the place of activity to Sayama Hills in Tokorozawa City, Saitama from FY2015 and have been conducting a program aimed at community village preservation activities.

Hands-on Forest Experience in Mount Takao



The program was implemented at Mount Takao (Hachioji City, Tokyo) for 10 years from 2005 to 2014. It involves thinning out trees in the first year and carrying out maintenance work for pathways in the second year, using lumber from the thinning work. The program attracted around 30 participants each year as a program in which both parents and children (elementary school children or older) can participate.

Food Culture Exchange with Daiwa Scholars





Together with the Daiwa Anglo-Japanese Foundation, the Group holds a food culture exchange event between Group employees and Scholars coming to Japan in September each year. The event is held for the purpose of cultural exchange between Japan and the United Kingdom. Through a cooking experience, we introduce washoku (Japanese cuisine), which has been added to the UNESCO Intangible Cultural Heritage list and is loved across the world.

Holding of Events with Sign Language and Simultaneous Captioning

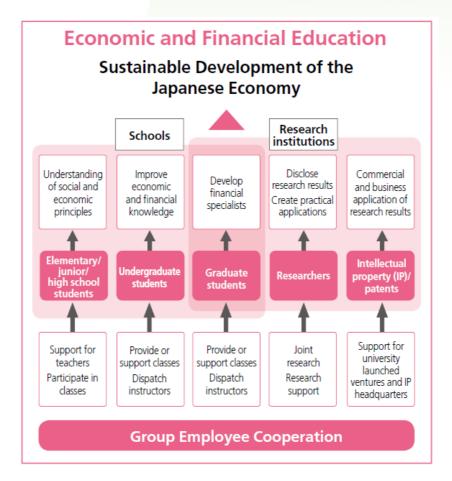




Daiwa Securities Group has provided sign language classes for beginners to increase understanding and use of sign language. On July 7, 2011, to celebrate the 10th anniversary of the classes, we held an event that could be participated in together with people with a hearing impairment. The sign language classes have ended, but we have continued to hold events using sign language and simultaneous captioning on an irregular basis.

Economic and Financial Education for the Young Generation

Capitalizing on financial and economic expertise accumulated through its securities business, Daiwa Securities Group engages in business-academia collaborations and supports programs for junior and senior high school students as well as teachers. We believe that economic and financial education is important in helping young people develop the capacity to build their own lives and shape the future world.



Example of Business-Academia Collaborations: University of Tokyo Hongo Tech Garage (Donation Project by Daiwa Securities Group)

Daiwa Securities Group supports the University of Tokyo Hongo Tech Garage, which was established by the University of Tokyo in 2016 as a site to advance entrepreneurship education (a donation project by Daiwa Securities Group). To date, the project has drawn nearly 500 students and other participants, leading to the launching of several companies each year. Among such companies, teTra aviation corp., has achieved success. Established in 2018, the company became the sole prize-winning team in the world competition for personal flying devices sponsored by Boeing in February 2020.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others





Lecture for Junior High School Students Conducted (December 2020)

Daiwa Asset Management Co., Ltd. conducted a lecture using Zoom for students in the third year of high school at Takamatsu Junior High School, which is affiliated with the Faculty of Education of Kagawa University. The students prepared fund proposals based on the concept of an investment trust that contributes to individual and societal prosperity in the future. Daiwa Asset Management fund managers and product development personnel then provided feedback.

The lecture conducted by personnel who currently work for an asset management company was well received and provided an opportunity for the students to deepen their understanding of finance and investment trusts.

In the future, Daiwa Asset Management plans to expand the scope to include high school students and will take further measures to promote economic and financial education.



Students discussing fund plans in groups



Daiwa employee giving feedback

Financial Education Textbook "Let's Learn about Stocks"

Daiwa Securities Group Inc. prepared "Let's Learn about Stocks," a financial education textbook targeting upper-grade elementary school children and above, with support from school teachers.

Published by DAN Advertising, Inc.



Target

Upper-grade elementary school children and above

Content

- Company role
- Structure of the corporation and financing with shares
- The role of stock exchanges and how stocks are helping
- Role of securities companies
- > Click here for details [Japanese][PDF:849KB] ▶

Support to "Job Museum" and "Job Almanac"



Support provided for "Job Museum," career education materials for elementary and junior high school students released by The Asahi Shimbun Company.

- > Click here for details [Japanese] □
- The web version, "Job Museum Kids," has a quiz and other features enabling visitors to enjoy the site like a game.
- The "Job Museum Repository" is a Website that presents information on hands-on learning and other topics
- "The "Job Almanac 2021" complies with the guidelines for teaching.
- "Job Almanac 2021" Donation of 70,000 copies (published on June 21, 2021)
- "Job Almanac 2020" Donation of 70,000 copies (published on June 29, 2020)
- "Job Almanac 2019" Donation of 67,000 copies (published on June 17, 2019)
- "Job Almanac 2018" Donation of 64,000 copies (published on June 15, 2018)

Pages Posted by Daiwa Securities < Japanese only >

• "Job Almanac 2021"

What are SDG Bonds?

> Click here for details [Japanese]

• "Job Almanac 2020"

What does a securities analyst do?

> Click here for details [Japanese]

• Job Almanac 2019

What happens in a trading room?

> Click here for details [Japanese]a> 🔼

• Job Almanac 2018

What jobs do people do at a securities company?

> Click here for details [Japanese]

• Job Almanac 2017

How can money be raised to expand a company?

> Click here for details [Japanese]











Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

• Job Almanac 2016

What are stocks?

> Click here for details [Japanese]



Information on economic and financial education learning website



SODATTE



The website sets up five categories, including "Money Lessons," "Family Finances" and "Education Funds," and disseminates columns that provide tips to child-rearing generations.

> Click here for details < Japanese only > □

Picture book of money for toddlers "a-i-u-e-o kane no ehon"



This is a website where adults and toddlers of the child-raising generation can study together and learn the Japanese hiragana.

> Click here for details < Japanese only > □

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Daiwa Internet TV

In 2000, Daiwa Securities Group began "Daiwa Securities Information TV," Japan's only channel dedicated to securities information, on the multichannel pay TV broadcast service "SKY Perfect TV!" Since April 2011, we have been producing "Daiwa Internet TV" at our own studio and distributing it online in an effort to target a wider range of viewers. We distribute information on the Tokyo market five times a day in a timely manner, while providing local market information from Hong Kong and New York every day.

In addition to these daily programs, we distribute corporate information as well as video reports where analysts and economists at Daiwa Securities and DIR provide commentaries on current issues in an easy-to-understand way.

On a new program called "Take Note! SDG/ESG Investment will Change the World" that was launched in July 2020, Daiwa Securities strategists provide straightforward explanations of SDG/ESG investment.

Our Daiwa Internet TV initiative was introduced by the SDG Industry Matrix for Financial Services (issued jointly by the United Nations Global Compact and KPMG International in 2015) as a case for Goal 4 "Quality Education." The report highlighted Daiwa's timely and free of charge provision of a variety of financial and investment information.

We will continue to make efforts to produce programs that can be viewed by not only investors but also those who are new to investment, and that can support the journey from savings to asset building.

> Daiwa Internet TV<Japanese only> □







Support for KidZania

Daiwa Securities Group is a supporter of KidZania, a theme park designed to offer work experiences to children, and has been providing support to the facilities in Tokyo and Koshien (Hyogo Prefecture) since they opened. KidZania provides children from the age of three to 15 with programs that enable them to learn the mechanisms of society in a fun way. In the Daiwa Securities pavilions, children act as consultants at a securities company, giving advice to clients, going to nearby pavilions, and checking their levels of traffic and popular products. Based on the results of those checks, they then make investment recommendations for their clients.



KidZania

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Finance Park

Daiwa Securities Group cooperates with Finance Parks operated by Junior Achievement Japan, a public interest incorporated foundation. This program provides opportunities for junior high school students to learn economic and financial mechanisms that will be necessary for them in their adult life. Finance Parks have been operating in Shinagawa (Tokyo), Kyoto, Iwaki (Fukushima Prefecture), and Sendai (Miyagi Prefecture). We have set up pseudo-branches of Daiwa Securities in these parks.



Finance Parks (Shinagawa)

Number of participants in Finance Parks for FY2020 1,252 people

(In FY2020, the program was conducted in a school style from the perspective of preventing COVID-19 infections.)

Breakdown

• Shinagawa: 153

• Iwaki: 246

• Sendai: 853

CEE Japan

Daiwa Securities Group supports CEE Japan, a general incorporated association, to provide economic education programs for school teachers. In partnership with the U.S. Council for Economic Education (CEE), we seek to implement programs tailored to Japanese schools.

Introduction of Books

Economic Puzzle Sleuths: Understanding the True Meaning of Money



Written by Susumu Okano

The Asahi Gakusei Shimbun Company

This book explains the economy as a whole in an easy to understand way, from the beginning of money to recent worldwide financial crises. On reading through the book, readers will be able to see the flow of the global economy and acquire a general knowledge of money, as hints for living a wise life.

➤ Click here for details < Japanese only > □

Economics Learned by American High School Students



Written by Gary E. Clayton

Translated by the Product Planning Department of Daiwa Securities

Translation supervised by the Education Business Department of Daiwa Institute of Research WAVE Publishers

This book is the translation of the 1999 version of "Economics: Principles and Practices," which is a textbook generally used by U.S. high school students. The translation work was carried out by the Product Planning Department of Daiwa Securities and the Education Business Department of Daiwa Institute of Research. The book explains in an easy to understand way the mechanisms of the economy, such as how the prices of goods are determined.

Past Activities

Student Company Program (Company Management Experience Program)

Daiwa Securities Group cooperates with the Student Company Program provided by Junior Achievement Japan. In the program, high school students learn about management and the functioning of companies by actually managing a stock company. In FY2013, high school students in Tokyo established a stock company during an extracurricular class. Daiwa Securities Group employees participated as outside directors for six months, providing advice on company management.

Others

Environmental Management / Initiatives to Environmental Load Reduction

Protecting the global environment, which is the basis of our livelihoods, is essential for a sustainable society. Through our business activities, Daiwa Securities Group contributes to the resolution of environmental issues by developing products that reduce the environmental burden, and also by assisting financing for the development of environmental technologies and infrastructure. At the same time, we are working to establish a system that efficiently collects data on the Group's environmental load. We are also focusing on raising employees' environmental awareness to empower them to reduce the environmental burden in daily business operations. Through our SDGs Promotion Structure, we respond to climate change and environmental management.

Environmental Vision

The Group is dedicated to protecting the precious global environment and preserving it for future generations by leveraging financial capabilities.

Environmental Principles

The Group recognizes the importance of environmental principles such as the effort to combat global warming, recycling and reuse of raw materials, and preserving biodiversity, in order to create a sustainable society for the 21st century. The Group pledges to contribute to solving environmental issues through its business as a financial services company and, to constantly seek new ways to reduce its environmental impact as a responsible corporate citizen.

