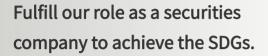


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- * This report is current as of November 30, 2022.
- * Detailed data related to SDGs and ESG are collected separately in SDGs Data Edition.
 - > SDGs Data Edition https://www.daiwa-grp.jp/english/sdgs/data/pdf/daiwa_sdgs_data_2022.pdf
- * As a digest version of the SDGs Report, we also publish "SDGs Booklet," a compact and easy-to-understand summary of our way of thinking about the SDGs and the details of various initiatives.
 - > SDGs Booklet https://www.daiwa-grp.jp/english/sdgs/data/pdf/daiwa_sdgs_en_booklet_2022sec.pdf

Our strategy for achieving SDGs



Seiji Nakata

President and CEO, Daiwa Securities Group Inc.

Message from CEO



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

Othors

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.

April 2021

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



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.

Initiatives in sustainability

Corporate strategy Financial & capital/Risk management/

Compliance/HR/Overseas

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.



Message from CEO



Seiji Nakata President and CEO Daiwa Securities Group Inc.

In FY2021, Daiwa Securities Group set out the management vision "Vision 2030" and announced their "Net Zero Carbon Declaration" that includes reduction targets for greenhouse gas emissions.

In recent years, transition finance has attracted attention as a financing mean towards transition to a carbon-neutral society. Support for the financing of companies' efforts to solve social issues, including transition finance, is one of the important missions of a comprehensive securities group.

In May 2022, Daiwa Securities Group marked it's 120th anniversary. In its long history, the Group has fostered the pioneering spirit of continuously implementing new innovations. We will continue to evolve with the times, and unite as one to create a new sustainable capital cycle towards realizing the SDGs.

Message from the Head of SDGs



Keiko Tashiro Executive Head of Overseas Operations, Head of SDGs and Think Tank Daiwa Securities Group Inc.

In the world surrounding us, there are still a large number of social issues that are unresolved, and companies are expected to take further action towards 2030—the target year for the SDGs.

Against this backdrop, we have positioned "Vision 2030," as a set of action guidelines and are encouraging all employees to "own" SDGs. We are also exploring ways in which, we as the Daiwa Group can contribute in achieving the SDGs.

As the importance of ESG based corporate evaluation increases, the move to develop a universal standard for sustainability disclosure is gaining momentum.

Utilizing our SDGs website, we will endeavor to improve our disclosure to reflect the development of our activities.

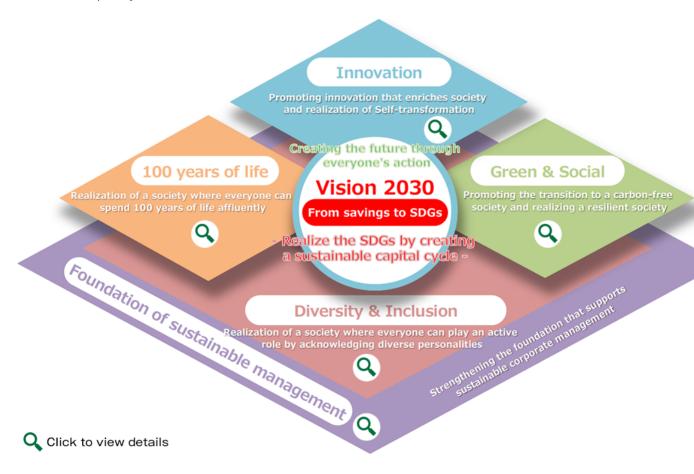
We will continue our challenge in hope of meeting your expectations.

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."

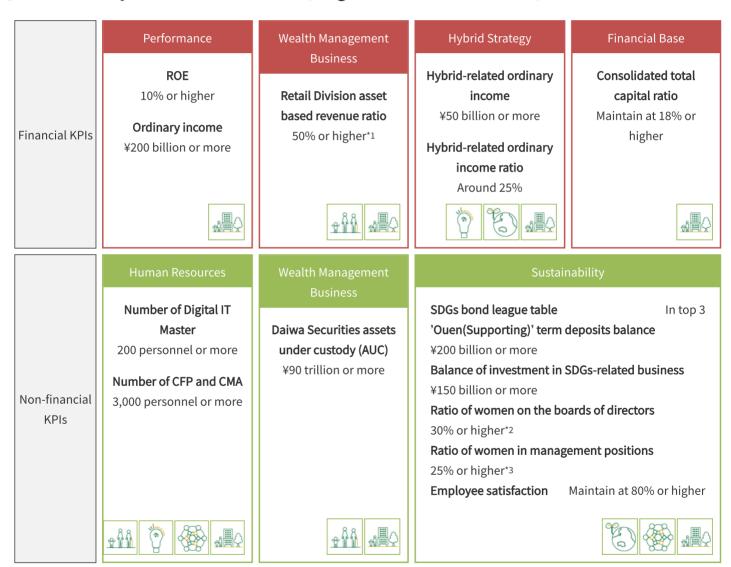
priority areas	priority issues
100 years of life Realization of a society where everyone can spend 100 years of life affluently	 Support for household asset formation and conservation toward the realization of a prosperous 100-year life Realization of local revitalization with private funds Financial 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 -Strengthening the foundation that supports	 9. Fostering human resources who can provide added value 10. Building an organization where everyone can play an active role by acknowledging diverse personalities
sustainable corporate management-	 Strengthening a sound and highly transparent management base Leading the maintenance and development of financial and capital markets Creating a beautiful global environment that will lead to the next generation Realization of a better future community / society

Othoro

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.

STEP2

Dialogue with internal and external stakeholders **Q**

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.



Initiatives through **Business Activities**

Corporate Governance

Addressing social issues Social Contribution Activities

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.

Discussions and decisions made by the management Q

STEP4

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.

Others

Statements

Introducing Daiwa Securities Group's various statements.

Management

- > Corporate Principles
- > Management Policy
- > Basic Policy on Stakeholder Engagement

- > Daiwa Spirit [PDF: 80 KB] (Japanese)
- Daiwa Securities Group's Management Vision "Vision2030"Materiality

SDGs/ESG in general

- > Daiwa Securities Group's SDGs Declaration
- > Daiwa Asset Management Co. Ltd. "ESG Investment Policy" □
- ➤ Daiwa Capital Markets America Inc. "Corporate Social Responsibility"
- Daiwa Asset Management Co. Ltd. "Sustainability Policy" (including "Environmental Policy" and "Human Rights Policy")
 (Japanese) □
- ➤ Daiwa Real Estate Asset Management Co.Ltd. "Policy Regarding ESG"
- > Daiwa Capital Markets Europe Ltd. "Corporate Social Responsibility" □

Environment

- > Environmental Vision, Environmental Principles, and Basic Environmental Policies
- > The Daiwa Securities Group Net Zero Carbon Declaration
- > Response to Climate Change (Disclosure Based on the TCFD Recommendations 2022)
- > 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 Real Estate Asset Management Co.Ltd. □	
\gt Daiwa Corporate Investment Co., Ltd. (Japanese) $\ \Box$	
> Daiwa Next Bank, Ltd (Japanese) □	
> CONNECT Co.Ltd. (Japanese) □	
Human Capital	
> Guidelines for Fair Hiring	> Human Rights Policy
> Health Management (Approaches and Policy, Promotion System, Targets, and, Examples of Major Initiatives and Results, etc.)	➤ Daiwa Capital Markets Europe Ltd. "Diversity & Equality" □
> Daiwa Capital Markets Europe Ltd. "Modern Slavery Act 2015 □	> Daiwa Capital Markets America Inc. "WORK FOR US" > "Culture" □
Investment and Financing Policy	
> Environmental and Social Policy Framework	➤ Daiwa Asset Management Co. Ltd. "ESG Investment Policy" □
> Daiwa Asset Management "Investment and Other Activities	

Related to Cluster Bomb Manufacturing Companies"

> Disclosure Policy

Governance	
Corporate Governance	
> Corporate Governance Guidelines 🕒	> Basic Views on Corporate Governance
> Policies on Determination of Remuneration of Directors and Corporate Executive Officers	
Compliance	
Daiwa Securities Group Anti-Corruption Policy	
Privacy Policy	
> Daiwa Securities Group	
➤ Daiwa Securities Co. Ltd.(Japanese) □	
➤ Daiwa Asset Management Co. Ltd. □	
Anti-Money Laundering and Countering the Financing	of Terrorism (AML/CFT)
Securing the Fairness and Transparency of the Market ~Prevention of unfair transactions such as insider trad	ling∼
Basic Policy on Avoiding Involvement with Anti-Social F	Forces
Management Policy for Conflict of Interest	
> Daiwa Securities Group	
➤ Daiwa Securities Co. Ltd.(Japanese) □	
➤ Daiwa Asset Management Co. Ltd.(Japanese) □	
Information disclosure	

Risk	Management	_
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- > 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 Code" (Japanese) □ ${\blacktriangleright}$ Daiwa Asset Management Co. Ltd. "Stewardship" $\;\; \Box$

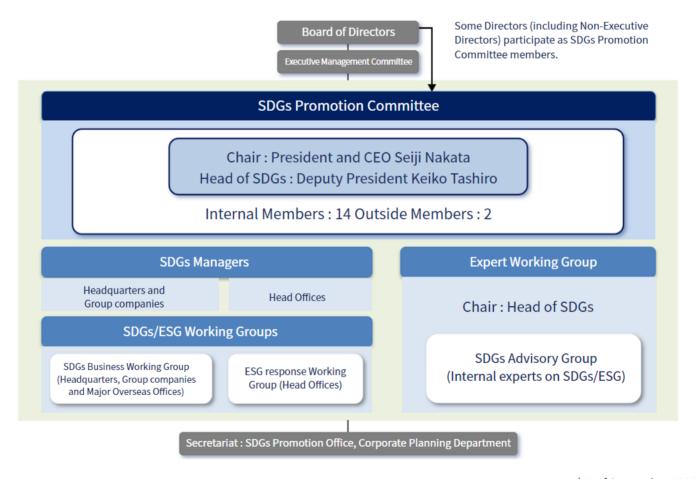
Structure of SDGs Promotion

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 September 2022)

Head of SDGs: It oversees the promotion of the Group's SDG- and ESG- 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.



Initiatives through Business Activities Corporate Governance Addressing social issues

Social Contribution Activities Environmental Initiatives Others

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 COO and Head of Wholesale



Keiko Tashiro
Deputy President
Executive Head of Overseas
Operations, Head of SDGs
and Think Tank



Akihiko Ogino
Deputy President
Executive Head of Corporate
Planning and Human
Resources



Shinsuke Niizuma Deputy President Head of Retail



Junichi Arihara Senior Executive Managing Director, CRO and CDO



Kana Shirakawa Executive Managing Director Head of Human Resources and CHO



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



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



Mikita Komatsu Deputy President Head of Asset Management



Masahisa Nakagawa Deputy President Head of System Solutions



Masahiro Kobayashi Deputy President Deputy Head of Wholesale



Toyo Abe Senior Managing Director Deputy Head of Corporate Planning, Head of Legal and Corporate Communication



Tomoo Fujioka Senior Executive Managing Director, Daiwa Securities Co. Ltd. Head of Global Markets

Others

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

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.

Stakeholder Engagement

Daiwa Securities Group recognizes that, as a company, it has an important mission not only to resolve social issues, but also to grasp what social issues need to be addressed.

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 dialogue as a part of engagement 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 engagement with a broad range of stakeholders, including customers, shareholders, investors, local communities, and NPOs, in pursuit of balancing social values and economic values.

Basic Policy on Stakeholder Engagement

- (1) Daiwa Securities Group will strive to engage with a broad range of stakeholders based on ISO 26000 and the Charter of Corporate Behavior of the Nippon Keidanren (Japan Business Federation).
- (2) The Group will strive to deepen engagement with stakeholders already known to us, including customers, shareholders and other investors, business partners, employees and local communities.
- (3) The Group will strive to actively communicate and engage with third-party institutions, organizations, and individuals, etc. with whom we have previously had no contact in order to identify other stakeholders.



Our strategy for achieving SDGs

Initiatives through Business Activities

Corporate / Governance /

Addressing social issues

Social Contribution Activities Environmental Initiatives Others

Stakeholders		Method of Engagement	Main Contact Points	Relevant Web Pages	
Customers	Investors	We strive to improve customer, satisfaction by providing products and services that meet the needs and risk tolerance of individual investors, institutional investors, and potential investors who are considering investing. 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 Division Contact Center Customer Support Center Wholesale Division	 > Providing Quality Service to Customers > Action through the Development and Distribution of Products and Services > Environmental and Social Policy Framework 	

Initiatives through Business Activities Corporate / Governance /

Addressing social issues

Social Contribution Activities Environmental Initiatives Others

Stake	holders	Method of Engagement	Main Contact Points	Relevant Web Pages
Society	Business partners	As an institutional investor, we strive to maintain active communication, including engagement with investee companies. We maintain fair relationships with all our business partners, including suppliers, and collaborate with them in order to create a sustainable society.	Division Investment Division Retail Division Wholesale Division Finance Division SDGs Promotion Office, Corporate Planning Department Daiwa Securities Health Foundation Daiwa Anglo-Japanese Foundation Daiwa Myanmar-Japan Foundation Corporate Communication Division Responsi Securities > Supply C Managen > Environm Social Po Framewo > Tax Policy > Political O (SDGs Da	 > Role and Social Responsibilities of the Securities Business > Supply Chain Management > Environmental and Social Policy Framework > Tax Policy > Political Contributions (SDGs Data Edition)
	Government	We comply with the Daiwa Securities Group Tax Policy, fulfill our tax obligations and disclose the amount of tax paid in each country. We also present policy recommendations in order to create a better society. Daiwa Securitie Foundation Daiwa Anglo-Ja Foundation Daiwa Myanma Foundation Corporate Communication		 > Financial Education and Research > Contribution through Foundations and NPOs > Corporate Citizenship Initiatives > Sponsorship Activities for Culture and the
	NPOs/NGOs	We collaborate with NPOs/NGOs in economic and financial education and disaster relief assistance. We also incorporate the perspective of resolving social issues in our business strategies through active dialogue with them.		Future Project (Japanese only)
	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 Corporate Governance

Addressing social issues

Social Contribution Activities

Environmental Initiatives

Stakel	nolders	Method of Engagement	Main Contact Points	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, and we strive to improve employee satisfaction. 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 be transparent in our disclosure of information and to meet the expectations of shareholders and others through the sustainable improvement of corporate value. (*) Including investors in bonds issued by Daiwa Securities Group	Investor Relations Office, Corporate Planning Department	> Engagement with Shareholders and Investors	

Engagement through participation in initiatives

Daiwa Securities Group actively participates in, signs, and supports various initiatives in Japan and overseas, and in addition to utilizing their standards, we also encourage society through engagement.

> For more details, see Participation in Initiatives

harc

Role and Social Responsibilities of the Securities Business

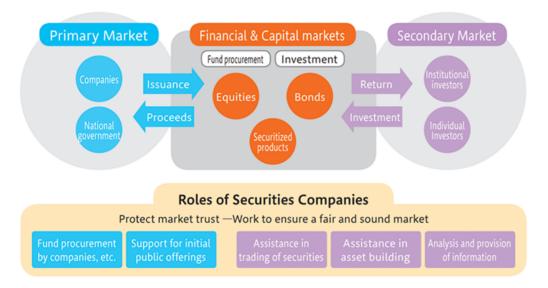
At Daiwa Securities Group, we believe that our role is not only to maintain and develop a fair and dynamic financial market, but also to incorporate a social perspective in finance in order to contribute to building a sustainable society. For example, the securities business - our core operations - plays 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.



> Global Network

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.

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Role 2 Support for initial public offerings

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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'

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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.

Ador	otion of Princi	ples for Res	ponsible Institutional	Investors (Ja	pan's Stewardshi	p Code)

>	Daiwa	Securities	(Japanese	only)	
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>	Daiwa	Asset	Management	
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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.