Basic Environmental Policies

- Make positive environmental contributions through our core business activities
 We shall seek to develop and provide financial products and services that promote a low-carbon, recycling-oriented, and symbiotic society.
- 2. Implement an environmental management system
 We shall implement an environmental management system and constantly seek new ways to improve environmental
 activities. In addition, we shall support environmental education and publicity efforts, while promoting environmental
 protection efforts by employees.
- 3. Take steps to save natural resources, reduce energy consumption, and promote biodiversity system

 We shall continue to progress in our efforts to reduce the use of natural resources and energy, and seek ways to improve materials and energy efficiency (including efforts to improve business efficiency). We shall also take steps to reduce water use and reduce, reuse, and recycle other materials to contribute to a more environmentally friendly society.

 Furthermore, considering the importance of biodiversity, we shall seek a symbiotic relationship with the environment and use safe, clean methods of materials procurement.
- 4. Promote environmental communication Working in concert with business partners, the local community, NGOs and NPOs, we shall actively disseminate information about environmental issues, and communicate our concern for the environment to customers and society at large.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiative<u>s</u>

Others

5. Strictly observe environmental regulations
We shall always endeavor in environmental preservation, observing environmental laws and regulations in addition to the Group's environmental policies.

Daiwa Securities Group Inc. (May 22, 2012)

Targets for FY2021

- ✓ Initiatives for the reduction of CO₂ emissions

 Continue to reduce CO₂ emissions by at least 1% compared with the previous fiscal year.
 - * On a Domestic consolidated basis
- ✓ Initiatives for the reduction of electricity consumption
 Achieve a reduction of at least 20% from the FY2009 level (as of FY2030)
 - * On a per unit area basis for both targets
- ✓ Improve the accumulation of environment-related data hone analytical skills
- Continue to introduce eco-cars
- ✓ Purchase products certified under the Japan's Top Runner Program standards

Our Approach to Green Procurement

Under its SDGs Promotion Structure, Daiwa Securities Group is working to reduce the environmental load of society as a whole, including the supply chain, in accordance with our Environmental Vision, Environmental Principles, and Basic Environmental Policies. In particular, we are engaging in procurement activities based on Our Approach to Green Procurement.

Our Approach to Green Procurement

- 1. We have outlined our commitments to promote green procurement in "3. Take steps to save natural resources, reduce energy consumption, and promote biodiversity system" of our Basic Environmental Policies.
- 2. We seek to conserve the environment in our business activities. We therefore prioritize the companies that embrace environmental conservation when selecting suppliers.
- 3. In purchasing new equipment, we encourage to procure eco-friendly products for the Group's centralized procurement. Also, we require our suppliers to deliver products that meet Top Runner Program standards in renewing existing equipment.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

We require our suppliers and other business partners to understand and comply with our approach in conjunction with our Environmental Vision, Environmental Principles, and Basic Environmental Policies.

- > Structure of SDGs Promotion
- > Environmental Vision, Environmental Principles and Basic Environmental Policies
- > Supply Chain Management

Initiatives to Reduce the Environmental Impact of Business Activities

Development and Announcement of Environmental Accounting

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As part of our efforts to reduce environmental loads, Daiwa Securities Group prepares and discloses environmental accounting. It is expected to help us to track the costs and effects of environmental preservation more accurately and reduce environmental loads more effectively.

> Refer to "SDGs Related Data" for details 🔼

Initiatives at Group Companies



When installing new equipment at head and branch offices, Daiwa Securities requires that the equipment be certified under Japan's Top Runner Program standards. Since FY2019, we have reviewed the status of office equipment at the head office by introducing tablet devices and encouraged the elimination of paper. In FY2021, in addition to shifting to equipment that satisfy the Top Runner Program standards, we plan to curtail environmental impact by reducing excess equipment such as decreasing multifunction copiers by 10%.

We have also been successively replacing our company cars since FY2014 with eco-cars and hybrid vehicles that have significantly improved fuel efficiency. With the completion of the planned replacement, CO2 emissions will be reduced by an amount equivalent to the CO2 absorption of more than 40,000 Japanese cedar trees annually (an estimate by Daiwa Securities using fuel efficiency data disclosed by automakers).

The introduction of LED lighting into the head office of Daiwa Institute of Research was completed in the summer of 2017. In addition, Daiwa Securities Group promotes green purchasing and strives to choose environmentally friendly products in its central purchasing.

Company cars in Japan (Daiwa Securities) 1,031 vehicles

including

- 819 eco-cars
- 157 hybrid cars

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

(As of March 31, 2021)

Introduction results for FY2020

- 409 eco-cars
- 11 hybrid cars

Introduction plan for FY2020

- 64 eco-cars
- 61 hybrid cars
- Investment in energy-saving air conditioning systems for FY2020 ¥158 million (including installation costs)

Instances of soil and groundwater contamination at office sites in FY2020: Zero

Initiatives to Raise Environmental Awareness

Daiwa Securities Group is striving to raise the environmental awareness of each employee through various initiatives. For example, our in-house magazine, "Fuji," has a column entitled "Eco-Initiatives in the Office." The column mainly shares the status of the Group's environmental initiatives and introduces environmental measures that can be implemented by employees, depending on their individual awareness.

When printing documents, we recommend using aggregate printing and double-sided printing. We also encourage the reduction of paper usage in conjunction with the introduction of tablet devices by displaying operational guidance and the quarterly rate of reduction of paper usage in areas of offices where multifunction copiers are installed. Moreover, as a result of encouraging telecommuting to prevent the spread of COVID-19, we reduced paper consumption by about 51% year on year in FY2020, a substantial decrease.

Offering Environmentally Friendly Services

Daiwa Securities uses mobile work terminals and online trading and provides the following environmentally-conscious services.

- 1. Paperless receipt of documents
- ✓ We introduced mechanisms to enable customers to open accounts, enter into Fund Wrap contracts, and perform main administrative procedures (such as change of address and notification of deposit accounts) accounting for about 70% of all notifications received without the use of paper or a personal seal. As a result, in FY2020 a total of 140,000 pages of documents were digitalized (equivalent to about 14 trees planted for paper).

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

- 2. Paperless delivery of documents and sales promotion materials
- ✓ We provide e-Member online services that enable customers to check reports provided to customers (transactions balance reports, transaction reports, etc.) and prospectuses online rather than receiving hardcopies on paper.
- ✓ Reports and prospectuses received in electronic format can, in principle, be accessed and checked online as and when required, saved to personal computers and other devices, and printed for five years after initial receipt.
- ✓ As of March 31, 2021, about half of Daiwa Securities' customers use this "e-Member" online service. We will continue recommending the service to increase the number of customers using it.
- ✓ Daiwa Securities also uses LIMEX* in part of its promotional items such as ballpoint pens and seminar bags. We are considering expanding its use going forward.
- * LIMEX is a composite material made from limestone that is expected to reduce environmental impacts. It is a registered trademark of TBM Co., Ltd.
- 3. Paperless internal applications
- ✓ In the past, a document and seal were required for internal application procedures, but in February 2021, we introduced a mechanism that enables on-screen application and approval, further promoting the transition to paperless operations.
- 4. Introduction of printers that require authorization for each use (secure printers)
- ✓ Introduction of secure printers at sales branches was completed at the end of June. The number of pages printed is now visible, and the number of pages printed has been reduced by about 35% by making and providing guidance on curtailing printing from the perspective of preventing information leaks and encouraging telework.
- 5. Discontinuation of internal delivery
- ✓ The distribution of documents within the company has been reduced as a result of these efforts, and accordingly, internal document delivery was discontinued in May 2021. In the future, we will continue to work to reduce delivery vehicles.
- 6. Contributing to paperless operations by companies that use our services
- ✓ In April 2021, we adopted System Product WEB Services, which provides new technologies to companies that have introduced welfare benefit systems using stocks and so on (such as shareholding associations, workplace installment-type NISA, and defined contribution corporate pensions) or stock-based compensation systems (such as specified transfer-restricted stock (RS) and stock options). We are also contributing to paperless operations for related procedures by companies that have introduced welfare benefit systems.
- 7. Proposals encouraging paperless operations throughout the industry
- ✓ There are some procedures that must be performed on paper due to system-related reasons, but a securities industry working group submits requests to encourage paperless operations and makes recommendations for reducing the environmental impact of the industry as a whole.

CO₂ Emissions

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In comparison with the previous fiscal year, CO₂ emissions in FY2020 fell by approximately 21% for Daiwa Securities Group's domestic offices, as a result of a positive initiative to conserve energy.

> Refer to "SDGs Data Edition 2021" for details 🔼

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Initiative to Reduce CO₂ Emissions

We have set up the goal of reducing CO₂ emissions, while complying with the Act on the Rational Use of Energy and Tokyo's environmental protection ordinances in a continuous and systematic way. In FY2020, we continued energy saving initiatives, including implementing the "Cool Biz" program, and continued efforts to save electricity even during periods when there is some margin in the supply and demand of electricity. We will continue these efforts to conserve electricity in the future.

Adaptation to Climate Change

In recent years, concerns have been raised about the risk of large-scale storm and flood damage in conjunction with the occurrence and increase of sea level rise, torrential rains, and super typhoons caused by abnormally high temperatures. The Group anticipates the possibility of physical damage to infrastructure, buildings, and so on at multiple sites as well as increased costs in conjunction with disaster countermeasures. Accordingly, in our business activities, we are continuing efforts to minimize the impact of such damage on operations by duplicating equipment and sites, moving equipment to upper stories of buildings, and so on. Moreover, in addition to higher operational costs for investment real estate, we anticipate declines in the value of assets under management and reductions in business. It is necessary that we review asset holdings and take measures such as ESG due diligence and fostering new industries and companies that contribute to the transition to a decarbonized economy. We will continue working to minimize the transitional risks associated with climate change.

> Refer also to "Response to the TCFD."

Initiatives in Real Estate Management (Daiwa Real Estate Asset Management Co. Ltd.)

Daiwa Real Estate Asset Management launched a Sustainability Promotion Committee in FY2013 with a view to systematically addressing a variety of ESG related challenges. In June 2021, the company established the Sustainability Promotion Office, further strengthening the system for undertaking sustainability activities by the asset management company as well as the investment corporations and funds it manages.

Initiatives to Obtain Environmental Certification

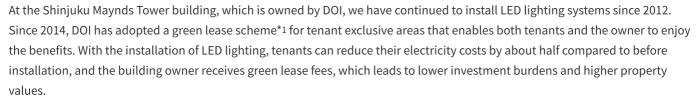
We are taking active measures to obtain green building certification. As of May 31, 2021, Daiwa Office Investment Corporation (DOI) had a total of 31 properties with green building certification, accounting for 60.3% of its total holdings (on a floor area basis), up from 23.6% as of May 31, 2020.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Initiatives at Shinjuku Maynds Tower



The Shinjuku Maynds Tower has obtained multiple environmental certifications including certification by the Development Bank of Japan Inc.(DBJ) as a DBJ Green Building*2 with "exceptionally high environmental and social awareness (Four Stars)" in February 2019 and S Rank, the highest rank, of the CASBEE Real Estate Evaluation Certification*3 in March 2021.

DOI is a steadily installing LED lighting in common and exclusive areas of all office buildings that it owns and has set a target of 100% LED lighting by the end of the fiscal year ending May 2026. (If this target is achieved, the expected reduction effects during the period from the fiscal year ended May 2021 to the fiscal year ending March 2026 will be approximately 11% for electricity, the equivalent of approximately 5,000 tons of CO2.) The company is also taking measures to raise awareness of energy conservation among tenants such as by displaying energy usage on digital signs in the elevator halls or other areas of each building.

- *1 A method enabling the landlord and the tenant of a rental building or other type of rental property to cooperate and reduce the environmental load in a scheme benefiting both sides. Such methods include an arrangement where part of the tenant's savings attributable to the landlord's investment in energy-saving facilities, such as a decrease in electricity charges, is returned to the landlord as a green lease payment.
- *2 DBJ Green Building Certification is a comprehensive scoring model developed independently by the Development Bank of Japan. The DBJ grants certification to real estate properties that are highly environmentally and socially friendly ("Green Buildings") based on a five-level ranking system.
- *3 CASBEE real estate evaluation certification is an environmental performance evaluation system for buildings that was developed primarily by the Ministry of Land, Infrastructure, Transport and Tourism. It is a system that evaluates the overall environmental performance of a building on a five-level ranking system based on both an evaluation of the environmental quality and performance of the building itself and an evaluation of the environmental load imposed outside the building.

Initiatives at Rental Residences

Daiwa Securities Living Investment Corporation has been advancing initiatives for environmental conservation. For example, it is introducing LED lighting, energy-saving air conditioners, and eco-friendly wallpaper into the rental residences it owns. It also posts notices in the residences, encouraging residents to save electricity, water, and other resources.

• Status of FY2020 initiatives

Installation of LED lighting: 708 units

Installation of energy-saving air conditioners: 859 units

Replacement with eco-friendly wallpaper: approximately 80,000 m² (reductions of CO₂ emissions: approximately 15,250 kg-CO₂)

Toward Achieving a Hydrogen Society: Entrusted with Global Trends Survey by NEDO

Daiwa Institute of Research (DIR) has been commissioned to undertake survey and research work by the New Energy and Industrial Technology Development Organization (NEDO) toward the realization of a hydrogen society. The commissioned work encompasses the collection and analysis of information on the latest trends across the world (the United States, Canada, EU countries, China, and South Korea) concerning hydrogen fuel cells, as well as identification of issues for development strategies in hydrogen fuel cell technology in Japan.

The survey and research work is aimed at timely collection and analyzing of a wide range of the latest information on hydrogen fuel cells, and sharing it with relevant parties in Japan, toward the realization of a hydrogen society, taking safety and the environment into consideration. The information includes policies and markets for hydrogen fuel cells and research and development trends across the world, including in the U.S., Canada, EU countries, China, and South Korea. As part of these activities, DIR visits international institutions and attends international meetings.

In recent years, carbon neutrality and the energy transition toward carbon neutrality have become global trends, and the movement to position hydrogen as an indispensable technology and accelerate this movement is spreading throughout the world. Until now, Japan, the U.S., and Germany have taken the lead, but various countries, such as China, South Korea, Australia, and European countries, have recently been searching for uses of hydrogen suited to their individual objectives.

The work is also aimed at identifying issues for Japan's strategy for developing hydrogen fuel cell technology going forward by accurately understanding, assessing, and analyzing developments in other countries.

In this way, DIR will be proactively engaged in business related to development of new energy sources that are environmentally friendly.

The Daiwa Securities Group Net Zero Carbon Declaration

Towards the early achievement of a carbon-neutral society, the Group has formulated the "Daiwa Securities Group Net Zero Carbon Declaration" that commits to achieve net zero greenhouse gas emissions within our own operations* by 2030 (Scope 1 and Scope 2), and net zero greenhouse gas emissions across our investment and loan portfolios, etc. by 2050 (Scope 3).

* The company's emissions will be calculated on a consolidated basis

The Daiwa Securities Group Net Zero Carbon Declaration

- (1) Achieve net zero greenhouse gas emissions within our own operations* by 2030 (Scope 1 and Scope 2)
- (2) Achieve net zero greenhouse gas emissions within our investment and loan portfolios, etc. by 2050 (Scope 3)
- (3) Support the smooth transition to a carbon-neutral society through our business activities

The Daiwa Securities Group's main priority areas

<u>Sustainable finance for the delivery of a</u> <u>carbon-neutral society</u>

- √ Promote green finance / transition finance
- Expand business investment in the renewable energy sector
- √ Strengthen engagement with investee firms

Reduce the environmental footprint of the company

- ✓ Shift to 100% renewable energy
- √ Continue efficient use of energy
- ✓ Consider carbon offsetting

Support for new technologies and promote business solutions that contribute to the delivery of a carbon-neutral society.

- ✓ Promote innovation (hydrogen, CCUS, etc.) and provide support for new technologies
- ✓ Expand our advisory business within the renewable energy sector

Set targets to align with the Paris Agreement goals and expand transparent information disclosure

- Analyze greenhouse gas emissions management methods for investment and lean portfolios
- ✓ Set intermediate targets for Scope 3 to align with the Paris Agreement goals by utilizing SBT, etc. (in FY2023)
- ✓ Ensure appropriate disclosures related to our climate change response (TCFD, etc.)

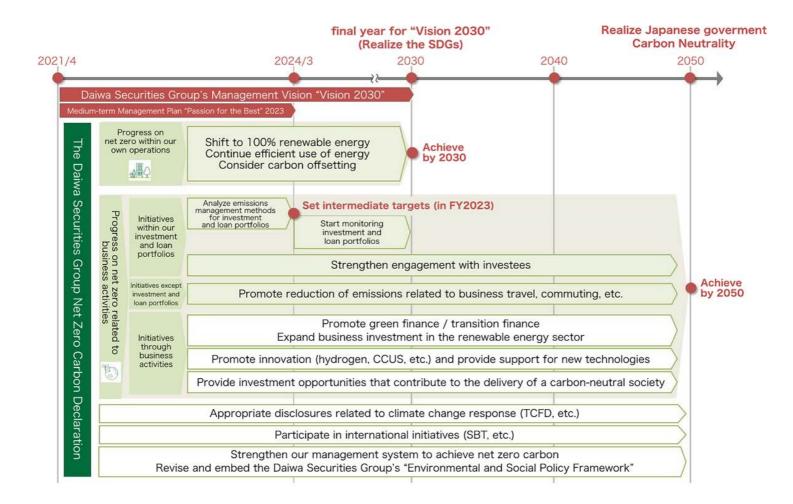
Provide investment opportunities that contribute to the delivery of a carbonneutral society

- √ Expand our lineup of related products and services
 - Expand investment trusts with an environmental theme
 - Arrange SDGs bonds including green bonds
- Promote SDGs-IPO in the environmental sector.

Strengthen our management system to achieve net zero carbon

- Revise and embed the Daiwa Securities Group "Environmental and Social Policy Framework"
- √ Embed sustainability elements into Corporate Executive Officers' compensation

Roadmap for achieving Net Zero Carbon



Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Response to the TCFD

Daiwa Securities Group recognizes the risks and opportunities related to climate change as one of its important management issues. In April 2018, the Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on the recommendations, the Group used strengthened climate-related scenarios, and implemented and disclosed the results of a qualitative analysis for the first time in addition to its conventional qualitative analysis.

Governance

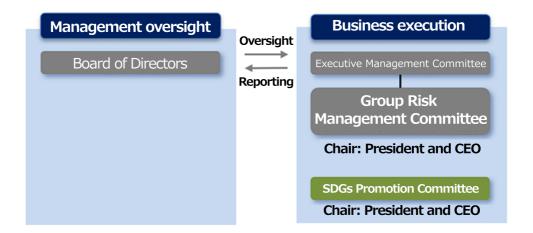
Oversight by the Board of Directors

In terms of oversight by the Board of Directors regarding climate-related issues, the Board receives reports as appropriate on those climate-related issues and responses discussed by the executive team, and makes decisions on these following deliberations as necessary.

In two cases, the Board received a report from the executive team and made decisions regarding the formulation of the Environmental and Social Policy Framework in June 2021, and regarding the Daiwa Securities Group Net Zero Carbon Declaration in July 2021.

Moreover, in order to increase the incentive for executives to take action on climate-related issues, following deliberations by the Compensation Committee, the Board has decided to incorporate the Sustainability KPI into the evaluation system for performance-linked compensation for executives for the first time.

Governance Framework



Management's role

The role of management in regard to climate-related issues is to deliberate and make decisions on matters related to important operations and policies, including climate-related topics, as part of the Executive Management Committee, which serves as the business execution body, and as part of the Group Risk Management Committee, one of its subcommittees under this Commitee. In one case, after the SDGs Promotion Committee (chaired by the President and CEO) discussed the formulation of the Environmental and Social Policy Framework during its meetings in March and June 2021, the Executive Management Committee received a report on and discussed this matter before making its decision in June of that year. The Board of Directors then made its decision regarding this matter that same month. Moreover, the Group Risk Management Committee received a report on and discussed the TCFD climate-related scenario-based quantitative analysis results during its May 2021 meeting.

Related Links

- > SDGs Promotion System
- > Executive Compensation System
- > Environmental and Social Policy Framework
- > Daiwa Securities Group Net Zero Carbon Declaration

Strategy

"Vision 2030" and Materiality

In May 2021, the Group formulated and announced its long-term management vision for 2030 as "Vision 2030". The Group identified Materiality (priority areas and priority issues linked to those) during the formulation process. As part of one of these priority areas, "Green & Social: Promoting the transition to a carbon-free society and realizing a resilient society", the Group defined the priority issues of "Promotion of green finance to support the realization of a carbon-free society" and "Development and provision of new financial products and services that contribute to the realization of a sustainable society".

Climate-related Scenario analyses

Under this long-term vision, the Group seeks to appropriately capture climate-related risks and opportunities, and investigate actions to take in response. In particular, based on climate-related scenarios, which were strengthened from the previous fiscal year, the Group conducted scenario analyses (quantitative analysis) in the current fiscal year as follows.

Overview of Scenario Analysis, Impact on the Group, and Business Opportunities

These scenarios assume several patterns classified by temperature rise (1.5°C, 2°C, etc.) as based on the relationship between carbon dioxide (CO2) and temperature change. In reference to the latest targets announced by Japanese government in April 2021 (greenhouse gas emissions: 46% reduction by 2030 [compared with 2013] and net zero by 2050), the Group established its conditions for CO2 reductions in accordance with these temperature rise classifications. Moreover, the Group laid out areas to consider regarding changes in economic and social matters (transition risk), such as conversion to renewable energy, and natural disasters (physical risk)*1. Based on an economic model that includes these elements, the Group prepared several scenarios that present macroeconomic course changes through 2050.