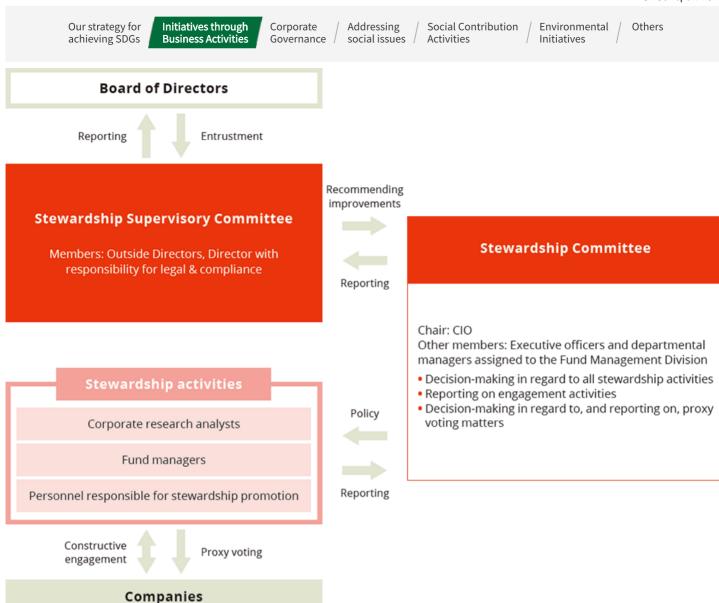
After announcing its adoption of Japan's Stewardship Code in May 2014, Daiwa Asset Management renewed the announcement of its adoption of the Code in September 2020 in line with the revision of the code, and has since been continuously and actively fulfilling its stewardship responsibilities and striving to improve its initiatives. The company's basic approach to stewardship activities is shown in its "Stewardship Policy." Details of its stewardship activities, including status of engagement (such as policy, structure, and a breakdown of activities by category), are released annually in its "Stewardship Report."

\	FSG	Investment Policy	\Box
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- > Stewardship Policy □
- > Stewardship Report 2021 🔼

Stewardship Activity Structure

The company's framework for stewardship activities comprises the Stewardship Committee, which is responsible for decision-making in relation to practical policies, and the Stewardship Supervisory Committee, which is entrusted by the Board of Directors to oversee management of conflicts of interest in stewardship activities.



Stewardship Supervisory Committee

The Stewardship Supervisory Committee was set up in January 2017 for the purpose of managing conflicts of interest faced by the company in fulfilling its stewardship responsibilities. The Committee oversees management of conflicts of interest in the company's stewardship activities, reports to the Board of Directors, and issues recommendations for improvement as necessary. The Committee is composed of outside directors and the compliance officer, who is in 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

The Stewardship Committee formulates basic policies related to stewardship activities, such as the Proxy Voting Policy and the Engagement Policy, deliberates and decides on individual cases when exercising voting rights, and implements initiatives to enhance stewardship activities. The Committee is chaired by the chief investment officer (CIO) and is comprised of executive officers and departmental managers assigned to the Fund Management Division.

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Responsible Investment Department

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The Responsible Investment Department, which is dedicated to promoting stewardship activities and ESG investment, 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. The Department was renamed from the Stewardship & ESG Department as of October 2022.

Engagement Activities

Daiwa Asset Management has released the Engagement Policy, which was formulated with the aim of facilitating dialog that contributes to enhancing corporate value and realizing sustainable growth, and actively engages with companies and organizations in relation to both financial and non-financial aspects, including ESG issues.

Engagement activities are implemented by three key actors: corporate research analysts, personnel responsible for proxy voting, and the Engagement Team (comprised of corporate research analysts and fund managers). In FY2021, the company implemented engaged activities that involved opportunities for direct dialog with 1,230 companies.

Approximately 40% of all engagement activities implemented by the three teams in 2021 focused on ESG issues, and this percentage is on the rise.

> Engagement Policy \Box

Key actors implementing engagement activities and their main activities

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Engagement Team

 Composed of fund managers and analysts, this team holds in-depth meetings with companies which are being invested in over the medium- to long-term

Corporate Research Team

 Composed of corporate research analysts, this team undertakes research activities relating to corporate value, business strategy, ESG and also holds related meetings

Proxy Voting Team

- Composed of personnel responsible for proxy voting (from the Stewardship & Responsible Investment Department), this team holds meetings relating to ESG, including corporate governance, and proxy voting
- · Engagement for passive fund

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Engagement for Passive Funds

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As Japanese equity index funds increase as a percentage of assets under management due to the recent growth in the outstanding amount of exchange-traded funds (ETFs) in recent years, Daiwa Asset Management believes that implementing engagement for passive funds is also a clear obligation. Based on the belief that gaining an understanding of the company's stewardship activities is the first step in dialog, since 2018, the company has been sending its Proxy Voting Policy to investee companies included in Japanese equity index funds. In 2021, it also distributed materials outlining its approaches to cross-shareholdings and to diversity and inclusion.

Proxy Voting

Based on the belief that the exercise of voting rights plays a very important role in realizing the company's corporate principle of contributing to social and economic development through the financial and capital markets, Daiwa Asset Management has made public the details of its Proxy Voting Policy so that as many people as possible can be familiar with the policy.

Starting from shareholders meetings held in April 2017, the company has also made public the outcomes of proxy voting on its website. Regarding the outcomes of voting rights exercised at the shareholders meetings of investee companies, in principle, the individual investee companies and the decisions on each proposal are disclosed on a monthly basis.

Review of the Proxy Voting Policy (for Domestic Stocks) and Issues for Consideration



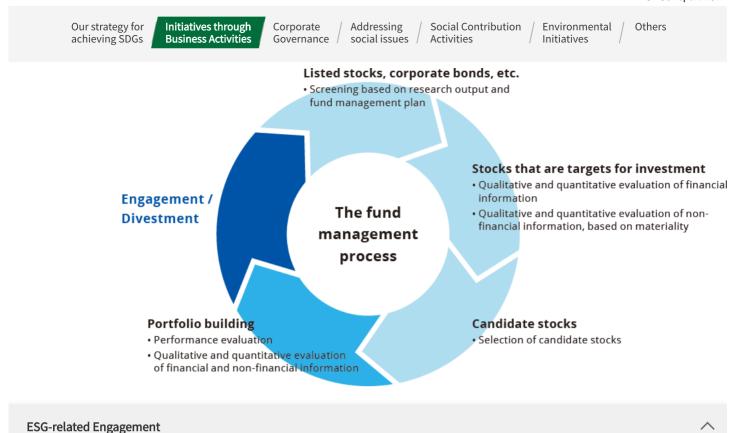
In June 2022, the Proxy Voting Policy (for Domestic Stocks) was partially revised. Amendments included expanding the scope of companies that are subject to the criteria relating to female corporate officers and changing the criteria relating to outside directors. The criteria relating to female corporate officers was a new standard established in the partial revision made in March 2021 and applied to companies included in the TOPIX 100 index. Based on positive initiatives confirmed through engagement, the standard has now been expanded to cover companies included in the TOPIX 500 index. Issues for future consideration listed in the policy include "decarbonization and carbon neutrality" and "business and human rights."

> Proxy Voting Policy \Box

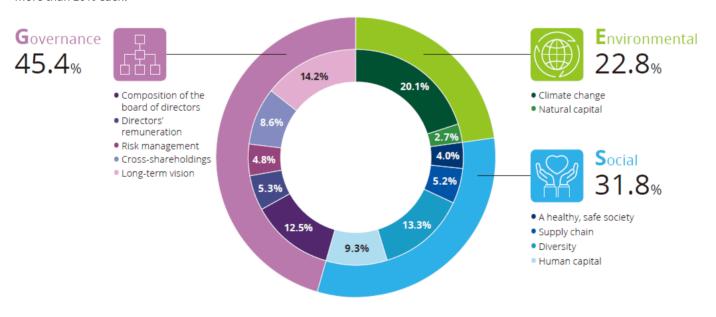
Incorporating ESG Factors in the Investment Process

Daiwa Asset Management views ESG initiatives of companies and organizations as leading to both an increase in growth potential and a reduction of risk in the medium and long term, and utilizes them in investment decisions. By sharing qualitative evaluations undertaken by its corporate research analysts and fund managers as well as quantitative analysis and evaluations undertaken by its quantitative analysts, the company can achieve corporate evaluations from an integrated perspective that combines financial information with non-financial information. Using the above information and based on the company's approach to ESG, it is able to calculate its own proprietary ESG scores, which serve as reference when choosing which stocks to invest in and determining portfolio risk.

Daiwa Asset Management also takes into account the ESG performance of companies when making investment decisions in relation to bond operations. Since the approach to sustainability through engagement with companies and organizations is the same as for investment in stocks, the company shares and makes effective use of ESG information when investing in corporate bonds too.



Looking at ESG-related engagement undertaken in 2021 broken down by category, governance (G) continues to account for the largest share, but the proportions of engagement on environment (E) and social (S) have risen. In 2021, Daiwa Asset Management's particular focus on climate change (20.1%) and diversity (13.3%) are both important categories, accounting for more than 10% each.



Addressing Climate Change Issues through Stewardship Activities

Daiwa Asset Management's efforts to address climate change issues through stewardship activities are disclosed in its Stewardship Report, in line with the disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

> Stewardship Report 2021 (Measures relating to the TCFD)

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Involvement in Joint Initiatives relating to ESG Investment

Daiwa Asset Management is a signatory to and endorses the following external initiatives.

Category	Name	Date of affiliation	
General ESG	The United Nations-supported Principles for Responsible Investment (PRI)	May 2006	
	Principles for Financial Action for the 21st Century	November 2011	
	Japan Stewardship Initiative (JSI)	March 2022	
Environment	Task Force on Climate-related Financial Disclosures (TCFD)	December 2020	
	Net Zero Asset Managers initiative	December 2021	
	Climate Action 100+	August 2021	
	Investor Agenda	August 2021	
	Statement on Fiduciary Duty and Climate Change Disclosure	August 2014	
Diversity, human rights	30% Club Japan Investor Group	May 2020	
	PRI Advance	December 2022	
Governance	International Corporate Governance Network (ICGN)	April 2021	

> Participation in Initiatives

ESG Education, Training and Exchange of Information

Daiwa Asset Management has adopted "Enhance Global Sustainability" as part of its action guidelines, and is taking systematic measures that will contribute to the sustainable growth of society.

Education and Training for Executives and Employees

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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 organizes study meetings aimed at the updating of specific themes as needed. In FY2021, the company held a total of seven training sessions and study meetings, including training to deepen understanding of its stewardship activities.

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ESG Exchange Meetings for Investee Companies

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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 dialogs with investee companies that the investees were struggling with appropriate methods for ESG disclosure and collection of information. The company therefore invites multiple investees and holds ongoing ESG-related information exchange meetings 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. The first meeting in February 2021 was on the topic "gender diversity," and the second meeting in May 2022 was on the topic "human capital."

> Report on the 2nd ESG Exchange Meeting (Japanese only)

Action through Product Development and Distribution

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

> SDGs Finance

Initiatives through Business Activities Such as the Underwriting and Sale of SDG Bonds

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 SDG bonds in Japan (including conventional Impact Investment bonds), 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.

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 (FY2021)

Issuers	Use of funds	Sales amount (estimate)
ORIX*	Applied to new or past expenditures that meet the eligibility criteria of a green bond framework developed by ORIX	¥4.0 billion
World Bank	Supports a wide range of development projects undertaken by the World Bank for developing countries	¥1.1 billion
Tokyo Metropolitan Government (TMG)*	Used for the installation of solar power generation to facilities owned by TMG, the development of parks, and the development of coastal preservation facilities (such as seawalls)	¥2.0 billion
Tokyu*	Applied to refinancing of expenditures for "clean transportation," "railway infrastructure for safety and security," etc.	¥2.0 billion
Japan International Cooperation Agency (JICA)*	Used for financing provided by JICA to support sustainable development in developing countries	¥0.8 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: ¥810.3 billion
- * Figures have been rounded off
- * Source: Daiwa Securities (From March 2008 to March 2022)
- Daiwa Securities' share in the Japanese market: 44%
 Total ¥1,843.6 billion
- * Figures have been rounded off
- * Source: Daiwa Securities (From March 2008 to March 2022)
- SDGs related to SDG bonds sold in the past





















SDG Private Placement Bonds for Domestic Institutional Investors Sold by Daiwa Securities (FY2021)

Issuers	Bond name	Date of issuance	Currency	Issuance amount (In units of millions of the issuance currency)
Corporación Andina de Fomento (CAF)	Nutrition bonds	June 2021	JPY	20,000
Corporación Andina de Fomento (CAF)	Nutrition bonds	June 2021	JPY	3,000
Corporación Andina de Fomento (CAF)	Nutrition bonds	June 2021	JPY	5,000
European Bank for Reconstruction and Development (EBRD)	Climate resilience bonds	July 2021	AUD	160
Inter-American Investment Corporation (IDB Invest)	Decarbonization bonds	September 2021	AUD	68
Asian Development Bank	Water bonds	October 2021	AUD	30

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Issuers	Bond name	Date of issuance	Currency	Issuance amount (In units of millions of the issuance currency)
Asian Development Bank	Gender bonds February 2022		AUD	66
Inter-American Development Bank (IADB)	Sustainable development bonds	velopment February 2022		120
Inter-American Development Bank (IADB)	EYE (education, youth and employment) bonds	February 2022	AUD	50

^{*} Data based on press releases

• Daiwa Securities' share in the Japanese market: 21.95% (based on press releases)
Only private placement bonds for which the arranger is clear are counted.

FY2021 Initiatives Taken by the Group's Overseas Offices

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Daiwa Capital Markets America (DCMA) Initiatives

Daiwa Capital Markets America Inc. (DCMA) Underwrites De-carbonization Bonds Issued by Inter-American Investment Corporation (IDB Invest)

DCMA acted as solo lead manager for de-carbonization bonds issued by IDB Invest in October 2021.

IDB Invest is a multilateral development bank committed to promoting the economic and social development of its member countries in Latin America and the Caribbean through the private sector. IDB Invest finances sustainable enterprises and projects to achieve financial, social and environmental development for the region.

The proceeds of the bonds will be used for companies and projects that support the IDB Group climate change action plan and the de-carbonization in Latin America and the Caribbean through installation and management of renewable energy, optimization of energy efficiency and management of waste and drainage system, etc.

DCMA Underwrites Education, Youth and Employment (EYE) Bonds Issued by Inter-American Development Bank (IDB)

DCMA acted as solo lead manager for EYE bonds issued by IDB in February 2022.

IDB is a multilateral development bank committed to promoting the economic and social development of its member countries in Latin America and the Caribbean.

The EYE represents Education, Youth and Employment. The proceeds of the EYE bonds will be used for the EYE projects that support early childhood care and education, through formal primary and secondary education, as well as programs that facilitate labor market placement by improving the transition from school and work through vocational training, which contributes to the promotion of youth participation in society and the improvement of productivity in Latin America and the Caribbean.

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Daiwa Capital Markets Europe Limited (DCME) Initiatives

Tarek Hassan was appointed Head of ESG at DCME. Tarek is working closely with Senior Management to develop the DCME ESG strategy that will support the Group's vision to "create the future through everyone's actions" and "realising the SDGs by creating a sustainable capital cycle.

Message from the Head of ESG

"I am delighted to be appointed as Head of ESG at Daiwa Capital Markets Europe Limited ("DCME") - I look forward to working with our leadership within DCME and across the Daiwa Securities Group to generate ESG-related client opportunities, advance our net zero efforts and educate colleagues to develop our collective expertise on sustainability initiatives, further embedding ESG and the SDGs at the heart of our strategy."