Using this series of scenarios, the Group calculated the estimated value of loss on those carbon-related assets*2 held by the Group.

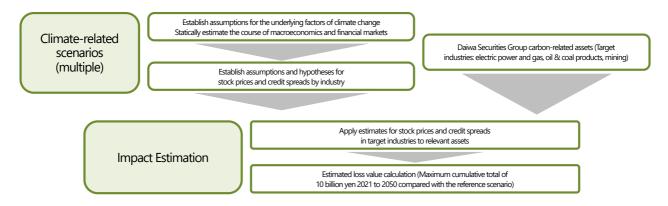
Our Strategy for Achieving SDGs / Initiatives through Business Activities / Business Act

- *1. The five areas are: increased credit risk, drastic changes or reductions in arable land, more frequent heavy rains and large typhoons, more frequent abnormally high temperatures and heavy snowfalls, and sea level rise.
- *2. Based on the definitions in the TCFD recommendations, such assets fall under three of the 33 TOPIX Sector Indices, namely Electric Power and Gas (excluding renewable energy), Oil & Coal Products, and Mining

The results of these estimates indicated that the impact of transition risk coinciding with action to mitigate temperature rise is relatively large, and that a delay in action regarding a move to fossil fuel-free economy will exacerbate this impact. Among the selected scenarios, the case of a 1.5°C temperature rise coupled with delays in action regarding a fossil fuel-free economy, which predicts the greatest economic loss, indicates the Group will incur a cumulative loss of approximately 10 billion yen compared with the reference scenario over the 30-year period through 2050.

Meanwhile, these most recent scenario analyses are based on the limited information and data available at the present time, and calculations were made by narrowing the focus of analysis and establishing required assumptions. The range of areas to be considered for climate-related risk is broad, and the timing and scale of risk occurrence is assumed to follow several patterns. Along with carefully interpreting these most recent calculation results, going forward the Group will work to acquire more information and relevant data in an effort to improve the analysis method, and will strive to refine the extraction of risks through scenario analysis and strive to appropriately reflect the results in the Group's disclosures.

Scenario Analysis Overview



The Group also conducted a qualitative analysis. Specifically, it conducted hearings regarding the businesses among each headquarters and Group company that are expected to be impacted during the period through 2050 based on the above scenarios. The results are shown in Table 1 below.

Table 1 Assumed Impact on Daiwa Securities Group

Category	Assumed impact	Relevant business divisions
Transition risk	Decrease in business from companies and others significantly affected in the course of transition	Wholesale Division
	Increase in reputational risk associated with investment and underwriting related to businesses with a heavy environmental load	Wholesale Division Investment Division
	Decline in the value of assets held and decrease in selling opportunities	Investment Division
	Decrease in assets under management resulting from a decline in the value of assets held by funds	Asset Management Division

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Table 1 Assumed Impact on Daiwa Securities Group

Category	Assumed impact	Relevant business divisions
Physical risk	Decrease in business significantly affected by abnormal weather	Investment Division
	Decline in the value of held assets	
	Increase in costs associated with disaster risk (e.g. real estate operation costs, costs associated with countermeasures)	Asset Management Division Think tank / Information System Division

Meanwhile, the following table (Table 2) lists the business opportunities for Daiwa Securities Group. In consideration of the priority issues in Vision 2030, the Group will leverage these opportunities to further enhance its ability to provide various financial products and services, including green finance and transition finance. The Group also believes that improving its reputation among stakeholders through the appropriate disclosure of these initiatives will connect to an increase in business opportunities.

Table 2 Business Opportunities for Daiwa Securities Group

Opportunities	Relevant business divisions
Increase in business opportunities related to green finance and transition finance intended to realize the transition to a carbon-free society	Wholesale Division
Increase in M&As in the renewable energy field	
Increase in opportunities for investing in new industries and companies that contribute to the transition to a carbon-free society	Investment Division
Increase in assets under management resulting from the higher value of fund-held companies with technologies that contribute to solutions for climate change issues	Asset Management Division
Inflow of capital to funds that incorporate companies actively working to address climate change	Asset Management Division Retail Division
Increase in business opportunities for providing solutions to assist in the transition to a carbon-free society	Think tank / Information Systems Division

Related Links

- > Daiwa Securities Group's Management Vision "Vision 2030" and Materiality
- > Action through Product Development and Distribution
- > Support for Creating Our Future Society
- > Investment in Green Giraffe

Risk Management

Managing climate-related risks

In order to strengthen risk management related to the environment and society, the Group formulated and announced its Environmental and Social Policy Framework in June 2021. This Framework stipulates the businesses for which investments and loans are prohibited and restricted when considering new investments and loans.

Moreover, Daiwa Asset Management (a company under the Asset Management Division) discloses its ESG priority issues (materiality), as has been conventionally required of investee companies. It includes climate change among its ESG priority issues. As part of its engagement with investee companies and in aims of reducing risk, the company discusses solutions, including sharing problematic issues, promoting environmental management, and improving disclosure, for companies struggling to reduce their environmental impact.

Integration into existing risk management

Because climate-related risks are an underlying factor in causing and amplifying other risks (market risk, credit risk, liquidity risk, etc.), the Group will create a system that can account for the impacts of climate-related risks within the existing risk management framework.

Related Links

- > Formulation of the Environmental and Social Policy Framework
- > Supply Chain Management
- > Daiwa Asset Management Co. Ltd. "About Stewardship Activities"
- > Daiwa Asset Management Co. Ltd. "ESG Investment Policy"
- > Daiwa Real Estate Asset Management Co. Ltd. Policy Regarding ESG

Metrics and Targets

Targets used to assess and manage climate-related risks and opportunities

Based on "Vision 2030", the Group has established targets (Table 3) for assessing and managing climate-related opportunities. Initiatives intended to achieve these targets are assumed to be tied to the creation of medium- to long-term value for the Group.

Table 3 Metrics and Targets

Metrics	Targets
Investment balance in SDGs-related business	At least 150 billion yen (FY2023)

Note: In addition to the above, a separate target has been established and will be monitored for the SDG bonds league table (Within the top 3).

Greenhouse gas (GHG) emissions reduction target

As part of its responses to climate change, the Group monitors and discloses Scope 1, Scope 2, and Scope 3 GHG emissions every year. (SDGs Data Edition 2021)

The Group also announced the Daiwa Securities Group Net Zero Carbon Declaration, which includes medium- to long-term GHG emissions reduction targets, in consideration of the Japanese government's latest target of achieving net zero GHG emissions by 2050. The specific targets in this Declaration are as follows:

- Achieve net zero greenhouse gas emissions within the Group's own operations* by 2030 (Scope 1 and Scope 2)
- Achieve net zero greenhouse gas emissions within the Group's investment and loan portfolios, etc. by 2050 (Scope 3)

In regard to Scope 3, during FY2023 the Group plans to establish an intermediate targets to align with the Paris Agreement by utilizing SBT.

Related Links

- > Sustainability KPIs < Japanese only >
- > Daiwa Energy & Infrastructure Co
- > Investment in Green Giraffe
- > SDGs Data Edition 2021
- > Daiwa Securities Group Net Zero Carbon Declaration

Outlook

The Group recognizes climate-related risks and opportunities as one of the most pressing issues for management, and is therefore working to build a sustainable business structure. The Group will continue to further improve disclosure based on the TCFD Recommendations and strive to strengthen communication with stakeholders in order to contribute to the realization of a carbon-free society.

^{*}The Group's emissions will be calculated on a consolidated basis.

Issuance of Green Bonds

Until now, Daiwa Securities Group has sold various kinds of Impact Investment bonds, thereby supporting the solving of social issues from the standpoint of a financial institution. In November 2018, Daiwa Securities Group Inc. issued its first Green Bonds, expanding its initiatives aimed at invigorating markets. As part of such initiatives, the proceeds from the Green Bonds have been used as investment and loan funds for renewable energy generation projects worked on by the Group, as well as facility funds for Green Buildings. The Group will continue to contribute to achievement of SDGs and provide investors with new investment opportunities.

Information on Green Bonds Issued by Daiwa Securities Group Inc. (as of the end of June 2021)

The proceeds from the Green Bonds issued by Daiwa Securities Group Inc. in November 2018 (issuance amount: ¥10 billion) were fully appropriated for eligible Green Projects.

See the table below for the balance of investment and loans for eligible Green Projects by category.

List of Eligible Green Projects (as of the end of June 2021)

Category	Sub-category	Commencement of Finance/Refinance	Finance/Refinance	Balance (units of ¥ billion)
Renewable energy	Photovoltaic power generation	November 2018	Refinance	1.6
Renewable energy	Photovoltaic power generation	February 2019	Finance	1.7
Renewable energy	Photovoltaic power generation	June 2020	Finance	1.5
Renewable energy	Photovoltaic power generation	June 2021	Finance	3.2
Green Building	-	November 2018	Refinance	2.0
		to	tal	10

2. Environmental Impact

As of the end of June 2021, the eligible Green Projects for which the proceeds from Green Bonds were appropriated have an energy output/assumed energy output of 115,611 MWh. They have the effect of reducing carbon dioxide (CO₂) emissions by 52,834 t-CO₂ annually.

Report on Environmental Impact (as of the end of June 2021)

Category	Sub-category	Energy output/ assumed energy output (MWh)	Estimated CO ₂ emissions reduction effect (t- CO ₂)
Renewable energy	Photovoltaic power generation	115,611	52,834

Category	Progress of application for certification
Green Building	Awarded Five Stars in plan certification for the DBJ Green Building Certification Program

^{*} Calculation of environmental impact When no results have been obtained or the period of operation is less than one year, the assumed energy output is calculated based on a report on energy output projections submitted by a third-party institution. For projects under development that are not scheduled to be brought into operation during this year, the assumed output for the first year of operation is used. All power plants are scheduled to be brought into operation by FY2023.

3. Annual Review by Independent provider of ESG research and analysis

A review by an independent provider of ESG research and analysis confirmed that the use of proceeds criteria and the reporting criteria were met.

> Annual Review by Sustainalytics 🔼

4. Initiatives by Group Companies

Daiwa Securities Co. Ltd. and Daiwa Next Bank, Ltd.

Daiwa Securities Co. Ltd. and Daiwa Next Bank, Ltd. have been selected as Eligible counterparties of the funds-supplying operations to support financing for climate change responses by BANK OF JAPAN.

Daiwa Energy & Infrastructure Co. Ltd.

- > Notice on Sales, etc. of Daiwa Green Finance Program Trust Beneficiary Interests and Trust ABL (Iwamizawa and Kushiro Solar Power Plants) < Japanese only > 📙
- > Notice on Sales, etc. of Daiwa Green Finance Program Trust Beneficiary Interests and Trust ABL (Shiraoi Town Takeura Solar Power Plant) < Japanese only > 🕒
- > Completion of Shiraoi Town Takeura Solar Power Plant < Japanese only >
- > Reporting on Green Project Bonds < Japanese only >

ESG Information Index

Information on the Daiwa Securities Group is organized from the perspective of ESG surveys and other research.

General Management

Message from Management	> Message from CEO
Corporate Philosophy and	> Corporate Principles
Code of Conduct	> [Japanese] Daiwa Spirit [PDF:80KB] ▶
	> Management Policy
	> Policy on Communication with Stakeholders
SDGs as a Management Strategy	> Daiwa Securities Group's Management Vision "Vision 2030" and Materiality
	> Daiwa Securities Group's SDGs Declaration
	> Structure of SDGs Promotion / Introducing the SDGs Promotion Committee Members
	> Message from the Head of SDGs
Participation in Initiatives	> Participation in Initiatives
External Evaluations	> Third-Party Evaluations
Independent Assurance	> Independent Assurance Report (SDGs Data Edition 2021) [PDF:56.571MB]

Initiatives through Business Activities (To achieve the SDGs and resolve ESG issues)

Thinking in the Securities	> Role and Social Responsibilities of the Securities Business
Business	> Supporting Sound Financial and Capital Markets-Six Roles of the Daiwa Securities Group-

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

How to think about investing	> Environmental and Social Policy Framework □
	> [Daiwa Securities Co.Ltd.] Acceptance of the Japanese version of the Stewardship Code (Japanese) □
	> [Daiwa Asset Management Co.Ltd.] Acceptance of the Japanese version of the Stewardship Code □
	➤ [Daiwa Asset Management Co.Ltd.] Stewardship Policy □
	➤ [Daiwa Asset Management Co.Ltd.] Stewardship Report □
	➤ [Daiwa Asset Management Co.Ltd.] ESG Investment Policy □
	> [Daiwa Asset Management Co.Ltd.] Investment in cluster bomb manufacturing companies and other treatment □
	> Responsible Action as an Institutional Investor
	> [Daiwa Real Estate Asset Management Co. Ltd.] Policy Regarding ESG □
Responsibility to customers	> Basic Policy on Customer-first Operations
and customer satisfaction	> Introduction of NPS®* (Net Promoter Score) Towards Realization of Quality No.1
	> Improving In-Branch Customer Service Quality
	> Contact Center Functions
	> Working to Incorporate Customer Voices
Develop and Provide	> Impact Investment
Products	> SDG Related Funds
	> Daiwa Asset Management Offers Investment Trusts with ESG and SDG Targets
	> Response to FinTech and artificial intelligence (AI)
Inclusion (Financial	> Improving In-Branch Customer Service Quality
Inclusion, etc.)	> Private Equity Investment in Southeast Asia
	> Toward Global Realization of Financial Inclusion
Analysis and Recommendations for	> Initiatives to Provide Information on ESG
Economic, Social and Investment Information	> Initiatives by Daiwa Institute of Research

Initiatives for Supporting Our Strategy for Initiatives through Initiatives with Environmental Others Achieving SDGs Business Activities Business Activities Our Stakeholders Initiatives Investing in Businesses that ➤ SDGs × "Technology" Solve Social Problems \gt SDGs \times "Local Community" > SDGs × "Life" > SDGs×New Technologies and Ideas > Initiatives Using REITs and Other Structures to Solve Social Issues

> Issuance of Green Bonds

Environment

Environmental Management	> The Daiwa Securities Group Net Zero Carbon Declaration
	> Environmental Vision / Environmental Principles / Basic Environmental Policies
	> Environmental Management
	> Targets for FY2021
Efforts and Achievements in Reducing Environmental Impact	> Response to the TCFD
	> Our Approach to Green Procurement
	> Initiatives to Reduce the Environmental Impact of Business Activities
	> SDGs Data Edition (Environmental Report/Accounting)[PDF:3.92MB]

Society

Employment and Working Environment	> Hiring Approaches and Trends
	> Guidelines for Fair Hiring
	> Intra-Group Job Postings and the Career Track Change System
	> Evaluation System
	> Employees at Daiwa Securities Group (Consolidated) (SDGs Data Edition 2021 Social Report) [PDF:3.92MB]

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

	> Average Number of Years of Service (SDGs Data Edition 2021 Social Report)[PDF:3.92MB]	
	> Employee Turnover Statistics (SDGs Data Edition 2021 Social Report)[PDF:3.92MB]	
	> Working Hours and Paid Vacation Usage Rate (SDGs Data Edition 2021 Social Report) [PDF:3.92MB] ▶	
	> Workforce Statistics	
Diversity & Inclusion	> Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues	
	> Recruitment of University Graduates	
	> Support for the Success of Veteran Employees	
	> Number of Employees Re-employed after Retirement Age (SDGs Data Edition 2021 Social Report)[PDF:3.92MB]	
	> Employment of People with Disabilities	
	> Employment Rate for Persons with Disabilities(SDGs Data Edition 2021 Social Report) [PDF:3.92MB]	
	> Promotion of Work-Life Balance (WLB)	
	> Encouraging Women to Succeed	
	> [Daiwa Capital Markets America Inc.] WORK FOR US > Culture □	
	> [Daiwa Capital Markets Europe Limited.] Diversity & Equality 🗇	
	> Promoting Increased Understanding toward the LGBT Community and Related Issues	
	> Initiatives for Work-Life Balance and Supporting Diverse Work Styles (SDGs Data Edition 2021 Social Report)[PDF:3.92MB]	
	> Welfare Program Usage (SDGs Data Edition 2021 Social Report) [PDF:3.92MB]	
	> Childcare leave usage rate and other data	
	> Various systems and measures	
Employee Satisfaction	> Communication among Employees	
	> Work Motivation Survey (SDGs Data Edition 2021 Social Report)[PDF:3.92MB]	
Internal Communication	> Active Use of In-House Magazine	
	> Communication with Employees	
	> Initiatives for Families	

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Labor-Management	> Relationship with Employee Unions	
Dialogue	> Number of Employee Union Members (SDGs Data Edition 2021 Social Report)[PDF:3.92MB]	
Human Resource Development and Capability Development	> Employee Training Approaches and Trends	
	> Education and Training System	
	> Supporting Employees Trying to Earn Credentials	
Human Rights	> Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues	
	> Human Rights Education and Awareness System	
	> Initiatives in FY2020	
	> Supply Chain Management	
	> [Daiwa Capital Markets Europe Limited.] Modern Slavery Act 2015	
Health Management and Occupational Safety and Health	> Health Management	
Economic and Financial	> Economic and Financial Education for the Young Generation	
Education	> Information Website for Child Rearing and Money "SODATTE" (Japanese) ☐	
	> Daiwa Internet TV (Japanese) □	
	> Results in Economic and Financial Education Program (SDGs Data Edition 2021 Social Report) [PDF:3.92MB]	
Social Contribution	> Stakeholder communication	
Activities and Corporate Citizenship Activities	> Activities to support Communities through Our Foundations	
	> Action with NPOs	
	> For Your Dreams - Daiwa Securities Group Children's Smile Project	
	> Support for culture and the arts	
	> Promotion of Social Contribution Activities	
	> [Daiwa Capital Markets America Inc.] Corporate Social Responsibility 🗇	
	> [Daiwa Capital Markets Europe Limited.] Corporate Social Responsibility	
	> Expenditures for SDGs Related Activities (SDGs Data Edition 2021 Social Report) [PDF:3.92MB]	

Governance

Corporate Governance	> Basic Views on Corporate Governance	
	> Corporate Governance Guidelines	
	> Corporate Governance System	
	> The Skill Matrices of Outside Directors	
	> Evaluating the Effectiveness of the Board of Directors	
	> Preventing Conflict-of-Interest Transactions between Group Companies	
	> Executive Compensation that is Closely Linked to Performance	
	> Indicators for Performance-linked remuneration, reasons for choosing the indicators, and how to determine Performance-linked remuneration .	
	> Internal Control System and Internal Audit	
	> Corporate Governance Report □	
Tax Corporate Governance	> Tax Policy	
Whistleblowing	> Structure and Achievements of Whistleblowing System (Corporate Ethics Hotline)	
Risk Management	> Risk Management and Risk Appetite Framework	
	> Types of Risks to Be Managed / Managing Major Risks	
	> Environmental and Social Policy Framework	
	> Business Continuity Plan (BCP)	
Supply Chain Management	> Supply Chain Management	
	> [Daiwa Capital Markets Europe Limited.] Modern Slavery Act 2015	
Compliance	> Compliance System	
	> Full Implementation of "Customer-First"	
	> Summary of the Management Policy for Conflict of Interest	
Prevention of Money	> Daiwa Securities Group's Customer and Client Inspection System	
Laundering, etc.	> Basic Policy on Avoiding Involvement with Anti-Social Forces	

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Anticorruption	> Prevention of corruption	
	> Daiwa Securities Group Anti-Corruption Policy	
	> Political Contributions (SDGs Data Edition 2021 Social Report)[PDF:3.92MB]	
IT Governance Structure	> IT Organization and Structure	
Information Security	> Systemic Risk Management	
	> Status of IT investment	
	> Privacy Policy	
	> Information Security	
	> Policy on Personal Information Protection and Security, Risk Assessments and Audits Concerning	
	> Creation of Governance System Concerning Protection of Personal Information	
	> Policy on Incident Investigations and Responses	
Information Disclosure	> Disclosure Policy	

External Evaluation

Third-Party Evaluations	> Third-Party Evaluations
Independent Assurance	> Independent Assurance Report (SDGs Data Edition 2021 Social Report) [PDF:56.517MB]

Environmental Initiatives

Others

Participation in Initiatives

Daiwa Securities Group has participated in, signed, and supports the initiatives described below to contribute to developing a sustainable society.

Major Initiatives

The United Nations Global Compact (UNGC)



Daiwa Securities Group Inc. signed the UNGC in January 2010. We support the following 10 principles and work to contribute to sustainable development in the international community.

10 principles

- · Human rights
 - Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
 - Principle 2: make sure that they are not complicit in human rights abuses.
- Labour
 - Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
 - Principle 4: the elimination of all forms of forced and compulsory labour;
 - Principle 5: the effective abolition of child labour; and
 - Principle 6: the elimination of discrimination in respect of employment and occupation.
- The environment
 - Principle 7: Businesses should support a precautionary approach to environmental challenges;
 - Principle 8: undertake initiatives to promote greater environmental responsibility; and
 - Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- Anti-corruption
 - Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The United Nations-supported Principles for Responsible Investment (PRI).