Tarek Hasan
Head of ESG,
IMC, CFA ESG Investing
Cambridge CISL Sustainable
Finance
Daiwa Capital Markets Europe
Limited

Tarek Hasan's bio:

In January 2022, DCME welcomed Tarek Hasan as Head of ESG to develop our ESG-related strategy, solutions and services:

- Tarek has over 12 years' experience across Capital Markets and Project Finance including time as a derivatives trader.
- He started his career at MUFG where he eventually led their ESG strategy, developing their global platform.
- Tarek has expertise of industry standards such as ICMA principles, SFDR, EU
 Taxonomy, TCFD as well as specialist knowledge of investor ESG selection
 methodologies & ESG ratings.
- He is a member of the AFME Sustainable Finance Steering Committee and has strong relationships with the Climate Bond Initiative.
- In his spare time, Tarek is a trustee of a sustainable impact charity, mentor for industry ESG initiatives and former co-chair of banking diversity & inclusion networks.
- Tarek graduated with a Masters in Financial Mathematics from Warwick Business School, and holds a number of professional qualifications including CFA ESG Investing Certificate.

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The Business Development Working Group

The Business Development Working Group membership has been expanded to include the following departments:

- Daiwa Capital Markets Europe Limited Geneva Branch Equity;
- ECM;
- Daiwa Capital Markets Deutschland GmbH ("DCMD") Equity Sales;
- New Head of DCMD FICC Sales

One recent highlight and development from the working group is Fixed Income Sales and Syndication's outreach project to European investors to identify ESG trends and objectives, which has now completed.

The database of feedback has been shared with DCM to allow them to better understand investor demands in ESG products. This exercise has also paid off in notably increased orders in ESG issuance from investors that DCME contacted as part of this exercise. A similar exercise is being looked into for Equity Sales.

The Regulation & Risk Working Group

Please see: <u>Corporate Citizenship Initiatives > Initiatives Taken by the Group's Overseas Offices > Activities at the Group's London Operational Base</u>

Daiwa Capital Markets Singapore Limited Initiatives

Daiwa ESG Conference (Asia ESG Debt Webinar)

On August 26, 2021, Daiwa Capital Markets Singapore Limited hosted its first web conference focusing on ESG bonds in Asia. The event consisted of two parts of the panel discussion which was led by 6 panelists including ESG experts from Asian Development Bank (ADB), Singapore Exchange (SGX) and the International Capital Market Association (ICMA), and attended by more than 160 Asian and European bond issuers and investors. Post-event survey was conducted to hear the current investment stance and outlook for Asian ESG bonds. We will continue this initiative as an annual event that leads to an increase in ESG bond deals in Asia.

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 FY2021

- Assets under management in Daiwa Securities Group1: ¥451.6 billion
- Daiwa Securities Sales: ¥366.4 billion
- * Souce: Daiwa Securities Co. Ltd.
- 1. Assets under management at Daiwa Asset Management and Global X Japan as of March 31, 2022

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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.

"Jeans for Genes Day" Donations Delivered to Recipients of Support Term Deposits

"Jeans for Genes Day" (a homonymous play on words) is a fundraising event that has been held since the 1990s in schools and companies in Europe and the United States to support children with genetic diseases. Since March 2021, Daiwa Securities Group has been holding Jeans for Genes Days on the third Friday of every month, with executives and employees coming to work wearing jeans to raise funds. Donations collected from Jeans for Genes Days held between October 2021 and February 2022 were sent to recipients of Support Term Deposits that provide pediatric care and support for people with disabilities. Daiwa Securities Group's social contribution activities conducted through Jeans for Genes Day and Support Term Deposits were featured in a TV program on Asahi Satellite Broadcasting called "Tsunagaru Ehon: for SDGs."

> "Tsunagaru Ehon: for SDGs," Asahi Satellite Broadcasting (Japanese only)

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 sustainable development of local communities and 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

Daiwa Fund Wrap is a service enabling even those who are busy or have no investment experience to easily start medium-to long-term diversified investment. Under a discretionary investment contract, Daiwa Securities invests and manages assets on behalf of our customers. We offer plans that enable each customer to make diversified global investments according to their investment policy, as do professional institutional investors such as those managing public pension assets. It has become more important than ever for a large number of investors to manage their assets efficiently and stably through diversified global investment, in particular as a measure to address prolonged low interest rates, which have made it difficult to find attractive

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investment options. Daiwa Fund Wrap is a service offered to customers over the medium to long term. We provide thorough explanations before the conclusion of a contract, report investment performance regularly every three months, and hold follow-up seminars whenever necessary. We thus ensure close communication with customers and seek to build a relationship of trust with them.

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.

Anshin Tsunagaru Wrap (Daiwa Fund Wrap with premium benefits that provide peace of mind) also offers incidental services that support all aspects of asset succession, such as intervivos gifts (between living persons) and inheritance measures, in order to safeguard a customer's valuable assets and pass them on to their family.

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.

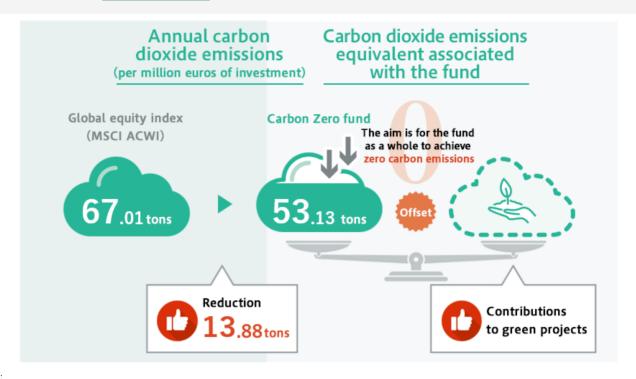
- Balance of domestic Wrap accounts: ¥13,722.2billion (As of March 31, 2022)
- * Source: Data released by the Japan Investment Advisers Association
- Balance of Wrap accounts at Daiwa Securities: ¥2,957.4 billion (As of March 31, 2022)
- * Source: Data released by the Japan Investment Advisers Association
- Daiwa Social Contribution Wrap Daiwa Fund Wrap with a donation service
 Amount donated in FY2021: ¥43.61 million (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 in Funds for Decarbonization (Daiwa Asset Management)

Daiwa Asset Management offers investment opportunities by creating and managing investment trusts with ESG and SDG targets.

The Carbon Neutral Equity Fund (Carbon Zero) was established by Daiwa Asset Management in July 2021 and is managed with advice from Candriam S.C.A. (Candriam). It is the first fund in Japan with a revolutionary scheme that aims for zero carbon not only in the investment part of the fund but also in other parts.

The fund invests in companies that provide solutions for realizing a decarbonized society. The fund's portfolio comprises stocks from around the world, including Japan. Its portfolio was found to be even more effective than MSCI All Country World Index (MSCI ACWI) in terms of reducing carbon dioxide emissions. Furthermore, part of the fee earned by Candriam for advising the fund is used to invest in green projects aimed at reducing carbon dioxide emissions mainly in emerging economies such as India and Panama (i.e., projects that help address global warming and other environmental problems), thereby helping to offset the carbon dioxide emissions associated with the fund.



Note:

- 1. Reference date: April 30, 2021
- 2. Coverage ratio*: Carbon Zero fund: 97.14%, MSCI ACWI: 98.70%
- * Percentage of all issues included in the portfolio for which data could be calculated
- 3. Carbon dioxide emissions (carbon footprint) is a value used to express, in numerical form, total greenhouse gas emissions (expressed in terms of carbon dioxide), from when products are manufactured, through consumption, to final disposal.
- 4. Annual carbon dioxide emissions per million euros of investment are the sum of the companies' direct emissions (Scope 1) and their indirect emissions associated with the purchase and use of energy (Scope 2), taking the investment ratio into account.
- 5. The MSCI ACWI is not used as a benchmark for the Carbon Zero fund.
- 6. The data presented above is based on past performance, and should not be taken as being indicative of, or guaranteeing, future results. Source: Candriam

In addition, Daiwa Asset Management and some sales companies, including Daiwa Securities, are also contributing toward the restoration of natural environments by donating part of their trustee revenue from the fund to tree-planting activities through an NPO. In this way, investment beneficiaries are being provided not only with an opportunity to earn profits from investing in the fund, but also to help address environmental issues.

With respect to its donations to tree-planting activities, Daiwa Asset Management cooperated in an interview survey conducted by the National Land Afforestation Promotion Organization on the Project for Comprehensive Promotion of Forestation with Public Participation (a project commissioned by the Forestry Agency), which was reported to the Forestry Agency as an example of corporate involvement in forestation.

* The project report has not been made public.

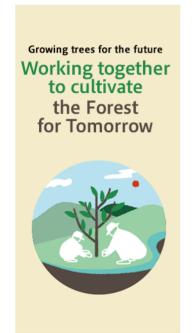
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Donating a portion of trustee revenue to tree-planting activities Nurturing forests together with the Carbon Zero fund



When customers subscribe to this fund, Daiwa Asset Management donates part of the trustee revenue.

> The size of the donation is determined based on the value of net assets as of the end of February each year.

We continue progressing toward Carbon Zero together with customers.
We report regularly on how the planted trees are growing through this program.



Donations

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Tree-planting takes place every year from spring through summer.

One tree is planted for every ¥5.000 donated.



The forests are looked after as they grow over a 10-year period.

The planted trees are nurtured and managed for 10 years by local forestry cooperatives or other organizations.



Customers receive a treeplanting certificate.

Every year, a tree-planting certificate is sent to those customers who hold at least 5 million units in the Carbon Zero fund as of the end of February.



In recognition of these initiatives of the Carbon Zero fund, Daiwa Asset Management won the Governor's Special Prize for Green Finance in the ESG Investment Category of the 2021 Tokyo Financial Award organized by the Tokyo Metropolitan Government and the Most Innovative Product Award at the 2022 Best of the Best Awards organized by Hong Kong's Asia Asset Management—The Journal of Investments and Pensions.

> Special feature on the Carbon Neutral Equity Fund (Carbon Zero) (Japanese only)

Initiatives Using REITs and Other Structures to Solve Social Issues

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

Corporate Governance Addressing social issues

Social Contribution Activities

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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). Based on this framework, DLI borrowed ¥770 million through a social loan in October 2021 and issued ¥2.0 billion of social bonds in January 2022, using the funds raised to acquire healthcare facilities.

Total amount of investment in healthcare facilities

Approximately ¥101.9 billion (as of May 31, 2022)

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. In September 2021, the company was entrusted with management of DSREF Amaterasu Core Fund, Investment Limited Partnership, a private fund targeting investment in a solar power project which was established by soliciting investments from domestic institutional investors. The company will continue to expand 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: 22
 (Hokkaido, Tohoku, Hokuriku, Kanto, Chubu, Kansai, Chugoku, and Shikoku regions)
- Output: Approximately 213 MW from solar power plants (excluding output from assets on land with leasehold interest), 13 MW from biomass power plants
- Annual energy output (April 2021 to March 2022): 309,553MWh
 (Assumed CO₂ reduction of 151,129 t-CO₂, calculated using emission factors of each regional electric utility)
- Balance of assets under management: Approximately ¥85.3 billion

Expansion of Services for Asset-Building Customers through App-based 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.

Our strategy for achieving SDGs

Initiatives through Business Activities

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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.



Group-wide Research on Financial Innovations

Since FY2016, working-level personnel at Daiwa Securities Group, including from Daiwa Securities Group Inc., Daiwa Securities, Daiwa Institute of Research, and Daiwa Asset Management, have been conducting research activities on artificial intelligence (AI) and other state-of-the-art technologies across the Group.

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.

Response to FinTech and artificial intelligence (AI)

Since starting Daiwa Online Trade, Japan's first Internet-based securities brokerage service, in 1996, Daiwa Securities has provided various products and services successively over a period of more than 20 years. Due to the widespread use of portable information devices and the development of information communications technology, the importance of Internet channels has increased even more in recent years, with the number of accounts held under contract for Daiwa Online Trade topping 3.5 million as of the end of March 2022. Of Daiwa Securities' total stock transactions, approximately 85% are carried out via the online trading service, underscoring the fact that Daiwa Online Trade has become an indispensable channel for Daiwa Securities.

Since May 2017, we have been providing information through Daiwa Online Trade regarding domestic issues selected using an Al-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 Al-related technology. In 2019, we distributed information four times in total when major financial results

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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 Al-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: 3,506,000 accounts (As of the end of March 2022)

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.

System Product WEB Service

System Product WEB Service is offered as a support tool for customers building assets. Its aim is to realize a prosperous era of the 100-year life.

The service enables customers to centrally manage their stock-based employee benefit plans (such as stock ownership plans, workplace NISA, and defined contribution pension plans) and stock-based compensation plans (such as specified transfer-restricted stock (RS) and stock options) on a single online platform. The service enables us to support asset-building to help our customers realize their life plans and to actively encourage participation in a company's employee benefit plans, such as stock ownership plans and installment-type investment plans.

Utilizing the latest technologies in the context of digital transformation (DX), for companies and their employees, we are working to build highly flexible coordination based on an application programming interface (API), to provide a high degree of convenience, such as making use of cloud services to make opening accounts more effortless and less time-consuming, and to completely eliminate the need for paper and personal seals in various procedures.

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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.

Major Results

<Japan>

- [Social] New Kansai International Airport Company, Ltd. (August 5, 2022) (Japanese only).
- [Sustainability Linked] NEC Corporation (July 6, 2022) (Japanese only).
- [Green] Sanken Electric Co., Ltd. (June 10, 2022) (Japanese only).
- [Green] Sotetsu Holdings, Inc. (June 9, 2022) (Japanese only)
- [Sustainability] Air Water Inc. (June 3, 2022) (Japanese only)
- [Green] Sumitomo Corporation (May 18, 2022) (Japanese only) 🕒
- [Social] FUJIFILM Holdings Corporation (April 14, 2022) (Japanese only).
- [SDGs-IPO] Fuluhashi EPO Corporation (April 13, 2022) (Japanese only) 🕒

FY2021

- [Transition] Japan Airlines Co., Ltd. (February 22, 2022) (Japanese only)
- [Sustainability] NEC Capital Solutions, Ltd. (February 22, 2022) (Japanese only).
- [Green] Asahi Printing Co., Ltd. (January 28, 2022) (Japanese only)
- [Sustainability] Nagoya Railroad Co., Ltd. (December 10, 2021) (Japanese only)
- [Social] The University of Tokyo (December 10, 2021) (Japanese only)
- [Sustainability] Hankyu Hanshin Holdings, Inc. (December 3, 2021) (Japanese only).
- [Sustainability Linked] Tokyu Fudosan Holdings Corporation (October 5, 2021) (Japanese only). 🖪
- [Sustainability] Yokohama Reito Co., Ltd. (September 17, 2021) (Japanese only)
- [Green] SCSK Corporation (June 1, 2021) (Japanese only)

FY2020

- [SDGs-IPO] TESS Holdings Co., Ltd. (March 24, 2021) (Japanese only) 📙
- [Sustainability Linked Green] Takamatsu Construction Group Co., Ltd. (March 12, 2021) (Japanese only). [A.]
- [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)
- [Green] The Sumitomo Warehouse Co., Ltd. First issuance of green bonds by a warehousing company (September 13, 2019) (

 Japanese only)

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- [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).

<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). 🔼
- [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)



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.

9th Seminar: SDGs Bond Market and Valuation Methodology from the Perspective of European Companies (June 22, 2022)

Lecture	Speaker
Opening	Toyobumi Naruge, Executive Officer, Daiwa Securities Co., Ltd.
Bloomberg lecture I "SDGs Bond Analysis Function at Bloomberg"	Hideki Sato, ESG & Regulatory Concerns, Bloomberg L.P.
Bloomberg lecture II "Overview of Bloomberg ESG Data Scores"	Kimihiko Takamatsu, ESG Specialist, Bloomberg L.P.

Corporate Governance Addressing social issues

Social Contribution Activities Environmental Initiatives Others

Lecture	Speaker		
Solo speech "ESG Market in Europe and Unique Valuation Methodology"	Orith Azoulay, Global Head of Green & Sustainable Finance, Natixis/BPCE		
Panel discussion "ESG/SDGs Bond Market and Trends in Europe"	 Orith Azoulay, Global Head of Green & Sustainable Finance, Natixis/BPCE Jesus Santolaya Lazaro, Head of Institutional IR & Analyst, Caixabank SA Hector Iturralde Lacaci, Head of ESG & Shareholders, Investor Relations, Banco Santander SA Simon Bond, Executive Director, Responsible Investment Portfolio Management, Columbia Threadneedle 		
Closing	Norman L. Tweeboom, Japan Regional Head, Bloomberg L.P.		

8th Seminar: Passion for ZERO Carbon (June 7, 2022)

Lecture	Speaker
Opening remarks	Keiko Tashiro, Deputy President, Member of the Board, Daiwa Securities Co. Ltd.
Keynote lecture "Now we must accelerate decarbonization"	Shinjiro Koizumi, Member of the House of Representatives, former Minister of the Environment
Part 1 "Contributing to a Decarbonized Society through the Development of Transport Networks"	Takashi Kawachi, President, Japan Railway Construction, Transport and Technology Agency (JRTT)
Part 2 "What Finance Can Do for Achieving the SDGs"	Norichika Kanie, Graduate School of Media and Governance, Keio University
Part 3 "ESG Investments Facilitating Realization of a Decarbonized Society, Driven by \$130 Trillion"	Hiroyuki Chida, Senior Managing Director, Daiwa Asset Management Co. Ltd.

7th Seminar: New Trends in the SDGs Bond Market (February 24, 2022)

Lecture	Speaker
Keynote lecture "Global Environment for Decarbonization and ESG Investment"	Yukino Yamada, Chief ESG Strategist, Equity Research Department, Daiwa Securities Co. Ltd.
Issuer and investor perspectives "Sustainability Linked Bonds: Future Questions about Bond Issuance"	 Takashi Sakamoto, General Manager, Group Finance Department, Tokyu Fudosan Holdings Corporation and Finance Department, Tokyu Land Corporation Nobusuke Yamaoka, Head of Investment Department, Financial Services Division, Mitsui Sumitomo Insurance Co., Ltd. Moderator: Kazushi Shimizu, Managing Director, Sustainability Solutions Dept., Daiwa Securities Co. Ltd.
Rating agency's perspective "Transition Bonds: Future Themes and Outlook from a Rating Agency's Perspective"	 Masato Kanedome, Principal, Sustainability Services Dept., DNV Business Assurance Japan K.K. Moderator: Shun Otani, Strategist, Fixed Income, Currency and Commodities Dept., Daiwa Securities Co. Ltd.

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6th Seminar: SDGs Bond Market Leading to Realization of Decarbonization and Poverty Reduction (November 25, 2021)

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Lecture	Speaker		
Opening	 Keiko Tashiro, Corporate Executive Officer, Deputy President, Daiwa Securities Group Inc. 		
Keynote lecture I "SDGs Financing in Japan"	Tamami Ota, Head of Office of SDGs Research & Consulting, Financial & Capital Market Research Department, Daiwa Institute of Research Ltd.		
Keynote lecture II "EU Transition Bonds"	Adeline Diab, Analyst, Bloomberg Intelligence		
Bloomberg lecture "Introduction to SDGs Analysis Function Using Bloomberg"	Hideki Sato, Fixed Income Specialist, Bloomberg L.P.		
Interview "Efforts by TEPCO Group for Carbon Neutrality"	Yuki Tomita, ESG Research Group Manager, ESG Office, Corporate Management & Planning Unit, Tokyo Electric Power Company Holdings, Inc.		
Panel discussion "Financing to End Poverty: Case Studies on the Forefront of Aid	 Hajime Taniguchi, Manager, Budget for Finance and Investment Account, and Capital Markets Division, Treasury, Finance and Accounting Department, Japan International Cooperation Agency (JICA) 		
to Developing Countries"	Kenji Kanamoto, Senior Financial Officer, International Finance Corporation		
	 Shinpei Hirose, Manager in Charge of Foreign Bonds Investment, Investment Operation Department, Japan Post Insurance Co., Ltd. 		
	 Moderator: Kazushi Shimizu, Managing Director, Sustainability Solutions Dept., Daiwa Securities Co. Ltd. 		

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

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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.
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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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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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)

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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)

Social Contribution Activities

Environmental Initiatives Others

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	Shinichiro Kon, Deputy General Manager, Finance and Investment Planning Department, Nippon Life Insurance Company
& Loan Policy and Corporate Bond Investment"	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.
Issuer's perspective "Contribution to ESG through	 Atsushi Kitadai, Finance Planning Team Leader, Finance Division, Mitsui O.S.K. Lines, Ltd.
Bond Issuance"	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.

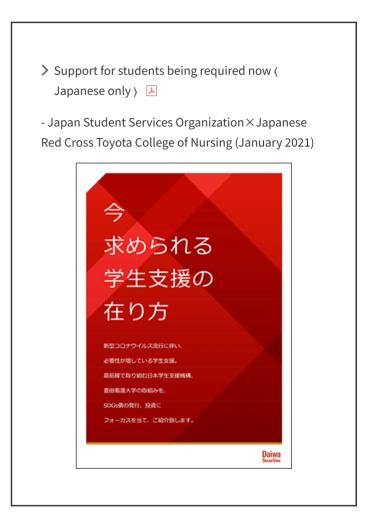
Holding of Engagement Meetings

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.





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.

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 2022)

1. Allocation of proceeds

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 2022)

Category	Sub-category	Commencement of Finance/Refinance	Finance/Refinance	Balance (units of ¥ billion)
Renewable energy	Photovoltaic power generation	November 2018	Refinance	1.5
Renewable energy	Photovoltaic power generation	February 2019	Finance	1.7
Renewable energy	Photovoltaic power generation	June 2021	Finance	2.7
Renewable energy	Photovoltaic power generation	June 2022	Finance	2.1
Green Building	-	November 2018	Refinance	2.0
		total		10

2. Environmental Impact

As of the end of June 2022, the eligible Green Projects for which the proceeds from Green Bonds were appropriated have an energy output/assumed energy output of 110,940 MWh. They have the effect of reducing carbon dioxide (CO₂) emissions by 49,590 t-CO₂ annually.

Report on Environmental Impact (as of the end of June 2022)

Category	Sub-category	Energy output/ assumed energy output (MWh)	Estimated CO ₂ emissions reduction effect (t- CO ₂)
Renewable energy	Photovoltaic power generation	110,940	49,590

Category	Progress of application for certification
Green Building	Awarded Five Stars 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.

> Disclosure of criteria and specific procedures for judging suitability for eligible investments and loans related to the Funds-Supplying Operations to Support Financing for Climate Change Responses by BANK OF JAPAN < Japanese only > ...

Daiwa Next Bank, Ltd.

> Disclosure of criteria and specific procedures for judging suitability for eligible investments and loans related to the Funds-Supplying Operations to Support Financing for Climate Change Responses by BANK OF JAPAN < Japanese only > ...

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 > 🕒

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).

Number of SDGs/ESG seminars held & participants

• 2021: 28 (3,326 participants)

• 2020: 23 (2,461 participants)

• 2019: 18 (699 participants)

• 2018: 15 (447 participants)

ESG reporting rate (individual corporate reports)

• End of FY2021: 95.0%

• 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: 486 reports (Results for FY2021)
- Full texts of reports available on the website
- Number of recent hits on the research division's page: 4.99 million hits (Results for FY2021)

Focus on Information Dissemination with a View toward a World after COVID-19 and after the Invasion of Ukraine

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 and Russia's invasion of Ukraine 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 new capitalism, household asset formation, SDGs/ESG, and zero emissions.

In recent years, rapid progress has been made around the world in the development of sustainability-related disclosure frameworks, and there has been growing interest among both issuers and investors. Led by the ESG Research Division, effort has been focused on researching, analyzing, and disseminating relevant information. In FY2021, the ESG Research Division published 14 reports and made 157 visits to finance and non-financial companies for the provision of information.

In addition, the Consulting Division is working to provide a variety of consulting services suitable for SDG management and ESG investment from a perspective of sustainability support. Specifically, the division provides optimal solutions from an SDG/ESG perspective for various issues faced by companies, such as management vision, medium-term management planning, human resource strategies, DX, corporate governance, and M&A strategies including organizational restructuring, and implements initiatives that contribute toward enhancing corporate value. Recently, in response to growing interest among customers in non-financial information, the division has also been actively working to provide support on environmental issues (TCFD support, etc.), human capital (introduction of employee wellness reports, etc.), and intangible assets such as intellectual property.

Economic Analysis Initiatives Using Al

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.

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Provision of Information through Diverse Media

Lectures and Media Appearances

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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. By viewing "Daiwa Investment Monthly" with a smartphone, videos introducing individual stocks can be viewed. 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 FY2021, approximately 56,000 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.

(Total number of participants)

- FY2021: Approximately 56,000
- FY2020: Approximately 20,000

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Official Daiwa Securities Group Channel (YouTube)

In 2000, Daiwa Securities Group began "Daiwa Securities Information TV," Japan's only TV channel dedicated to securities information, on the multichannel pay TV broadcast service "SKY Perfect TV!" Since April 2011, "Daiwa Internet TV," an owned media that can be viewed by anyone online, has been produced and distributed from our own studio, and since April 2022, financial and investment programs have been similarly produced and distributed on the "Official Daiwa Securities Group Channel" on YouTube, a free video distribution platform. 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! SDGs/ESG Investment will Change the World" that was launched in July 2020, Daiwa Securities strategists provide straightforward explanations of SDGs/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.

> Click here for the Official Daiwa Securities Group Channel (YouTube) ⟨Japanese only⟩ □







Daiwa Asset Management

Daiwa Asset Management is dedicated to fulfilling its role as an asset management professional in order to achieve stable asset formation for investors in Japan. Its key emphasis in this context is on the "quality" of its products, management and support. Particularly for individual investors, its mission is to make investment trusts more readily used as a tool for asset building. And in order to provide higher quality management of Japanese and overseas asset classes, it develops and manages products not only internally but also in partnership with specialized asset management firms around the world.

This is why Daiwa Asset Management continues to take on the challenge of providing information to customers in a more timely and easy-to-understand manner through a variety of media. Especially for novice investors, the company communicates the need for asset building and how to best handle investment risks through sales company seminars. It also actively reaches out to a wide range of generations, including younger generations, utilizing content such as manga and videos, as well as collaborative programs with ShinR25, NewsPicks, and other online platforms that are popular among all generations.

In July 2021, Daiwa Asset Management established the Carbon Neutral Equity Fund (Carbon Zero). It is the first fund in Japan with a revolutionary scheme that aims for zero carbon in parts other than the investment part of the fund. In addition, together with sales companies, by making donations to tree-planting activities proportionate to the balance of the fund, the company is nurturing forests along with the assets of investors, with the aim of realizing a decarbonized society. In recognition of the initiatives of the fund, the company received the Governor's Special Prize for Green Finance in the ESG Investment Category of the 2021 Tokyo Financial Awards.

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The Carbon Zero fund publishes a monthly "ESG Report" and an annual "Impact Report." The Impact Report explains to investors the fund's investment philosophy and the methods of investment used to realize that philosophy, as well as what kinds of positive impact investments have had on the environment and society and what kinds of companies the fund has invested in. The report endeavors to disclose information to investors so that they can make appropriate investment decision.

- > Daiwa Asset Management website □
- > Special feature on the Carbon Neutral Equity Fund (Carbon Zero) (Japanese only)

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

Fintertech Co. Ltd.

Creation of Next Generation Financial Services

Established in April 2018, Fintertech Co. Ltd. aims to create next generation financial services through the use of state-of-the-art technologies and collaboration with external companies.

The company began offering digital asset-backed loans in March 2020, followed by real estate investment loans and crowd-tipping systems in April 2021, and loan-type crowdfunding in November 2021. Going forward, the company will continue to develop new financial services to satisfy the diverse needs of customers.

> Fintertech Co. Ltd. (Japanese only)

Daiwa Energy & Infrastructure Co. Ltd.

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

DEI has been actively working on development of and business investment in renewable energy generation projects, taking advantage of the Daiwa Securities Group's network.

In the solar power generation field, the 12 solar photovoltaic power plants which are owned and on which construction was completed as of May 2022 have all been operating stably. Also, the solar photovoltaic power plants under construction in Takayama, Gifu (30.8 MW) and Tochigi, Tochigi (51 MW) will be completed in 2022 and 2024, respectively.

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. Addressing social issues

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Ltd., with which DEI has formed a capital and business alliance. The commercial operation of a plant in Yonezawa, Yamagata began in January 2018 as the first alliance project, and a plant in Kamitonda, Wakayama as the second project also began in June 2020.

The plant in Kai, Yamanashi, which is under construction as the third project, is scheduled to be completed in 2023.

Stations developed/invested in by DEI

	Photovoltaic power stations	Biomass power generation plant
Output	 Stations in operation: Approx. 260 MW (total for 12 stations) Stations under construction: Approx. 82 MW (total for 2 stations) 	 Stations in operation: Approx. 13 MW (total for 2 stations) Stations under construction: Approx. 7 MW (total for 1 station)
Total	Approx. 342 MW	Approx. 20 MW
Projected amount of electricity generated annually:	Equivalent to the amount for approximately 114,000 households * Projected amount of electricity generated annually by stations in operation	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. Preparations are currently underway for the construction of a new pellet plant 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.

Daiwa ACA Business Succession

Contributing to the Sustainable Development of Society through Business Succession

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

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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]

Daiwa Food & Agriculture Co. Ltd

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

Following on from the large-scale cultivation of tomatoes in Kusu, Oita, DFA entered the paprika production and sales business in October 2021 as a new agricultural production business. By farming in state-of-the-art environmentally controlled greenhouses, DFA has become one of Japan's leading centers of paprika production.

By taking advantage of cultivation using large-scale horticultural facilities and expertise in operating such facilities, DFA will continue to pursue expansion of scale and increase in efficiency of agricultural production, thereby engaging in business that contributes to the stable supply of food in Japan and overseas and to the revitalization of local economies.



Paprika production farm that boasts one of the largest cultivation areas in Japan



Paprika at harvest time

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Daiwa ACA HealthCare Inc.

Creation of a Sustainable Capital Cycle in 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)

Good Time Living Co. Ltd.

Aging is an important social issue to be addressed in Japan's super-aging society. Amid the need to secure talented nursing care personnel, Good Time Living is developing an environment that allows staff to demonstrate their expertise thanks to labor-savings utilizing network communications.

Provision of High-Quality Nursing Care Services

Good Time Living is working to improve service quality with an emphasis on communication and reduce the amount of labor spent on indirect operations by using network communications to share information and knowledge. By switching from old paper records to mobile devices, records on the health and daily life of residents are being input in a timely manner. Coordinating information among multiple professions not only reduces labor, but also helps to provide services tailored to the individual, such as environmental improvements and reviews of nursing care details. The company is also currently introducing the LINE WORKS business chat tool to further strengthen staff communication.

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



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.



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.

Daiwa Corporate Investment Co., Ltd.

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

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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.

Investing in Ventures That Solve Social Issues

Daiwa Cor	porate Investment	invests in many	ventures. The	y include many	v 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
- Cardio Intelligence (equity investment by DVGF in Feb. 2021): development of an AI diagnostic support system for the early detection of atrial fibrillation based on electrocardiogram data (Japanese only)
- Plant form \Box (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)
- Kyoto Fusioneering 🗇 (equity investment by DVGF in Aug. 2021): research and development, design, and manufacture of fusion reactor equipment, and export of equipment and components
- Aster \Box (Reconstruction Fund*3 equity investment in Dec. 2017): development and manufacture of high-efficiency motors that contribute to a carbon-free society
- *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)
- *3 A venture fund targeting the Tohoku region, aimed at reconstruction and recovery from the Great East Japan Earthquake and the creation of new industries (incorporation into investment completed)

CECEP Environmental Fund

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In October 2020, in collaboration with the China Energy Conservation and Environmental Protection (CECEP) Group, China's only state-owned company specializing in the environment, Daiwa Corporate Investment established a fund in Wuhan, Hubei Province, to invest in environment-related companies in China. The fund aims to contribute to the SDGs, and is engaged in investment business based on the principles of the Chinese government's policy to protect the Yangtze River. With an investment from the Hubei Provincial government in 2021, total investment funds currently stand at approximately ¥4.86 billion (as of the end of May 2022). The fund mainly invests in unlisted Chinese blue chips in the fields of energy conservation, the environment, circular economy, new energy, new materials, and equipment manufacturing. Previous investments include a company that inspects and repairs underground drainage pipes (Wuhan, Hubei Province) and a company that processes waste acid such as from steel rolling and recycles iron resources (Huizhou, Guangdong Province). Through investment activities in these companies, among the 17 SDGs, Daiwa Corporate Investment aims to make concrete contributions to Goal 6 "Ensure availability and sustainable management of water and sanitation for all" and Goal 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation."