Daiwa Asset Management became a signatory in May 2006. PRI is a set of six principles launched by the United Nations Environment Programme - Finance Initiative and the UN Global Compact. This initiative asks institutional investors to incorporate ESG into their investment decision making practices. Daiwa Securities Group will continue promoting responsible investment.

Initiatives with Our Stakeholders Environmental Initiatives

Others

Japan Sustainable Investment Forum (JSIF)



Daiwa Securities Group Inc. has been a member of the JSIF since its establishment in 2003 as Sustainable Investment Forum-Japan (SIF-Japan). The Forum works to promote and advance ESG investment and other sustainable investment throughout Japan. We also support these activities in our capacity as a financial institution.

The OECD Guidelines for Multinational Enterprises

ISO26000 🗇

The Charter of Corporate Behavior of Keidanren (Japan Business Federation).

Japan's Stewardship Code ("Principles for Responsible Institutional Investors")

Environmental initiatives

<u>United Nations Environment Programme -</u> <u>Finance Initiative (UNEP-FI)</u>



Daiwa Securities Group Inc. became a signatory in May 2018. In collaboration with financial institutions, policymakers, and regulatory authorities, UNEP-FI works to advance a shift to a financial system that takes economic development and ESG into consideration. As a financial institution, Daiwa Securities Group will promote collaboration in the international community to address environmental issues.

Task Force on Climate-related Financial
Disclosures (TCFD) □



This is a task force established by the Financial Stability Board (FSB) in 2015. TCFD asks companies to grasp and disclose information on the impact of climate change on finances during the course of a shift to a low-carbon economy. Daiwa Securities Group Inc. announced its support for TCFD in April 2018, and Daiwa Asset Management announced its support in December 2020. Both also participate in the TCFD Consortium, which was established in May 2019 in Japan.

> Response to the TCFD

CDP □



CDP is a project in which institutional investors interested in climate change collaborate and require global companies to disclose information on their attitudes and approaches to environmental issues.

Daiwa Securities Group Inc. announced its support for the project in 2004.

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives

Others

Principles for Financial Action for the 21st Century □



Based on the recommendations of the Central Environment Council of the Ministry of the Environment, this is an action guideline for financial institutions that was established with the aim of expanding the circle of environmental finance efforts.

The Group has been actively involved since the drafting stage of this principle, Daiwa Securities Group Inc. and Daiwa Asset Management signed the principles in 2011, when they were established.

Registration System of Green Bond Issuance Supporters \Box



The Financial Support Programme for Green Bond Issuance implemented by the Ministry of the Environment subsidizes the external costs incurred other than the cost for the ordinary bond issuance procedure. It grants a subsidy to those who provide issuance support to green bond issuers (issuance supporters) for their issuance support costs. The Ministry has established a system for announcing the issuance supporters on the "Platform for promoting Green Bond issuance."

The Group has been a registered supporter since the initiation of the system in 2018.

> Please refer to the SDGs Finance page for further details.

Climate Bonds Partners Programme



This is a program operated by Climate Bonds Initiative.* The program is joined by Climate Bonds Partners, who support the development of green bonds that contribute to climate change responses and low-carbon investment.

The Group joined the program in March 2020.

- * Climate Bonds Initiative (CBI):

 CBI is an international NGO that promotes large-scale investment in a low-carbon economy. Aiming to use the \$100 trillion bond market to combat climate change,

 CBI has created the Climate Bond Standard (CBS) as a screening tool for investors and governments when they make low-carbon investments. It also provides periodic reports on the green bond market, policy models, and advice.
- > Please refer to the SDGs Finance page for further details.

Initiative Based on the Declaration of Biodiversity by Keidanren □

In order to increase the depth of actions on biodiversity taken by the Japanese business community, Keidanren (Japan Business Federation) has declared its aim to "realize a sustainable society by building a society in harmony with nature" through its "Declaration of Biodiversity by Keidanren and Action Policy (Revised Edition)." Daiwa Securities Group Inc. supports this Declaration.

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Statement on Fiduciary Duty and Climate Change Disclosure	This statement on the disclosure of fiduciary duty and climate change information was jointly formulated by the Climate Disclosure Standards Board (CDSB) and the UNEP FI (United Nations Environment Programme Financial Initiative). Its aim is to prompt companies to disclose climate change information in a comprehensive and comparable form in their annual reports and other disclosure materials. Daiwa Asset Management became a signatory in August 2014.
A proud participant of: Climate Action 100+ Global Investors Driving Business Transition	This international engagement initiative was established by investors in 2017 with the aim of encouraging greenhouse gas emissions reductions through collaborative engagement with companies with high emissions levels. In August 2021, Daiwa Asset Management became a signatory in support of this initiative as an approach for reaching the targets of the Paris Agreement.
Investor Agenda □	This agenda was established in 2018 by a group of institutional investors. It has issued recommendations on how to accelerate climate change initiatives by institutional investors and national governments. Daiwa Asset Management became a signatory in August 2021.

Diversity initiatives

30% Club Japan 🗇



In May 2019, the Chairman of the Board and President and CEO of Daiwa Securities Group Inc. started to participate in the 30% Club Japan as members in support of its activities.

In May 2020, Daiwa Asset Management became a member of the 30% Club Japan Investor Group, and is promoting gender diversity and gender equality in every level of its organization through stewardship activities such as constructive dialogue with the companies in which it invests. The 30% Club, established in the U.K. in 2010, is a worldwide campaign aimed at increasing the ratio of women in executive positions to promote the sustainable development of companies. It has been rolled out in 14 countries and regions including Japan, greatly contributing to a rise in the ratio of female executives.

Human rights initiatives

The United Nations Guiding Principles on Business and Human Rights (Japanese only)
Children's Rights and Business Principles (Japanese only)

Labor management initiatives

 $\underline{ \ \, \text{The eight fundamental conventions of the International Labour Organization} \,\, \Box$

Governance initiatives

International Corporate Governance Network (ICGN) □



Daiwa Asset Management joined the ICGN in April 2021. Established in 1995, ICGN's mission is to establish effective corporate governance and foster investor stewardship with the aim of promoting an efficient global market and sustainable economic activity.

Corporate Governance Code

Third-Party Evaluations

Three consecutive years of top ranking by Nikkei Veritas and two consecutive years of top ranking by Institutional Investor

Daiwa Securities Group Inc. took first place for three consecutive years in the Nikkei Veritas Popular Analysts Survey rankings*1 stock category (by company).

It was also selected for first place in the All-Japan Research Team for two consecutive years by Institutional Investor *2, a financial information magazine that is well-known overseas.

Click here for details.(Japanese only)

- *1 One of Japan's most recognized rankings, with a history extending over 30 years. Rankings are determined through voting by institutional investors in Japan.
- *2 One of the highest profile rankings from a global perspective. Rankings are determined through voting by institutional investors, primarily overseas.

Third place overall in the Weekly Toyo Keizai SDG Corporate Ranking

In its July 3 issue, Weekly Toyo Keizai announced "SDGs - Japan's Top 500 Companies," its first ranking of the top 500 companies in Japan in terms of their SDG initiatives. Daiwa Securities Group Inc. was ranked number 3 overall.

The rankings were based on the human resource usage, environmental activities, social contributions, and corporate governance of each company. We believe that our efforts, and the efforts of our executives, to recognize these issues as ones that directly involve them directly contributed to our high evaluation.

Dow Jones Sustainability Indices

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

The Dow Jones Sustainability Indices (DJSI) are stock indices of companies with sustainable practices selected by S&P Global. Daiwa Securities Group Inc. is a constituent of DJSI Asia Pacific. Since DJSI World was launched in 1999, it has continually been included in DJSI World and DJSI Asia Pacific.

> Dow Jones Sustainability Indices □

FTSE Indices





FTSE is a subsidiary of the London Stock Exchange. It develops global indexes and provides data for investment.

Daiwa Securities Group Inc. has been included in the FTSE4Good, an index of socially responsible companies compiled by FTSE, for 16 consecutive periods since September 2006.

Daiwa Securities Group Inc. has also been selected as a constituent of the FTSE Blossom Japan Index for five consecutive periods since July 2017. This index is used as an ESG passive management benchmark by the Government Pension Investment Fund.

>	FTSE	Russell	
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> FTSE Blossom Japan Index 🗇

MSCI Indices

2020 CONSTITUENT MSCI日本株 女性活躍指数 (WIN) MSCI measures and publishes various indices.

Daiwa Securities Group Inc. has been selected as a constituent of the MSCI Japan Empowering Women Index for three consecutive periods since July 2017.

This index is used as an ESG passive management benchmark by the Government Pension Investment Fund.

➤ MSCI □

Institutional Investor, 2021 All-Japan Executive Team



US financial information magazine "Institutional Investor" publishes 2021 All-Japan Executive Team rankings, based on voting by institutional investors, portfolio managers and analysts all over the world.

Daiwa Securities Group Inc. has been selected as "Most Honored Company" and has ranked first place overall in the Insurance & Other Nonbank Financials sector of "The All-Japan Executive Team". This selection is based on The Group's being ranked first place in "Best CEO", "Best CFO", "Best IR Professional", "Best IR Team", "Best IR Program", and "Best ESG", respectively, in the sector.

> Institutional Investor website \Box

Nadeshiko Brand



Daiwa Securities Group Inc. has been selected as a "Nadeshiko Brand" for seven consecutive years since FY2014. This title is awarded by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to listed companies for having excellent track records in empowering women in their companies.

We have introduced "wide area career track positions," in which employees can be relocated within a designated area in conjunction with reassignment within the company, and ANSWERS, an internal online social network through which employees can consult with each other without hesitation, help each other with difficulties, and build networks. We have expanded the range of career options available to female employees so that they can play active roles through various stages of their lives. Through efforts such as these, we are cultivating a stronger career mentality and continuously working to create a work environment in which all employees, men and women alike, can continue to work energetically.

➤ Nadeshiko Brand (Ministry of Economy, Trade and Industry website) < Japanese only > □

Health & Productivity Stock Selection



Daiwa Securities Group Inc. has been selected as a "Health & Productivity Stock Selection" for seven consecutive years since FY2014. This title is awarded jointly by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to companies promoting the health of their employees. We appoint a Chief Health Officer (CHO) and implement various measures in which executives actively participate. We are a health management pioneer, having been selected for seven consecutive years, from the very first "Health & Productivity Stock Selection." As a pioneer, we share our know-how with other companies and actively provide lectures on the topic. We use ICT to provide specific counseling guidance, offer a rich system for supporting both the treatment and work of employees with cancer, and have introduced a fitness app. Efforts such as these, which evolve based on the challenges specific to our company, societal changes, and the needs of our employees, have been highly evaluated.