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Investment in Drug Development Ventures and Other Businesses by DCI Partners

DCI Partners is a venture capital firm that has been investing in the biotech field for more than 20 years, including the period of NIF Ventures (now Daiwa Corporate Investment). The firm currently manages two of Japan's largest bio-venture funds, making investments in Japan and Taiwan. In addition to existing bio-venture investments, the firm may expand the scope of investment to the many promising drug candidates that exist in pharmaceutical companies and academia, establish companies under the direction of the fund, and promote the drug development business. Leveraging its human resources, expertise, and financial strength of the fund to provide managerial resources through the fund, DCI Partners is committed to advancing development beyond hands-on support, from strategy planning to implementation. The majority of new drugs in recent years have been developed by biotech startups, and it was a biotech startup that first succeeded in developing a vaccine during the current pandemic. Given their development speed and innovative technological capability, biotech startups are attracting more attention than ever before, and their social significance and role are expected to increase. DCI Partners will support these companies through its investment activities and strive to build a foundation for industry and technological innovation and contribute to the health of all people and society.

> DCI Partners Co., Ltd. □

Taiwan-Japan Bio Venture Fund

DCI Partners is a venture capital firm that invests in biotech startups in Japan and Taiwan, with a focus on drug development. It manages one of Japan's largest bio-venture investment funds. Following Fund I, established in January 2015 with a total capital of ¥11.6 billion, the successor Fund II was established in December 2020 with a capital commitment of ¥14 billion, which was later increased to ¥14.5 billion.

DCI Partners' Investees

- Renascience \Box (listed on Mothers (now Growth Market) on the Tokyo Stock Exchange (TSE) in Sep. 2021): Development of drugs treating diseases associated with aging and mental health
- StemRim 🗖 (listed on TSE Mothers (now Growth Market) in Aug. 2019): development of regeneration-inducing medicine
- EirGenix (listed on the Taipei Exchange in Jun. 2019): development of biosimilars and biopharmaceutical contract development and manufacturing operations (CDMO)
- * Involved in the development and production of COVID-19 vaccines made in Taiwan

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,

Initiatives through Business Activities

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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.

Social Contribution Activities

Environmental Initiatives thors

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.

Responsibility as a Securities Company

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Any delay in settlement functions could lead to a loss of trust in the market as a whole, which in turn could have a significant impact on the global economy. Daiwa Securities considers 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. It is therefore striving to build a structure enabling the smooth execution of settlement operations.

For this reason, Daiwa Securities has implemented a reliable system that has high processing capability to reliably settle a massive number of transactions. In addition, the company is carrying out its settlement operations with the best mix of the digital world and the real world. This includes the digital transformation (DX) of its operations to ensure efficiency and greater accuracy and personnel with a wide range of knowledge and expertise to quickly grasp the situation and respond appropriately in the event of an irregularity.

Meanwhile, recognizing the need to further increase convenience and strengthen risk management in order to boost the competitiveness of Japan's financial and capital markets, the entire securities industry is working on reducing settlement time. T+1 (trade date plus one day) settlement began for government bonds in May 2018, T+2 settlement for stocks in July 2019, and T+2 settlement for domestic corporate bonds in July 2020. We are also continuously examining various ways to further improve the efficiency of settlement operations in collaboration with settlement institutions and other organizations.

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

Initiatives through Business Activities

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Others

sophisticated customer needs and quickly provide solutions by taking advantage of our reliable settlement infrastructure and human resources.

Securities Companies' Role in Financial and Capital Markets



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 and Taiwan

Daiwa PI Partners is engaged in full-scale private equity investment in Southeast Asia and Taiwan and has invested in a total of 14 projects to date in response to economic development and economic opening in the regions. 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. MedScope Biotech, which manufactures precision medical devices in Taiwan, contributes to healthy living through the manufacture of high-performance surgical instruments. Qoala Technology, which brokers and distributes insurance products in Singapore using its own platform, contributes to economic growth by providing insurance products to people in Southeast Asia.

Initiatives through Business Activities

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Southeast Asia and Taiwan are 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 regions.

Support for Stock Market Development in Vietnam

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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 international cooperation project implemented pursuant to a request made by the Vietnamese government to the Japanese government as part of the Vietnamese Prime Minister's "2011–2020 Securities Market Development Strategy" decision promulgated in March 2012. The project started as a three-year project led by DIR, which was selected by JICA through a public tender, with a team of 12 consultants including from the Japan Exchange Group and other organizations.

The following four specific outcomes were established at the start of this project:

- 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

The initial plan for the actual project activities 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. After the start of the project, the scope of the work was expanded to include providing consultation on the formulation of enforcement ordinances and notifications pursuant to the new Securities Law established in November 2019 (came into effect in 2021, providing policy recommendations, supporting the creation of strategies for development of securities markets, and organizing large-scale seminars such as for listed companies in Vietnam. Since March 2020, due to the impact of the COVID-19 pandemic, activities have comprised primarily online consultation, courses, and seminars. A new format of business implementation that involves the participation of Japanese authorities and market participants, which had been difficult to achieve with conventional activities centered on local travel, was introduced and has received high praise from both countries.

The new Securities Law and various ordinances and notifications pursuant to the new law have been in effect in Vietnam since 2021, and the Vietnam Stock Exchange (VNX) was established as a holding company of the two existing stock exchanges, HOSE and HNX. As of May 2022, a new securities market development strategy for 2030 is being formulated to further promote the development of Vietnamese securities markets and increase their international presence under this new legal system and securities market framework. Seeking assistance in formulating and subsequently implementing this new securities market development strategy, the Vietnamese government requested a one-year extension of the project from the Japanese government. Agreement between the two countries has been reached, and as a result, the project is now in its fourth year with an end date of March 2023.

By improving the transparency and fairness of the Vietnamese stock market and cooperating in the sound development of the securities market, this project will contribute to building a foundation for Vietnam's economic growth and industrial development as well as enriching Vietnamese society. It is also positioned as an activity that contributes to the realization of SDG 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation." In addition,

Initiatives through Business Activities Corporate Governance Addressing social issues

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deepening Daiwa Securities Group's involvement in Vietnam's financial and capital markets through the project is expected to contribute to the development of the Group's business related to Vietnam and Asia in the medium to long term.

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 has used these types of country-specific support programs to provide ongoing technical support to bond markets in the Philippines, Indonesia, and Myanmar multiple times since 2004 in collaboration with Group companies and other companies as necessary. 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 funds, and they can contribute to the achievement of the SDGs in terms of solving social issues from monetary and fiscal perspectives. DIR is committed to continuing these initiatives in the future.

Corporate Governance

Corporate Governance Report [PDF:1624KB]

Basic Views on Corporate Governance

Daiwa Securities Group Inc. will respect the rights and interests of the shareholders, consider the position of all stakeholders and strive for sustainable growth and improvement of medium to long term corporate value through realization of our corporate principles "Building trust," "Placing importance on personnel," "Contributing to society," and "Maintaining healthy earnings results."

For that purpose, the Company practices group management based on a holding company structure, establishes a highly transparent and objective governance environment that conforms to 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 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 appropriately; taking 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.

Daiwa Securities Group Inc. Corporate Governance Guidelines

Preamble: Purpose of our corporate governance

Article 1: Basic approach to corporate governance and the

positioning of these Guidelines

Article 2: Organizational design (adoption of a Three

Committees system)

Article 3: Role of the Board of Directors

Article 4: Composition of the Board of Directors

Article 5: Chair of the Board of Directors

Article 6: Composition of the Committees

Article 7: Agenda setting and management of Board of

Directors meetings

Article 8: The role and requirements of Directors

Article 9: The role and requirements of Outside Directors

Article 10: The Outside Directors' Committee

Article 11: Support systems for Directors (including the

provision of information and training)

Article 12: Evaluating the effectiveness of the Board of

Directors

Article 13: The role of Corporate Executive Officers (Shikkoyaku)

Article 14: The role of the Nominating Committee

Article 15: Succession plans for the position of CEO

Article 16: The role of the Compensation Committee

Article 17: The authority and role of the Audit Committee

Article 18: Internal control systems

Article 19: Information disclosure

Article 20: Securing equality of shareholders

Article 21: Related party transactions

Article 22: Dialogue with shareholders and investors

Article 23: Dialogue with stakeholders

Article 24: Basic policy on strategic shareholding

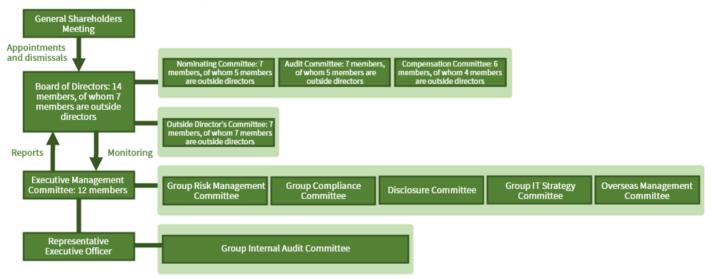
Article 25: Amendments to and revocation of the Guidelines

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

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 28 June, 2022)



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

Our strategy for Anitiatives through achieving SDGs Business Activities



Addressing social issues

Social Contribution Activities Environmental Initiatives Others

June 2002	Elected outside directors					
	Shortened directors' terms of office from two years to one year					
July 2003	Established the Internal Control 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 chairs of all three committees					
June 2020	The majority of directors Shall be non-executive directors					
April 2021	Established Corporate Governance Guidelines					
June 2021	Added one more outside director, electing seven of 14 directors as outside directors					
December 2021	The Company selected for inclusion in the new Prime Market segment on the Tokyo Stock Exchange (transferred on April 4, 2022)					

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 FY2021, it convened 10 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 2022 Shareholders Meeting, the Board of Directors consists of 14 members, seven of whom are Outside Directors

Social Contribution Activities Environmental Initiatives

Others

and four of whom are female (two Internal Directors and two Outside Directors). 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 FY2021

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In FY2021, all Internal and Outside Directors attended 100% of Board of Directors' meetings.

10/10
10/10
10/10
10/10
10/10
10/10
10/10
10/10
10/10
10/10
10/10
10/10
10/10
8/8

^{*}Attendance rates for the nine meetings held following their appointment as directors in June 2021

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.

The Skill Matrices of Outside Directors



[&]quot;★" indicates chairperson

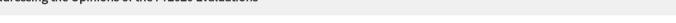
Evaluating the Effectiveness of the Board of Directors

The Group has conducted effectiveness evaluations of the Board of Directors each fiscal year since FY2014 for the purpose of identifying any issues hindering the greater effectiveness of the Board of Directors and for making improvements.

All of the Directors were asked to answer a survey about the roles, duties, structure, management methods and the status of discussions of the Board of Directors. They were then interviewed by specialized agencies, and the Company analyzed and evaluated the results of those interviews.

The results of the evaluation were 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.

Addressing the Opinions of the FY2020 Evaluations



1. Strengthening of the Medium-term Management Plan monitoring

Concerning the monitoring of the Medium-term Management Plan by the Board of Directors, efforts were made to secure more time for discussion and to improve those discussions. With regard to the monitoring of Group companies, discussions were held based on reports from the presidents of each company.

2. Strengthening of risk monitoring

As far as Top Risks are concerned, in light of growing social interest in SDGs/ESG issues, including climate change, geopolitical risks, fears of rising inflation and interest rates, DX(digital transformation), and cyber security as well as changes in the business environment, the scope and definition of major risks were reviewed and decided by the Board of Directors (reflected in the risk appetite statements). Discussions on monitoring important investment projects and cyber security were also held at Board of Directors' meetings.

Social Contribution

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3. Continuation of discussions on SDGs and ESG

The decision was made at a Board of Directors' meeting to formulate/revise the Environmental and Social Policy Framework and to set targets for reducing greenhouse gas (GHG) emissions (the formulation of the Daiwa Securities Group Net Zero Carbon Declaration).

4. Other

Discussions on human capital were held at Board of Directors' meetings. At meetings of the Outside Directors' Meeting, opinions were exchanged with outside directors on the basis of the CEO's summaries since his appointment.

Overview of the results of the Effectiveness of the Board of Directors in FY2021

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Regarding the evaluations of the effectiveness of the Board of Directors in FY2021, the Company evaluated the following items with reference to the advice of specialized agencies and confirmed that the effectiveness is ensured.

Each directors awarded high marks to the monitoring of the Medium-term Management Plan, reports from the presidents of major subsidiaries, and discussions on Top Risks. The themes mentioned as those that should continue to be addressed going forward included SDGs/ ESG, DX, cyber security, human capital, geopolitical risk, and economic security.

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

Key Agenda Items Covered by the FY2021 Board of Directors

Major resolution items	Current Medium-term Management Plan review
	Management policy
	Risk appetite statements (second-half and following first half-year)
	Selection for inclusion in the new market segment (Prime Market)
	Environmental and Social Policy Framework
	Greenhouse gas (GHG) emissions reduction target (Net Zero Carbon Declaration)
	Financial results, dividends/acquisition of treasury stok, executive appointments, etc.
Major reporting items	Annual plan monitoring
	Reports from major Group companies
	Risk monitoring
	Important new businesses, investments, and business alliances, and group restructuring
	Response to LIBOR reforms
	Response to revised Corporate Governance Code
	Engagement status with shareholders and investors, etc.
	Reports from the Nominating Committee, Audit Committee, and Compensation Committee
	Discussions on cyber security and human capital

Others

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 of the CEO, etc. In order to nominate Directors from multiple points of view, the specialized expertise of Outside Directors is taken into consideration. The meetings of the Nominating Committee are held once or more a year. In FY2021, 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)

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 FY2021, there were 16 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.

In FY2021, the Audit Committee focused on three key issues when conducting audits.

To verify the Group's efforts toward "pursuing customers' best interests," the Committee conducted hearings with employee unions and various divisions, including the Compliance Department and Internal Audit Department.

As for the issue of "the progress and management of Hybrid Strategy," the Audit Committee checked the situation of the Group's major investees and also visited their major facilities.

Regarding "the internal controls of Group companies in Japan and overseas," for companies in Japan, the Committee received reports on issues and prospects from executives and employees of major subsidiaries. For overseas companies, it received updates on each office through online meetings with executives stationed abroad who oversee the Americas, Europe & Middle East, and Asia & Oceania businesses. In this way, the Committee confirmed the internal control status of Group companies.

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 FY2021 there were four 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 Directors' Committee

The primary purpose of the Outside Directors' Committee is sharing information among the Outside Directors and aims to exchange their opinions on the issues including the contests of the proposal of the Board of Directors. As needed, lectures by external instructors are conducted. The meetings of the Committee are held once or more a year. In FY2021, there were four meetings, and the issues discussed include the role to be played by Outside Directors at the time of receiving M&A and other proposals, the impact of AI on society, opinions on the planned agenda at the Board of Directors meetings in FY2021, human resources strategies, annual review, and the method of proceeding with the evaluation of the effectiveness of the Board of Directors.

The Executive Management Committee

Role and responsibility

The Executive Management Committee deliberates and determines 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 FY2021, there were eighteen meetings in total.

Composition

The Executive Management Committee consists of all of 12 the Corporate Executive Officers.

Subcommittees

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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 FY2021 there were nine meetings in total.