→ Health & Productivity Stock Selection (Ministry of Economy, Trade and Industry website)
 Japanese only > □

Initiatives with Our Stakeholders Environmental Initiatives

Others

DX Companies to Watch, Digital Technology + COVID-19 Countermeasure Company

In June 2021, Daiwa Securities Group Inc. was selected as one of the "DX Companies to Watch 2021" as part of the DX Stock Selection program* operated jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. We were selected as a company to watch in recognition of the contributions to our corporate value made by our Group's DX initiatives, such as the deployment of our "System Product Web Service" and our "Asset Management Planning Tool,"

We were also selected as a "Digital Technology + COVID-19 Countermeasure Company" in recognition of the exceptional initiatives we have implemented in response to COVID-19. We were highly evaluated for our video communication tool, which uses mobile work devices and aims to enable smooth online communications with customers in the face of the COVID-19 situation while allowing employees to work from anywhere, the use of a paperless approach in office operations, and our introduction and promotion of work processes that eliminate the need for seals.

- * This program selects companies that continue to boldly take on the challenges of transforming business models and management through the use of digital technology.
- > DX Companies to Watch, Digital + COVID-19 Countermeasure Company (Ministry of Economy, Trade and Industry website)

"Kurumin" and "Platinum Kurumin" -Certified as a Family-Friendly Employer



The certified family-friendly employer logo (nicknamed "Kurumin") is the certification symbol for family-friendly employers provided by Japan's Ministry of Health, Labour and Welfare, based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Daiwa Securities Group Inc. obtained certification as a family-friendly employer on June 9, 2008, and Daiwa Securities, Daiwa Institute of Research Holdings, Daiwa Institute of Research, Daiwa Institute of Research Business Innovation, and Daiwa Securities Business Center have also been certified. Moreover, as of March 11, 2016, Daiwa Securities and Daiwa Securities Business Center received a "Platinum Kurumin" certification as did Daiwa Institute of Research and Daiwa Institute of Research Business Innovation as of February 4, 2019.. That certification is given to especially excellent companies among the certified family-friendly employers that have implemented higher levels of initiatives.

➤ Certified as a Family-Friendly Employer (Ministry of Health, Labour and Welfare website)
Japanese only > □

"Tomonin"

-Logo for Promoting Work Environments for Balancing Work with Long-Term Care



Daiwa Securities Group has continually built a working environment where employees can find it easy to use work-life balance support programs, in an effort to help them to continue working while balancing work and nursing care. The Ministry of Health, Labour and Welfare conferred the logo (nicknamed "Tomonin") on us for promoting the provision of a working environment favorable for balancing work with long-term care.

➤ Logo for Promoting Work Environments for Balancing Work with Long-Term Care(Ministry of Health, Labour and Welfare website) < Japanese only > □

GRESB 2020



Daiwa Office Investment Corporation has participated in the Global Real Estate Sustainability Benchmark (GRESB) Survey for nine consecutive years (awarded Two Stars in FY2020), and Daiwa Securities Living Investment Corporation has participated for three consecutive years (awarded One Star in FY2020).

> GRESB 2020 (Green Building Japan website) < Japanese only > □

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

ISO Certification

• ISO 14001

Daiwa Institute of Research has received ISO 14001 certification, which is an international standard for environmental management systems. Through its business activities, Daiwa Institute of Research Business Innovation has endeavored to realize a harmonious relationship with the global environment, and actively works to reduce the environmental load. (Business site name: Daiwa Eitai Building Office, Scope: All business activities involved in system consulting and system integration by Daiwa Institute of Research Ltd.)

ISO 27001

Daiwa Institute of Research (Systems Management Division BPO Operation Department, former Daiwa Institute of Research Systems Management Division, and former Daiwa Institute of Research Business Innovation Systems Management Division) has received ISO 27001 certification, which is an international standard for information security management systems. In order to maintain and manage the confidentiality, integrity, and availability of their information assets, both companies are continuing to improve their information security.

ISO 27017

Daiwa Institute of Research (former Daiwa Institute of Research Systems Management Division and former Daiwa Institute of Research Business Innovation Systems Management Division) has received ISO 27017 certification, which is an international standard for information security in relation to cloud services. As an add-on certification to ISO 27001, ISO 27017 deals with information security specific to cloud services.

ISO 20000

Daiwa Institute of Research (former Daiwa Institute of Research Systems Management Division and former Daiwa Institute of Research Business Innovation Systems Management Division) has received ISO 20000 certification, which is an international standard for IT service management systems. In order to provide customers with a high-quality IT service in a stable manner, both companies are engaged in organizational enhancement of the quality of their IT services, including cost management, business process optimization, and continual improvements.

* ISO27001, ISO27017, and ISO20000

We are currently in the process of updating the certifications acquired by the former Daiwa Institute of Research and the former Daiwa Institute of Research Business Innovation following the April 2021 corporate merger.

The ISO27001 certification update request for Daiwa Institute of Research Systems Management Division BPO Operation Department (former Daiwa Institute of Research Business Innovation Systems Consulting Division, Social Insurance Customer Support Department, and BPO Center) was approved in May 2021.

> ISO website □

GRI Content Index

Our report refers GRI Standards 2016 of the Global Reporting Initiative (GRI).

102: General Disclosures

Organizational Profile

Number	Disclosures	Applicable web page
102-1	Name of the organization.	> Corporate Profile
102-2	Activities, brands, products, and services	> Securities Reports < Japanese only > 🕒
102-3	Location of headquarters	> Corporate Profile
102-4	Location of headquarters	> Global Network
102-5	Ownership and legal form	> Corporate Profile
102-6	Markets served	> Securities Reports < Japanese only > I.> Management policy
102-7	Scale of the organization	> Corporate Profile
102-8	Information on employees and other workers	> Workforce Statistics > SDGs Data Edition 2021
102-9	Supply chain	 > Supply Chain Management > Role and Social Responsibilities of the Securities Business > Risk Management
102-10	Significant changes to the organization and its supply chain	> Securities Reports < Japanese only >

Number	Disclosures	Applicable web page
102-11	Precautionary Principle or approach	 Corporate Governance Compliance Risk Management IT Strategy and Management of Systemic Risk
102-12	External initiatives	> Participation in Initiatives
102-13	Membership of associations	> Participation in Initiatives

Strategy

Number	Disclosures	Applicable web page
102-14	Statement from senior decision-maker	> Message from the CEO> Why Daiwa Securities Group is Working to Support Children
102-15	Key impacts, risks, and opportunities	 Our Values and SDGs Materiality Securities Reports < Japanese only > IA Response to the TCFD

Ethics and Integrity

Number	Disclosures	Applicable web page
102-16	Values, principles, standards, and norms of behavior	 Corporate Principles Daiwa Securities Group's Management Vision "Vision 2030" and Materiality Statements
102-17	Mechanisms for advice and concerns about ethics	> Compliance

Governance

Number	Disclosures	Applicable web page
102-18	Governance structure	> Corporate Governance
102-19	Delegating authority	> Our strategy for achieving SDGs

Initiatives through Business Activities Initiatives for Supporting Business Activities

Initiatives with Our Stakeholders Environmental Initiatives

Others

Number	Disclosures	Applicable web page
102-20	Executive-level responsibility for economic, environmental, and social topics	> Message from CEO> Our strategy for achieving SDGs> Structure of SDGs Promotion
102-21	Consulting stakeholders on economic, environmental, and social topics	 > Stakeholder Communication > Participation in Initiatives > Our strategy for achieving SDGs > Corporate Governance
102-22	Composition of the highest governance body and its committees	> Corporate Governance
102-23	Chair of the highest governance body	> Corporate Governance
102-24	Nominating and selecting the highest governance body	> Corporate Governance
102-25	Conflicts of interest	> Corporate Governance
102-26	Role of highest governance body in setting purpose, values, and strategy	> Corporate Governance
102-27	Collective knowledge of highest governance body	> Our strategy for achieving SDGs> Management policy
102-28	Evaluating the highest governance body's performance	> Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	> Our strategy for achieving SDGs
102-30	Effectiveness of risk management processes	> Our strategy for achieving SDGs> Risk Mamagement
102-31	Review of economic, environmental, and social topics	> Our strategy for achieving SDGs
102-32	Highest governance body's role in sustainability reporting	> Our strategy for achieving SDGs> Structure of SDGs Promotion
102-33	Communicating critical concerns	> Our strategy for achieving SDGs> Compliance
102-34	Nature and total number of critical concerns	> Compliance

Number	Disclosures	Applicable web page
102-35	Remuneration policies	> Corporate Governance> SDGs Data Edition 2021 ►
102-36	Process for determining remuneration	> Corporate Governance > Corporate Governance Report ▶
102-37	Stakeholders' involvement in remuneration	> Corporate Governance
102-38	Annual total compensation ratio	-
102-39	Percentage increase in annual total compensation ratio	-

Stakeholder Engagement

Number	Disclosures	Applicable web page
102-40	List of stakeholder groups	> Stakeholder Communication
102-41	Collective bargaining agreements	> Communication with Employees
		> SDGs Data Edition 2021 ▲
102-42	Identifying and selecting stakeholders	> Stakeholder Communication
102-43	Approach to stakeholder engagement	> Stakeholder Communication
102-44	Key topics and concerns raised	 Daiwa Securities Group's Management Vision "Vision 2030" and Materiality Stakeholder Communication

Reporting Practice

Number	Disclosures	Applicable web page
102-45	Entities included in the consolidated financial statements	> Securities Reports < Japanese only > I> Global Network
102-46	Defining report content and topic Boundaries	> Editorial Policy
102-47	List of material topics	> Our strategy for achieving SDGs

Our Strategy for Achieving SDGs Initiatives through Business Activities Initiatives for Supporting Our Stakeholders Initiatives

Our Stakeholders Our Stakeholders Initiatives

Number	Disclosures	Applicable web page
102-48	Restatements of information	Not Applicable
102-49	Changes in reporting	> Our strategy for achieving SDGs
102-50	Reporting period	> Editorial Policy
102-51	Date of most recent report	> Editorial Policy
102-52	Reporting cycle	> Editorial Policy
102-53	Contact point for questions regarding the report	> Editorial Policy
102-54	Claims of reporting in accordance with the GRI Standards	> Editorial Policy
102-55	Content index	Content index
102-56	External assurance	> SDGs Data Edition 2021 🔼

103: Management Approach

Number	Disclosures	Applicable web page
103-1	Explanation of the material topic and its Boundary	> Our strategy for achieving SDGs
103-2	The management approach and its components	> Our strategy for achieving SDGs
103-3	Evaluation of the management approach	> Our strategy for achieving SDGs

200: Economic

Economic Performance

Number	Disclosures	Applicable web page
201-1	Direct economic value generated and distributed	➤ Disclosure Report 2021 < Japanese only > ▲

Our Strategy for Achieving SDGs	/	Initiatives through Business Activities	/	Initiatives for Supporting Business Activities	/	Initiatives with Our Stakeholders	/	Environmental Initiatives	Others	7