Composition

The CEO is the chairman of the committee, and the Committee consists of nine Corporate Executive Officers (Shikkoyaku) and two Executive Officers (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 FY2021 there were five meetings in total.

Composition

The CEO is the chairman of the Committee, and the Committee consists of twelve 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

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report or a quarterly report. Committee meetings are also held from time to time when certain important matters to be disclosed occur. In FY2021, there were fourteen 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.

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 three Executive Officer (Shikkoyakuin), a total of nine 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 FY2021 there were five meetings in total.

Composition

The CEO is the chair of the Committee, The Committee consists of eleven Corporate Executive Officers (Shikkoyaku), ten Executive Officers (Shikkoyakuin) and three Senior Managing Director (Sanyo), a total of twenty four 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 meetings of the Group Internal Audit Committee are held once or more than once every three months. In FY2021 there were five meetings in total.

Composition

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

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

At Daiwa Securities Group, Inc., as stipulated by the Companies Act, the Compensation Committee has determined "Policies on Determination of Remuneration of Directors and Corporate Executive Officers".

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.

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 (calculated based on the financial information), and Quality Evaluation that comprehensively evaluates KPIs other than Performance KPIs. 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.

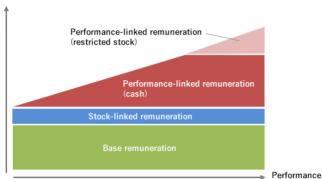
The indicators pertaining to Performance-linked remuneration are as shown below.

		Financia Evalu	l Perfo ation (±	Quality Evaluation	(-10 to +10)
<u> </u>	Performance KPIs	Consolidated ROE Consolidated ordinary income	Points 50 50	Reference value 10% ¥ 200 billion			
Financial KPIs	II. I. I. I. KDI	meeme				Hybrid-related ordinary income	¥ 50 billion or more
KPIs	Hybrid KPI					Hybrid-related ordinary income percentage	Approximately 5%
	Financial KPI					Consolidated capital ratio	Maintain at 18% or higher (lowered gradually after implementation of regulations)
	Quality No.1 (Customer-first) KPI					Retail Division asset-based revenue ratio	50% or higher (FY2023 4Q)
						Balance of AUM at Daiwa Securities	¥90 trillion or more
	Digital KPI					Number of digital IT personnel	200 personnel or more
Non						Number of CFPs and CMAs	3,000 personnel or more
-Finar						Balance of investment in SDGs-related businesses	¥150 billion or more
Non-Financial KPIs	Sustainability KPI					SDGs bond league table	In top 3
Pls						Balance of Support Term Deposits	¥ 200 billion or more
						Ratio of female Director	30% or higher (by 2030)
						Ratio of female managers	25% or higher (by 2025)
						Employee satisfaction	Maintain at 80% or higher

(Note) The reference values are determined by the Compensation Committee in consideration of the targets set in the Medium-term Management Plan.

(Image of Executive Remuneration Structure)





If Performance-linked remuneration exceeds a certain limit, the portion exceeding the limit is paid in restricted stock, while maintaining the slope. This structure provides the executives with more incentives to improve performance in the long term and seek sustainable growth.

(Restricted Stock Remuneration System)

The Company has introduced a Restricted Stock Remuneration System to further increase incentives to improve performance in the medium to long term and advance the sharing of value between shareholders and the Directors, the Corporate Executive Officers (Shikkoyaku), Executive Officers (Shikkoyakuin), and other executives of the Company and its subsidiaries.

Stock Remuneration I (remuneration linked to stock price)	Restricted stock with a value equivalent to a certain percentage of base remuneration is provided. To ensure that the remuneration functions effectively as an incentive to improve performance in the long term, the restriction is to be lifted after the recipient retires from any executive position at the Company and its subsidiaries and affiliated companies.
Stock Remuneration II (remuneration linked to performance)	A certain limit is set for Performance-linked remuneration that is paid in cash based on business performance. If the amount of remuneration exceeds the limit, the part exceeding the limit is to be provided in restricted stock rather than in cash. The restriction period is set at three years. When Performance-linked remuneration exceeds the certain limit, this system effectively serves as a deferment of payment for remuneration.

〈 Total Amount of Consolidated Remuneration, etc. by Executive for FY2021 〉

Unit: millions of yen

	Total amount of			Amount of consolidated remuneration, etc. by type				
Name	consolidated remuneration, etc.	Executive category	Company category	Base remuneration	Non-monetary remuneration (restricted stock)	Performance- linked remuneration	Retirement benefits	
Takashi Hibino	223	Executive Officer	Daiwa Securities Group Inc.	69	23	83	-	
			Daiwa Securities Co. Ltd.	46	-	-	-	
Seiji Nakata	260	Executive Officer	Daiwa Securities Group Inc.	69	23	121	-	
			Daiwa Securities Co. Ltd.	46	-	-	-	
Toshihiro Matsui	179	Executive Officer	Daiwa Securities Group Inc.	61	17	75	-	
			Daiwa Securities Co. Ltd.	25	-	-	-	
Keiko Tashiro	132	Executive Officer	Daiwa Securities Group Inc.	46	13	51	-	
			Daiwa Securities Co. Ltd.	20	-	-	-	
Kazuo Takahashi	129	Executive Officer	Daiwa Securities Group Inc.	19	13	-	-	
			Daiwa Securities Co. Ltd.	46	-	50	-	
Mikita Komatsu	129 E	Officer	Daiwa Securities Group Inc.	19	13	-	-	
			Daiwa Securities Co. Ltd.	46	-	50	-	

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Akihiko Ogino		Executive Officer	Daiwa Securities Group Inc.	44	10	41	-
			Daiwa Securities Co. Ltd.	11	-	-	-
Shinsuke Niizuma	106	Executive Officer	Daiwa Securities Group Inc.	10	10	-	-
			Daiwa Securities Co. Ltd.	43	-	40	-
Atsushi Mochizuki		Executive Officer	Daiwa Securities Group Inc.	10	10	-	-
			Daiwa Securities Co. Ltd.	43	-	40	-

(Note)

- 1. The figures shown are only for executives with the total amount of consolidated remuneration, etc. of ¥100 million or more.
- 2. The executive category represents that of Daiwa Securities Group Inc.
- 3. The executives serving concurrently as Director and Corporate Executive Officer (Shikkoyaku) are indicated as Corporate Executive Officer in the executive category.
- 4. Performance-linked remuneration does not include payment with restricted stock.

〈 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

Collaboration Board of Directors Reporting Consent of internal audit plans, Group Internal Audit Committee the revision and/or abolition of (Chairman: CEO) and appointment/assignment of Reporting personnel responsible for internal plans and other important matte including the revision and/or udits rules and regulations Audit delegation abolition of internal audit rules Internal Audit Department Communication Direct audit/Monitoring/ Collaboration Direct audit/Monitoring/ Collaboration Overseas securities Internal Audit Department subsidiaries Domestic Group companies The Internal Audit Department concurrently serves as the Interna Europe/Middle East region, Asia/Oceania region Audit Department of Daiwa Securities Group Inc Americas region

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.

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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.

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 Group Compliance Committee deliberates and decides on general policies and specific measures concerning compliance with laws and regulations, establishment of corporate ethics, and internal control, etc. for Daiwa Securities Group.

The Group is committed to compliance risk management in three key issues common to all Group companies: securing the fairness and transparency of the market, eliminating anti-social forces (including countermeasures against money laundering and the financing of terrorism), and information security.

The compliance divisions of Daiwa Securities Group, Inc. consist of the Compliance Control Department and the Compliance Department. The former is responsible for overall compliance planning and formulation and also plays a role as a gatekeeper to the market. The latter provides guidance and support to sales branches and headquarters departments and divisions. Together, they work to develop and strengthen the Group's overall compliance system. Both departments also work concurrently for Daiwa Securities Group Inc. and its subsidiary Daiwa Securities.

In addition to domestic operations, the Group also works closely with the compliance divisions of its overseas worksites to build a global compliance system.

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 is that all sales branches have a full-time internal administrator. 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 divisions—the Compliance Control Department, the Compliance Department, and internal administrators at sales branches—total approximately 250 as of April 1, 2022.

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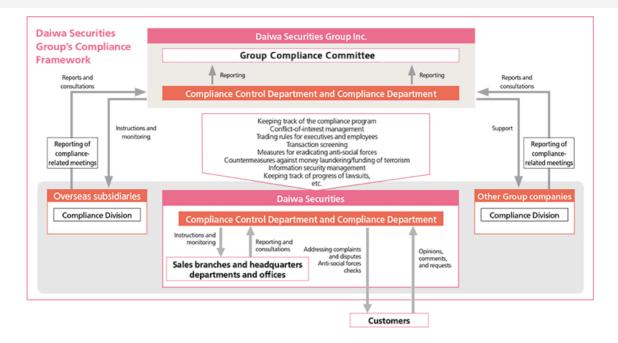
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Full Implementation of "Customer-First"

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 FY2022, 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 systems to prevent financial crimes
- 3. Ensuring of market fairness and transparency
- 4. Further upgrading of 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.

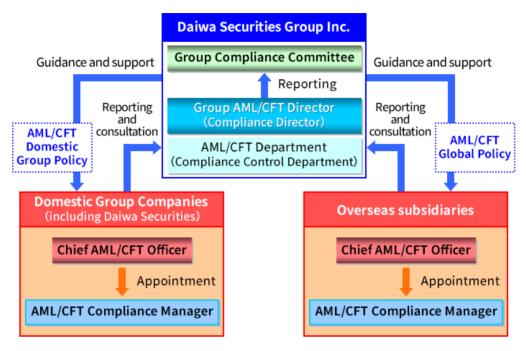
Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)

The importance of anti-money laundering and countering the financing of terrorism (AML/CFT) has grown worldwide. Daiwa Securities Group complies with laws and regulations related to AML/CFT, and works on reinforcement of the effective preventive system based on a risk-based approach as an important management issue to ensure that Daiwa Securities Group is not used for money laundering or funding terrorism.

At Daiwa Securities Group Inc., we have appointed a person in charge of supervising AML/CFT for the entire group, and have set up a supervising department to promote countermeasures. The "AML/CFT Domestic Group Policy" and "AML/CFT Global Policy",

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which stipulate policies and operational guidelines for the AML/CFT management system, have been established, and domestic and overseas group companies have established each system in line with the policies.



<Major countermeasures for AML/CFT>

- Periodic confirmation of customer information at the time of opening an account and after opening an account
- Identification and evaluation of risks related to ML/FT in the products and services provided by the company
- Implement risk mitigation measures such as continuous customer management, transaction monitoring, and suspicious transaction reporting
- Implementation of training for executives and employees regarding AML/CFT
- Auditing the adequacy of AML/CFT management system by internal audit

<Customer and Client Inspection System>

- 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, 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 AML/CFT, 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.

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Securing the Fairness and Transparency of the Market ~Prevention of unfair transactions such as insider trading~

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Daiwa Securities Group thoroughly complies with related laws and regulations, including insider trading regulations, and strives to ensure market fairness and transparency. In accordance with the procedures stipulated by laws and regulations, we will properly conduct transactions with customers and our own transactions with a high awareness of compliance.

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 customers and by Daiwa Securities itself.

To prevent illegal transactions by customers, 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 insider 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 also check daily transactions by extracting deals that go beyond certain criteria for both proprietary trading and trading by executives and employees. From the perspective of preventing insider trading, we strictly manage not just material facts of listed companies but also broader information related to corporations, and review suspicious transactions. 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. In addition, all executives and employees make an annual pledge to comply with relevant laws and regulations.

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 rigorously observes regulations and exercises self-discipline so that it can contribute to the sustainable growth of society while maintaining high ethical standards. We provide education on compliance, training programs for new recruits, and other regular training, thus ensuring that every executive and employee is aware of, and thoroughly understands, compliance issues.

The Group trains its employees so that even when the Group pursues new business ventures in areas where the regulatory structure is incomplete, they can return to the basic approach of laws and regulations, act sincerely in light of socially accepted ideas and common sense, and maintain strong self-discipline and legal awareness.

In addition, the Group has formulated Group Minimum Standards as the basic standards that should be complied with by the

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Group as a minimum, and based on these standards, it is working to further raise awareness for compliance in the Group across different business categories.

Group Minimum Standards

- Prevention of insider trading
- Elimination of anti-social forces
- Information security

The 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 feature a monthly compliance-related topic on 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)

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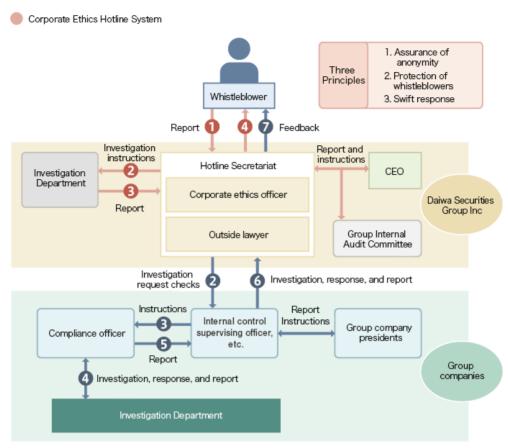
In January 2003, the Group introduced a Corporate Ethics Hotline enabling reports to be made directly to Daiwa Securities Group Inc. corporate ethics officers or to outside lawyers. The hotline's primarily goal is the early detection and prevention of behavior that risks damaging the Group's corporate value. This includes violations of the Financial Instruments and Exchange Act and other laws, rules, and regulations. The whistleblowing system is available not only to executives and employees, including those working at affiliated companies and temporary workers, but also to anyone who works at the Group's offices.

In operating the system, the Group strives to protect whistleblowers and ensure their anonymity. The Group has a strict "no retaliation" policy that prohibits disadvantage of any kind (dismissal, demotion, pay cuts, cancellation of worker dispatch contracts, replacement, etc.) from being caused to the whistleblower for making the report. Group regulations also provide for the protection of whistleblowers, prohibiting people who have information on whistleblowers from being asked to disclose such information, and prohibiting inquiries into the identify of whistleblowers.

In terms of reporting methods, in addition to telephone and in-person reports, information can also be reported via the incident reporting page on the intranet and via email, allowing for reports to be made 24 hours a day, 365 days a year.

When the hotline is contacted, the corporate ethics officer, in cooperation with the officer responsible for whistleblower response operations at each Group company, carries out a factfinding investigation, while taking steps to protect the caller. In FY2021, 48 reports were received through the whistleblowing system.

Overseas worksites have similar whistleblowing systems as in Japan, including the establishment of internal and external contact points with English-speaking personnel and the protection of whistleblowers.



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

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 (FY2019–FY2021)

Martin	FY2019	FY2020	FY2021	
Matter	Reports	Reports	Reports	
Power harassment	16	27	19	
Workplace environment	7	9	15	
Sexual harassment	1	2	5	
Internal rule violations	7	9	2	
Other	3	0	2	
Violation of laws, regulations	2	6	1	
Maternity harassment	0	0	1	
Personnel/conditions	0	0	1	
Information management	1	0	1	
Expenses and costs	2	1	1	
Etiquette and manners	2	3	0	
Time management	1	0	0	
Total	42	57	48	

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

Information Security

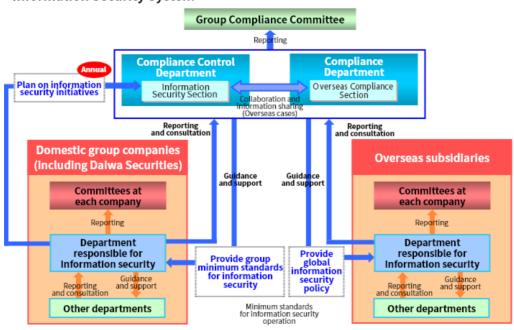
We at Daiwa Securities Group have implemented numerous information security measures to protect personal information entrusted to us by customers in a safe and precise manner.

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 the company.

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.

Information Security System



Others

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.

> Daiwa Securities Group's Privacy Policy

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.

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.

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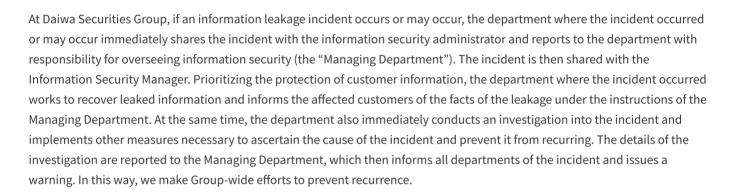
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Training on Protection of Personal Information

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 to 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



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, such as conducting annual ethics training for all employees based on the Code of Ethics and Conduct, 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 FY2021, Daiwa Securities Group did not have any serious matters of note such as violations of laws and regulations related to the prevention of corruption.

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

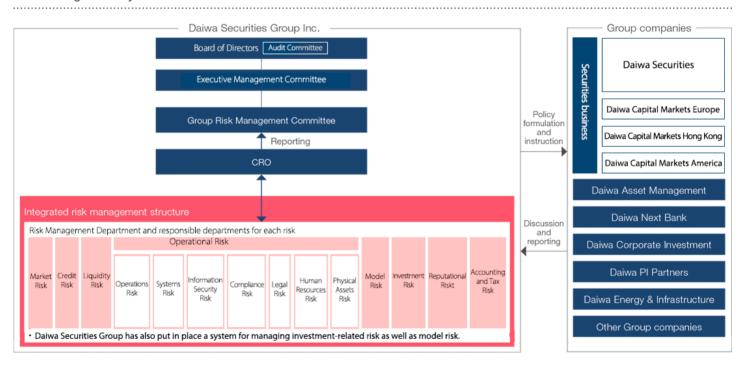
All management and employees of the Group fully understand this policy and make annual attestation.

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.

Risk management system

Risk Management System



To manage risks for the entire Group based on the Risk Appetite Framework (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.

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 as necessary to the CRO, who is appointed from among the executive officers. The CRO gives directions to address the risk management system, risk status, and other risk issues for each company, verifies the effectiveness of risk management systems, and conducts reviews as necessary according to the business scale and characteristics and risk status of each company.

The CRO is in charge of reporting risk to the CEO and does not concurrently serve as the person responsible for internal audits or as a member of the Audit Committee.

The risk status and other risk 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. Risk management processes are also discussed and reviewed by the Group Risk Management Committee. The Group Risk Management Committee is structured separate from the Audit Committee, but the content of its meetings is also reported to the Audit Committee. The Board of Directors also verifies the effectiveness of risk management systems and processes through deliberation and decisions on matters related to the RAF, top risks, and so on. The risk management process is also discussed by the Group Risk Management Committee, and is reviewed based on suggestions and directions from executive officers. 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



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occurs as a result of deterioration in the business performance and credit status of invest environment. Therefore, the Group utilizes stress tests*1 and top risk management to ma measuring the impact on capital and liquidity within the Group from a forward-looking p

*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

Top Risks

Risk events that require special attention in light of our business characteristics are selected and managed as top risks. Top risks are selected by management. A framework is in place enabling management to recognize and discuss a wide range of risks during the selection process. Specifically, in order to comprehensively visualize a wide range of risk events, risk events are organized and extracted based on risk events collected internally and externally, and these are designated as candidates for top risks. The company's directors and executive officers then select the top risks from among the candidates by making a forward-looking evaluation based on the degree of impact on the Group's business performance and the likelihood of the risk event occurring.

Climate change in particular is considered one of our top risks. Scenarios are analyzed utilizing stress tests and the results are reported to management and disclosed.

Managing Climate Change Risks

Response to Climate Change (Disclosure Based on the TCFD Recommendations 2022)

List of top risks

Risk event	Specific example
Worsening of international dispute and conflict	Intensifying war between Russia and Ukraine, U.SChina conflict, etc.
Inflation concern and interest hike in U.S.	-
Increased awareness of social contribution (ESG)	Damage to the Group's reputation resulting from its ESG responses and disclosure being viewed as inadequate
Rapid spread of digital transformation (DX)	Decline in competitiveness due to inadequate DX responses
Climate change	Decline in value of assets under management and decrease in opportunities for sales due to climate change
Large-scale earthquakes and floods	Increase in various costs following disasters
Deteriorated performance and impaired asset values at investees	-
Cyberattacks	-

Risk event	Specific example
System failure	-
Compliance risk	Inappropriate act, etc. by officers and employees, including money laundering and insider trading
Information security risk	Leak of material information, etc.

(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)

	20/6	20/9	20/12	21/3	21/6	21/9	21/12	22/3
VaR (Month-end)	0.99	1.21	1.20	1.18	1.59	1.74	1.95	1.92
Quarter								
High	1.43	1.43	1.89	1.62	1.83	2.07	2.58	2.37
Low	0.75	0.90	0.94	1.05	0.82	1.35	1.43	1.55
Average	1.08	1.11	1.35	1.35	1.37	1.64	1.90	1.90

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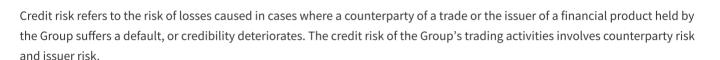


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	20/6	20/9	20/12	21/3	21/6	21/9	21/12	22/3
By risk factor (Month-end)								
Equity	0.21	0.33	0.37	0.40	0.25	0.41	0.24	0.40
Interest	1.25	0.97	1.16	1.22	0.66	1.28	1.29	1.20
Currency	0.24	0.29	0.41	0.31	0.45	0.49	0.48	0.51
Commodities	0.00	0.00	0.00	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.

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

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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 and the consolidated net stable funding 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
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

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Туре	Definition
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

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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.

(6) Investment risk management



Investment risk refers to the risk that the value of an investment made by the Group will be damaged, or that additional funding will be required, and to the risk that the return on investment will be lower than expected due to deterioration of the business performance and credit status of the investee, and to changes in the market environment. This risk is managed at the portfolio level and at the individual investment level.

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.

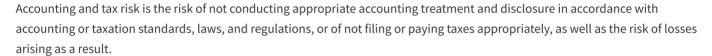
The Group has established various regulations under its Disclosure Policy, with particular emphasis on the management and provision of information. It has also set up the Disclosure Committee within Daiwa Securities Group Inc.

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



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.

> Daiwa Securities Group Tax Policy

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

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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.

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, and the underwriting of bonds and stocks issuance (hereinafter, financing) made by Daiwa Securities Group Inc. and its major group companies.

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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 financing 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 financing 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 financing where the use of proceeds are directed toward this type of business.

Regarding the underwriting of bonds and stocks issuance, however, issuers that announce a target for net zero greenhouse gas (GHG) emissions by 2050, or businesses adopting new technology aligned with the goals of the Paris Agreement, may be considered on a case-by-case basis.

4) Weapons of mass destruction / inhumane weapons manufacturing

We prohibit any financing where the use of proceeds are directed toward 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 financing 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 financing 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 clients to obtain certification. We will encourage clients to make environmental and human rights policies such as NDPE (No Deforestation, No Peat and No Exploitation) or other compatible policies.

6) Business involving deforestation

When providing financing 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 financing to a business, we will encourage clients to obtain FSC (Forest Stewardship Council), an international forest certification system or other compatible certifications or to make environmental and human rights policies such as NDPE or other compatible policies.

7) Coal mining

We prohibit any financing where the use of proceeds are directed toward businesses using the mountaintop removal (MTR) method and new thermal coal mining businesses.

When providing financing 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. We will utilize these results in making decisions.

8) Large-scale hydroelectric power generation construction

When providing financing 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 financing 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. In particular, we will make careful decisions when providing financing to development businesses in the Arctic, oil sands and shale oil and gas development businesses, pipeline businesses which may have significant negative impacts on the environment and society.

5. Assessment process

When providing financing 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 financing. 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 financing.

December 26, 2022

Please also refer to the following.

- > Stakeholder Engagement
- > Supply Chain Management

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 has established and is strengthening its digital transformation (DX) promotion system. Daiwa Securities is transforming to a "data-driven" business model that aims to increase business efficiency and improve the top line by analyzing, researching, and utilizing data. An example of this is the establishment of a new Data-Driven Promotion Council which is chaired by the president and attended by each headquarters. The company is also putting effort into developing IT personnel, such as establishing the new "Digital IT Master Certification System" for developing human resources that can leverage advanced digital technologies to create business innovation as well as the new "Daiwa Digital College," the aim of which is for all employees to acquire the IT skills and information analysis skills necessary for achieving DX.

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, develop infrastructure to ensure business efficiency and safety, comply with laws and regulations, and enhance risk management. In FY2021, we promoted efforts toward expanding points of contact with customers, such as building a new CRM system*1 to support the consulting services of our sales staff, revamping our Internet service with the aim of creating a more customer-friendly screen and menu structure, and adapting systems for collaboration with Japan Post Group in relation to discretionary investment management services. In addition, we proceeded to build an infrastructure for storing and analyzing data so that all Daiwa Securities officers and employees can make data-driven decisions, and we worked on improving the efficiency of middle- and back-office operations and introducing a zero trust*2 security infrastructure.

^{*1} A customer relationship management (CRM) system is one that centrally manages customer information such as customer contact histories and transaction records.

^{*2} A security concept of verifying the security of every access to data systems requiring protection, whether internal or external, without trusting them.

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. Recognizing the importance of cyber security as a group management issue, we are working to strengthen systems for detecting and monitoring cyberattacks. At the same time, we continue to work toward improving our defense and resilience to cyberattacks, collaborating with outside organizations in an effort led by a dedicated organization (Daiwa-CSIRT*) that works throughout the Group.

In improving our cyber security management systems, we are considering specific measures in light of cyberattack trends, periodic penetration tests and vulnerability assessments by external specialist firms, and risk assessments conducted within the Group based on these results. During the current Medium-term Management Plan, we plan to enhance "technical measures," "operational resilience," and "governance." Specifically, we are putting effort into strengthening technological measures, centered around development of zero trust security infrastructure, as well as personnel measures, including raising the awareness of officers and employees through enhanced education and training. In addition, we are strengthening the governance of domestic and overseas group companies through the development of a global policy, and we are proceeding to develop systems to prevent damage from cyberattacks and to prevent any damage from spreading both within and outside the Group.

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

Respect for Human Rights

Our Approach and Policy

Human Rights Policy

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 further improve a corporate culture rooted in the basic principles of respect for human rights, and to promote efforts for the respect of human rights in accordance with international standards, we have established this Human Rights Policy.

- 1. Respect for International Standards
 - Daiwa Securities Group supports and respects international standards on human rights, such as the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the International Covenants), the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, ISO 26000, and Children's Rights and Business Principles. We also endorse the Ten Principles of the UN Global Compact as a signatory to the UN Global Compact.
- 2. Scope of Application
 - This Policy applies to all companies, officers, and employees within Daiwa Securities Group. We also expect all stakeholders, such as customers and suppliers, to respect human rights.
- 3. Prohibition of Human Rights Violations
 - Daiwa Securities Group provides an equitable and safe working environment that values people, and is considerate of the human rights of all stakeholders. We do not tolerate discrimination based on race, nationality, birthplace, creed, religion, politics, biological sex, sexual orientation, gender identity, social status, physical characteristics, or disability, or human rights violations such as sexual harassment, power harassment, or other acts of harassment in any aspect of our work. Furthermore, we do not tolerate unfair labor, such as child labor and forced labor.
- 4. Human Rights Due Diligence
 - Daiwa Securities Group conducts appropriate human rights due diligence and is committed to preventing and mitigating any negative impact its corporate activities may have on human rights.
- 5. Remedial Mechanisms
 - Daiwa Securities Group takes corrective and remedial actions through appropriate procedures in the event it becomes clear that its corporate activities have caused or been involved in a negative impact on human rights.
- 6. Education and Training
 - Daiwa Securities Group educates and instructs all officers and employees with accurate information on human rights. At the same time, we view human rights issues as our own problem, not somebody else's problem, and foster a sensitivity that enables empathy with the suffering of others.
- 7. Information Disclosure
 - Daiwa Securities Group is committed to disclosing information on its human rights initiatives and progress on its website and through other media to ensure that they are understood by all stakeholders.

Our strategy for | Initiatives through | Corporate achieving SDGs | Business Activities | Governance | Addressing social Contribution | Environmental | Addressing social issues | Activities | Initiatives |

- 8. Stakeholder Engagement

 Daiwa Securities Group implements this Policy with an emphasis on dialogue with stakeholders.
- 9. Governance System
 Daiwa Securities Group has established a Human Rights Awareness Promotion Committee, chaired by the Human Resources Officer, to promote human rights initiatives. This Policy is determined by the Board of Directors.

Established October 1, 2022

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 2022). 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 FY2021

In FY2021, 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 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 7,259.

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.

Human rights education for employees for FY2021

Training participants	238 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	1,105 promoted employees
Objective	To acquire knowledge and raise awareness concerning human rights required for their respective positions
Training participants	All Group executives and employees
Objective	To watch a video for human rights awareness promotion and hold discussions at each workplace regarding the content

Internal call for human rights awareness slogans

We called for human rights awareness slogans between October and November 2021 in a contest designed to promote broader and deeper understanding of human rights issues. Applications were invited widely from Group executives and employees and their families. Entries selected from among 566 applications received commendations and were presented in our in-house magazine.

Whistleblowing System (Corporate Ethics Hotline)

The matters to be reported under the Group's whistleblowing system (Corporate Ethics Hotline) include harassment (bullying, power harassment, sexual harassment, maternity harassment, etc.) and other human rights violations. We take an appropriate response whenever a report is made.

> Structure and Achievements of Whistleblowing System (Corporate Ethics Hotline)

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)

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.

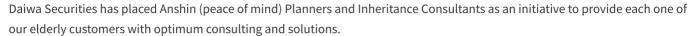
*1. Dementia supporter

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.

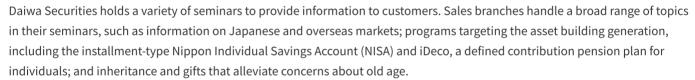
Inheritance Consultants are professional staff members appointed from among employees with CFP® certifications who have highly specialized knowledge of inheritance and gifts.

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



We also regularly hold live online seminars which customers can participate in wherever they are. In January 2022, we presented the New Year Webinar on four topics: Market Outlook, U.S. Stock Outlook, Chinese Stock Outlook, and Inheritance. 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.

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 six years having passed since its opening, it has grown to be a website visited by many fans, with more than 350 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

Our strategy for Achieving SDGs Initiatives through Business Activities

Corporate Governance Addressing social issues

Social Contribution Activities Environmental Initiatives Others

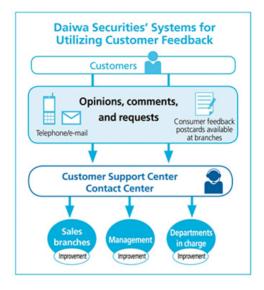
book that helps small children to deepen their interest in and understanding of money while learning hiragana.

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) □

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.

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 2014 and then established a contact center function in Fukuoka in 2016 as our third service point. We also enlarged the floor area of our service point in Osaka in 2017.

In addition, since 2020, we have also been expanding the functional aspects, including taking over some of the customer support operations of our sales branches.

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

Social Contribution Activities Environmental Initiatives Others

Achieving High Ratings from Two External Institutions

In J.D. Power Japan's "J.D. Power 2021 Contact Center Support Satisfaction Study," Daiwa Securities was ranked No. 1 in customer satisfaction in the face-to-face securities category. And in HDI-Japan's 2021 benchmark rating program, we earned the highest possible rating of three stars in both the Customer Support and Website Support categories for the securities industry.

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 FY2021 where responses were taken to customer feedback and requests

• 56 cases (in 26 of which responses were completed)

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.

Inquiries and Complaints Received at the Customer Support Center in FY2021

• Number of calls received: 4,382 calls (up 452 calls) Inquiries: 90%

Complaints: 10%

• 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.