Number	Disclosures	Applicable web page
201-2	Financial implications and other risks and opportunities due to climate change	 Response to the TCFD Environmental Management / Initiatives to Environmental Load Reduction
201-3	Defined benefit plan obligations and other retirement plans	➤ Disclosure Report 2021 < Japanese only > ▶
201-4	Financial assistance received from government	Impact is insignificant

Market Presence

Number	Disclosures	Applicable web page
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Impact is insignificant, due to the nature of our business
202-2	Proportion of senior management hired from the local community	-

Indirect Economic Impacts

Number	Disclosures	Applicable web page
203-1	Infrastructure investments and services supported	 Action through Product Development and Distribution Support for Creating Our Future Society Action with NPOs SDGs Finance Promotion of Social Contribution Activities
203-2	Significant indirect economic impacts	Not applicable

Procurement Practices

Number	Disclosures	Applicable web page
204-1	Proportion of spending on local suppliers	Impact is insignificant, due to the nature of our business

Anti-corruption

Number	Disclosures	Applicable web page
205-1	Operations assessed for risks related to corruption	> Prevention of corruption> Risk Management
205-2	Communication and training about anti- corruption policies and procedures	> Prevention of corruption
205-3	Confirmed incidents of corruption and actions taken	Not applicable

Anti-competitive Behavior

Number	Disclosures	Applicable web page
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not applicable

Tax

Number	Disclosures	Applicable web page
207-1	Approach to tax	> Risk Management
207-2	Tax governance, control, and risk management	> Risk Management
207-3	Stakeholder engagement and management of concerns related to tax	-
207-4	Country-by-country reporting	-

300: Environment

Materials

Number	Disclosures	Applicable web page
301-1	Materials used by weight or volume	Not applicable

Number	Disclosures	Applicable web page
301-2	Recycled input materials used	Not applicable
301-3	Reclaimed products and their packaging materials	Not applicable

Energy

Number	Disclosures	Applicable web page
302-1	Energy consumption within the organization	> SDGs Data Edition 2021 🕒
302-2	Energy consumption outside of the organization	> SDGs Data Edition 2021 👃
302-3	Energy intensity	> SDGs Data Edition 2021 🕒
302-4	Reduction of energy consumption	> SDGs Data Edition 2021 🕒
302-5	Reductions in energy requirements of products and services	> SDGs Data Edition 2021

Water and Effluents (2018)

Number	Disclosures	Applicable web page
303-1	Interactions with water as a shared resource	Impact is insignificant, due to the nature of our business
303-2	Management of water discharge-related impacts	Impact is insignificant, due to the nature of our business
303-3	Water withdrawal	> SDGs Data Edition 2021 🔼
303-4	Water discharge	-
303-5	Water consumption	-

Biodiversity

Number	Disclosures	Applicable web page
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable

Number	Disclosures	Applicable web page
304-2	Significant impacts of activities, products, and services on biodiversity	Not applicable
304-3	Habitats protected or restored	Not applicable
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable

Emissions

Number	Disclosures	Applicable web page
305-1	Direct GHG emissions	> SDGs Data Edition 2021 🔼
305-2	Energy indirect GHG emissions	> SDGs Data Edition 2021 🔼
305-3	Other indirect GHG emissions	> SDGs Data Edition 2021 🔼
305-4	GHG emissions intensity	> SDGs Data Edition 2021 🔼
305-5	Reduction of GHG emissions	> SDGs Data Edition 2021 🔼
305-6	Emissions of ozone-depleting substances (ODS)	Impact is insignificant, due to the nature of our business
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Impact is insignificant, due to the nature of our business

Waste

Number	Disclosures	Applicable web page
306-1	Waste generation and significant waste-related impacts	Impact is insignificant, due to the nature of our business
306-2	Management of significant waste-related impacts	Not applicable
306-3	Waste generated	> SDGs Data Edition 2021 🔼
306-4	Waste diverted from disposal	Not applicable
306-5	Waste directed to disposal	Not applicable

Environmental Compliance

Number	Disclosures	Applicable web page
307-1	Non-compliance with environmental laws and regulations	Not applicable

Supplier Environmental Assessment

Number	Disclosures	Applicable web page
308-1	New suppliers that were screened using environmental criteria	Not applicable
308-2	Negative environmental impacts in the supply chain and actions taken	Not applicable

400: Social

Employment

Number	Disclosures	Applicable web page
401-1	New employee hires and employee turnover	> SDGs Data Edition 2021 🔼
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	> Work-Life Balance
401-3	Parental leave	> Work-Life Balance > SDGs Data Edition 2021

Labor / Management Relations

Number	Disclosures	Applicable web page
402-1	Minimum notice periods regarding operational changes	-

Occupational Health and Safety (2018)

Number	Disclosures	Applicable web page
403-1	Occupational health and safety management system	> Work-Life Balance> Health Management
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational health services	> Work-Life Balance> Health Management
403-4	Worker participation, consultation, and communication on occupational health and safety	> Work-Life Balance> Health Management> Communication with Employees
403-5	Worker training on occupational health andsafety	> Health Management
403-6	Promotion of worker health	> Work-Life Balance > Health Management
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries	
403-10	Work-related ill health	

Training and Education

Number	Disclosures	Applicable web page
404-1	Average hours of training per year per employee	> Human Resource Development and Skill Enhancement
404-2	Programs for upgrading employee skills and transition assistance programs	> Human Resource Development and Skill Enhancement
404-3	Percentage of employees receiving regular performance and career development reviews	

Diversity and Equal Opportunity

Number	Disclosures	Applicable web page
405-1	Diversity of governance bodies and employees	> SDGs Data Edition 2021 🕒
405-2	Ratio of basic salary and remuneration of women to men	> SDGs Data Edition 2021 ►

Non-discrimination

Number	Disclosures	Applicable web page
406-1	Incidents of discrimination and corrective actions taken	Not applicable due to the nature of our business

Freedom of Association and Collective Bargaining

Number	Disclosures	Applicable web page
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not applicable due to the nature of our business

Child Labor

Number	Disclosures	Applicable web page
408-1	Operations and suppliers at significant risk for incidents of child labor	Not applicable due to the nature of our business

Forced or Compulsory Labor

Number	Disclosures	Applicable web page
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not applicable due to the nature of our business

Security Practices

Number	Disclosures	Applicable web page
410-1	Security personnel trained in human rights policies or procedures	Impact is insignificant, due to the nature of our business

Rights of Indigenous Peoples

Number	Disclosures	Applicable web page
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable due to the nature of our business

Human Rights Assessment

Number	Disclosures	Applicable web page
412-1	Operations that have been subject to human rights reviews or impact assessments	> Risk Management
412-2	Employee training on human rights policies or procedures	> Human Rights Education and Awareness
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	> Risk Management

Local Communities

Number	Disclosures	Applicable web page
413-1	Operations with local community engagement, impact assessments, and development programs	Impact is insignificant, due to the nature of our business
413-2	Operations with significant actual and potential negative impacts on local communities	Impact is insignificant, due to the nature of our business

Supplier Social Assessment

Number	Disclosures	Applicable web page
414-1	New suppliers that were screened using social criteria	Not applicable
414-2	Negative social impacts in the supply chain and actions taken	Not applicable

Public Policy

Number	Disclosures	Applicable web page
415-1	Political contributions	> SDGs Data Edition 2021 🔼

Customer Health and Safety

Number	Disclosures	Applicable web page
416-1	Assessment of the health and safety impacts of product and service categories	Not applicable due to the nature of our business
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable due to the nature of our business

Marketing and Labeling

Number	Disclosures	Applicable web page
417-1	Requirements for product and service information and labeling	> Providing Quality Service to Customers
417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable
417-3	Incidents of non-compliance concerning marketing communication	Not applicable

Our Strategy for Achieving SDGs

Initiatives through Business Activities Initiatives for Supporting Business Activities Initiatives with Our Stakeholders Environmental Initiatives Others

Customer Privacy

Number	Disclosures	Applicable web page
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable

Socioeconomic Compliance

Number	Disclosures	Applicable web page
419-1	Non-compliance with laws and regulations in the social and economic area	Not applicable

Others

Editorial Policy

The Daiwa Securities Group has promoted the SDGs and ESG through its business and non-business activities. We have created an "SDGs" page on the Daiwa Securities Group Inc. website, providing greater convenience to readers and disclosing information in a timely fashion, with the aim of evaluating the current state of affairs and the challenges we face.

This page presents comprehensive data on the Group's SDG and ESG activities, and we will strive to further enrich it in the future.

(The SDGs Data Book, CSR Reports, and other materials previously disclosed in PDF form until FY2019 can be viewed from the SDG Reports/SDGs Data Edition page.)

Intended Readership	This report is intended for the broad range of Daiwa Securities Group stakeholders defined by ISO 26000, including customers, shareholders and investors, employees, business partners, and local communities.	
Reporting Boundary	This report generally discusses the principal companies of Daiwa Securities Group. It does not, however, include all data from the Group's principal companies on items reported. The information is selected based on the respective companies' size and type of business. Each set of data specifies the scope of coverage. The term "Daiwa Securities Group" refers to our entire group, while the terms "Daiwa Securities Group Inc." and "Daiwa Securities" refer to Daiwa Securities Group Inc. and Daiwa Securities Co. Ltd., respectively.	
Period Covered by Report	FY2020 (April 1, 2020, to March 31, 2021) The report, however, also includes some information on events and activities carried out prior to the beginning of or after the end of FY2019, or scheduled to take place during FY2021	
Inquiries	SDGs Promotion Office, Corporate Planning Department, Daiwa Securities Group Inc.	
Tel	+81-3-5555-1111(Main)	
E-mail	daiwacsr@daiwa.co.jp	
URL	https://www.daiwa-grp.jp/english/sdgs/	
Reference Guidelines	GRI Sustainability Reporting Standards ISO 26000: Guidance on social responsibility Sustainability accounting standards for the Financials sector, Sustainability Accounting Standards Board (SASB) Environmental Reporting Guidelines 2018 and Environmental Accounting Guidelines 2005, Ministry of the Environment, Japan	

For Deeper Understanding of Corporate Activities of Daiwa Securities Group

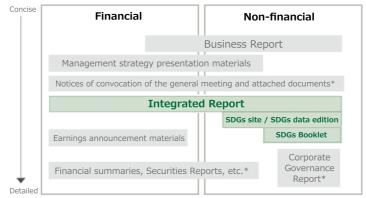
At Daiwa Securities Group, we issue an Integrated Report, referring to the International Integrated Reporting Framework published by the Value Reporting Foundation (VRF) and the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry. The Integrated Report is aimed at communicating the Group's history and current and future value creation activities to our stakeholders in an easy-to-understand way, and we select important matters and initiatives taken mainly in the past one year as information to be posted.

Please look at the Report along with this website.

> Integrated Report

Overview of information disclosure

Position of Integrated Report in Disclosure Documents



^{*}Documents systematically stipulated under the Companies Act, Financial Instruments and Exchange Law, etc.