Supply Chain Management

Responses to ESG Issues in Supply Chain

Daiwa Securities Group regularly checks documents disclosed by our equipment and service providers, as well as news reports about these companies and their reputation on the Internet. If any ESG-related issues are found, we take steps such as urging the business partners to make improvements.

We also disclose statements on the prevention of slavery and human trafficking based on the U.K. Modern Slavery Act 2015.

> Response to the U.K. Modern Slavery Act

Particularly with regard to the environment, we disclosed "Our Approach to Green Procurement," and 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

For our business operations we also formulated the Environmental and Social Policy Framework to strengthen our system for managing environmental and social risks in new investments and loans, and the underwriting of bonds and stocks issuance (hereinafter, financing). 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 provide financing according to the Framework.

> Environmental and Social Policy Framework

When underwriting an initial public offering, we carry out due diligence in accordance with the items stipulated in the Rules Concerning Underwriting, etc. of Securities by the Japan Securities Dealers Association. In such due diligence, we incorporate an ESG perspective as well as the Environmental and Social Policy Framework 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).

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.

Partnership

"Declaration of Partnership Building"

Daiwa Securities Group Inc. ("the Company") declares that we will focus on the following items in order to build a new partnership by promoting cooperation, coexistence and co-prosperity with business partners in the supply chain and businesses aiming to create value.

1. Coexistence and co-prosperity of the entire supply chain and new cooperation beyond scale and affiliate

By working with the other business partners through direct business partners (from "Tier N" to "Tier N + 1"), we will
work to increase the added value of the entire supply chain, and at the same time, we aim to build coexistence and coprosperity with our business partners through collaboration that goes beyond scale and existing business relationships.
At that time, from the perspective of business continuity in the event of a disaster and work style reform, we will also
promote support such as the introduction of telework for business partners and advice on BCP (Business Continuity
Plan) formulation.

(Individual item)

a. Cooperation between companies

Our mission is to contribute to the development of society and the economy through financial and capital markets, and we are focusing on solving social issues that are becoming more complex and diversified with the times. By providing all of our solutions, including support for industrial development and reorganization, discovery and development of new industries, funding support for solving social issues, and business succession consulting, we aim to maximize value and utility to all stakeholders including business partners.

d. Greening efforts

It is also necessary to solve environmental problems in order to create a sustainable and prosperous society. We have formulated the "The Daiwa Securities Group Net Zero Carbon Declaration", and we support a smooth transition to a carbon-free society through financial businesses, including support the realization of a decarbonized society through finance, support for new technologies that contribute to the realization of a decarbonized society, the provision of investment opportunities for them, promoting solution businesses such as advisory businesses for customers in the field of renewable energy. In addition, in order to reduce the environmental load of society as a whole, including the supply chain, we have announced "Our Approach to Green Procurement" that stipulates environmental considerations in procurement activities. Furthermore, in order to strengthen the management system for environmental and social risks in our business, we have formulated the "Environmental and Social Policy Framework" and will work with our suppliers and business partners to solve environmental problems throughout the supply chain.

- e. Efforts on health management
- We will work on practicing health management, public awareness, and health management support for business partners.
- 2. Compliance with "Promotion Standards"
 - We will comply with desirable business practices between main subcontracting enterprise and subcontractors ("Promotion Standards" based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises), and we will actively correct business practices that hinder the establishment of partnerships with business partners.

Our strategy for achieving SDGs

Initiatives through Business Activities Corporate Governance



Social Contribution Activities

Environmental Initiatives Others

(1) Price determination method

We will not make unreasonable cost reduction requests. When deciding price, if there is a request for consultation from the subcontractor, we will respond to the consultation and fully discuss it so as to include the appropriate profit of the subcontractor, such as considering the impact of the increase in labor costs. When making a contract, including the determination of price, the parent company will clearly indicate and deliver the contract conditions in writing, etc.

(2) Payment terms such as bills

The subcontract price will be paid in cash if possible. When paying by bill, we will try not to bear the discount fee etc. on the subcontractor and make the payment terms within 60 days.

(3)Intellectual property and know-how

We will conduct the transaction based on the guidelines and contract templates for intellectual property transactions, and we will not request to make a one-sided nondisclosure agreement, disclose know-how using the transaction position, and transfer intellectual property rights without compensation.

(4) Wrinkles due to work style reforms, etc.

In order for our business partners to harmonize to work style reforms, we will not place orders for short delivery times or make sudden changes in specifications to subcontractors without appropriate cost burden. In the event of a disaster, we will not impose a one-sided burden on subcontractors in terms of transactions, and when resuming business, we will give consideration to the continuation of business relationships if possible.

3. Others (optional description)

We have "Contributing to society" as one of our Corporate Principles, and we believe that it is our mission to contribute to the development of society and economy through financial and capital markets. With a high sense of morality and duty, we aim to contribute to the sustainable development of the society. We will pursue both social and economic value by emphasizing communication with all stakeholders, including our business partners, and solving social issues that we have grasped through the active communication.

February 8, 2022 (Updated October 14, 2022) Daiwa Securities Group Inc. President and CEO,

Seiji Nakata

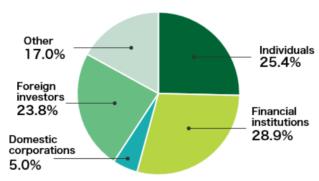
Engagement with Shareholders and Investors

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

Breakdown of Investor Type (As of March 31, 2022)

Total number of issued shares: 1,699,378,772 shares



(Note 1) The percentages of shareholdings are rounded off to one decimal place.

(Note 2) "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.

Shareholder Returns

We raised the target payout ratio from about 40% 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 52.3% in FY2021.

> About dividends < Japanese only>

Share buyback program

Buyback period	From May 18, 2022 to March 24, 2023
Total number of shares repurchased	33 million shares (maximum) (Percentage of total number of issued shares excluding treasury stock: 2.22%)
Total amount of shares repurchased	¥25 billion (maximum)

^{*}The program was announced on April 27, 2022 along with the announcement of financial results for the fourth quarter of FY2021

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

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 held in June 2022, 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.

Our strategy for / I achieving SDGs / E

Initiatives through Business Activities Corporate Governance



Social Contribution Activities

Environmental Initiatives Others

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, 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 2021

- When did you first purchase our shares?
- Why did you choose to buy Daiwa Securities stock? (multiple answers allowed)
- How do you get information about Daiwa Securities? (multiple answers allowed)
- What types of disclosure and corporate communications activities would you like to see enhanced in the future? (multiple answers allowed)

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 donations to Single Mothers Forum, a certified NPO, and the Shareholders Incentives Endowment Fund for the SDGs, established by the Japan Securities Dealers Association, as a donation recipient group from the shareholder rewards offered to shareholders of record on March 31, 2019.

The contributions made for the NPO 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 and the donation for the Endowment Fund will use to support school meals at the United Nations WFP, which conducts food support activities for the purpose of eradicating hunger.

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

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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 FY2021



Dialogue with Various Stakeholders

In FY2021, we held a total of 191 meetings with institutional investors and analysts. To prevent 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 our Medium-Term Management Plan started in 2021, 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. From FY2019, 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. In February 2022, we held a theme meeting for institutional investors and analysts targeting the real estate asset management business and Daiwa Energy & Infrastructure Co. Ltd. of investment division.

We also focused on briefings for individual investors, with the CEO participating. As all of those 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 FY2020. 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.

> For details on IR events and briefings, click here

Number of overseas IR activities held in FY2021

Number of meetings with institutional investors and analysts (all held by phone or online)	191 meetings
including IR activities with investors in North America:	11 events
including IR activities with investors in Europe:	19 events
including IR activities with investors in Asia:	30 events

Social Contribution / Environmental / Others

achieving SDGs / Business Activities /	Governance social issues Activities / Initiatives /
Number of briefings for individual investors (all held online)	8
Video streaming of company briefings for individual investors:	2 video streams
Total number of live participants and on-demand video viewers Approx.	18,700 (approx. 17,600 people in the previous fiscal year)

Addressing



Internet streaming of May 2022 management strategy briefing (President and CEO Nakata)

 \gt Video of May 2022 management strategy briefing $\ \square$

Our strategy for / Initiatives through / Corporate

ight> For a list of videos of company briefings for individual investors, click here <Japanese only> \Box

Workforce Statistics

Daiwa Securities Group (Consolidated)

Number of employees

(Unit: persons)

		As of March 31, 2021			As of March 31, 2022			
		Employees	FA*1	Temporary employees	Employees	FA*1	Temporary employees	
Japan	Male	7,819	40	-	7,646	37	-	
	(Career track*2)	7,291	-	-	6,991	-	-	
	(Managers)	4,132	-	-	4,149	-	-	
	Female	5,292	32	-	5,220	27	-	
	(Career track*2)	3,843	-	-	3,738	-	-	
	(Managers)	654	-	-	739	-	-	
	Japan total	13,111	72	357	12,866	64	174	
Overseas		1,913	1,913 - 33 1,959		-	88		
Total		15,024	72	390) 14,825 64		262	

^{*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

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 FY2025.

		April 2018	April 2019	April 2020	April 2021	April 2022
Career-track	Male	289	337	244	164	232
employees, regional career-	Female	289	340	216	155	170
track employees, etc.	Ratio of women	50.0%	50.2%	46.9%	48.6%	42.3%

^{*} 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)

		FY2017	FY2018	FY2019	FY2020	FY2021
Japan	Male	5,216	5,204	5,144	5,018	4,842
	Female	3,824	3,975	4,032	3,936	3,832
	Total	9,040	9,179	9,176	8,954	8,674

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 2018	April 2019	April 2020	April 2021	April 2022
Male	219	262	169	121	161
Female	229	263	142	102	120
Ratio of women	51.1%	50.1%	45.7%	45.7%	42.7%

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

Average Age

	FY2017	FY2018	FY2019	FY2020	FY2021
Average age (as a whole)	38.0	38.3	38.4	38.9	39.3
Average age (male)	39.6	39.8	39.7	40.2	40.5
Average age (female)	35.7	36.2	36.6	37.2	37.8

^{*} This data covers Daiwa Securities

Average Number of Years of Service

	FY2017	FY2018	FY2019	FY2020	FY2021
Average number of years of service (as a whole)	13.7	13.8	13.9	14.4	14.9
Average number of years of service (male)	15.3	15.4	15.5	15.9	16.3
Average number of years of service (female)	11.4	11.5	11.8	12.4	13.0

^{*} This data covers Daiwa Securities

Working Hours and Paid Vacation Usage Rate

	FY2017	FY2018	FY2019	FY2020	FY2021
Annual regular working hours (hours)	1837.5	1830	1807.5	1837.5	1,830
Average monthly overtime hours (hours)*1	23.2	22.8	21.7	21.2	21.6
Paid vacation usage rate (Average number of days taken)	68% (14.2)	68% (14.3)	72% (16.0)	72% (15.9)	70% (16.0)

^{*} This data covers Daiwa Securities

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

Others

Hiring Initiatives

Approaches and Policy

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.

We also provide training to employees involved in the hiring process to ensure that they are fully aware of the Guidelines for Fair Hiring.

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

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 FY2022

402 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 FY2022 📙

Social Contribution Activities

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Diversity and Inclusion

Approaches and Policy

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 Diversity and Inclusion Promotion Committee and an SDGs Promotion Committee, which regularly engage in discussions.

The predecessor of the Diversity and Inclusion Promotion Committee was established in 2008. The Committee now meets once every quarter, with President & CEO Seiji Nakata serving as a chairperson. 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 related to diversity and inclusion 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. To develop female leaders who play leading roles in Japan's financial industry, the Group actively promotes female employees while advancing the development of an environment that enables them to continue working energetically even after going through life events such as marriage and childbirth. We have created an environment that makes it easier to consult about career and other matters, as well as having launched the internal online social network "ANSWERS," which is a system that enables executives and employees to connect with each other across Japan. We also undertake initiatives such as providing career training for female employees and introducing thriving female employees as role models in internal publications in order to increase the number of women in managerial positions. We will support the efforts of companies by publicizing the status of their support for women's advancement in the Group.

In 2015, the 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.

In 2009, four female executives were appointed simultaneously. To incorporate more diverse perspectives into group management, Daiwa Securities Group Inc. has four female Directors, and the Group as a whole has 13 female executives as Directors, Corporate Executive Officers (Shikkoyaku), Executive Officers (Shikkoyakuin), and Audit & Supervisory Board Members. Also, the Chairman of the Board and President and CEO of Daiwa Securities Group Inc. started to participate as members in the 30% Club Japan, which was launched in Japan in May 2019, in support of its activities. The 30% Club Japan aims to increase the proportion of women in the top management of Japanese companies, setting up the target of boosting the percentage of female members in the Board of Directors of TOPIX 100 companies to 30% by 2030.

More and more women are playing active roles in wider fields. For example, women now account for approximately 20% of branch chiefs and two women serve as the chiefs of overseas offices (as of the end of June 2022). The increase in the number of role models has made it easier for women to envisage their career paths. In recent years, this has led to a significant increase in female employees aspiring to advance their careers by switching to career-track, broad regional career-track, and regional career-track positions. We have

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also implemented various systems and measures that are beyond the legal requirements to help women continue to work energetically even after going through life events such as marriage and childbirth.

	omen from our Group have been introduced by Nikkei Inc. in its Nikkei Womenomics Project and by Nikkei Inc. and Nikkei usiness Publications Inc. in their Nikkei Women's Empowerment 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"
>	Empowerment Report Click here to read the article on Hiromi Uemura, Daiwa Securities Business Center, "Take on Challenges Without Being Afraid of Opportunities: Give it a Try, and the World Will Change"
>	Empowerment Report Click here to read the article on Ayaka Yugami, Daiwa Securities, "I Want to Take on More Challenges: Transferring from Sales to IT to Press Forward with DX"
>	Empowerment Report Click here to read the article on Emiri Sakamoto, Daiwa Securities, "I Want to Master This Field: Devoted to Bond Sales, Using Overseas Experience as Strength"
>	Empowerment Report Click here to read the article on Kaori Matsushita, Daiwa Securities, "From Regional Clerical Position to Branch Chief: I Want to Become a Role Model for Female Employees"

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

Support for Female Employees' Career Advancement

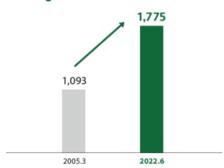
By increasing the number of role models, we are making it easier for the Group's female staff to envision their career path. In this context, there has been a sharp increase in female employees aspiring to advance their careers by switching to career-track, broad regional career-track, and regional career-track 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 1,775 at the end of June 2022, 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.

Trends in Female Employees Right Before Being Promoted to Managerial Positions





Job shift system

With regard to job shifts, up to now more than 1,500 people have shifted to career-track or broad regional career-track positions (positions that can be relocated within a certain area) or regional career-track positions (positions that do 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.

Internal online social network: 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, as well as to communicate with the management.

Others

Appointment of Female Executives and Women in Managerial Positions

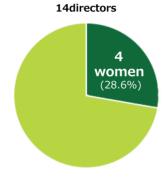
Daiwa Securities Group has a total of thirteen women in top managerial positions who work as directors, corporate executive officers, executive officers, and auditors. They include five female executives serving as directors and corporate executive officers at Daiwa Securities Group Inc. The number of women in managerial positions is increasing year by year, with the Group's total number standing at 739 as of the end of June 2022. The ratio of women in managerial positions has risen from 2.2% at the end of FY2004 to 15.1% on a group-wide basis (up from 2.3% to 19.7% 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.

Number of female executives



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 quadrupled 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.



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Daiwa Securities Group

	2006 As of March 31	2018 As of March 31	2019 As of March 31	2020 As of March 31	2021 As of March 31	2022 As of March 31
Number of women in managerial positions (Consolidated)	97	424	490	562	654	739
Ratio of female managers	2.7%	9.4%	10.5%	11.9%	13.7%	15.1%

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 9.5% (40/422), and the ratio of women at the level of section manager is 19.6% (533/2,718) (as of March 31, 2022).

	2006 As of March 31	2018 As of March 31	2019 As of March 31	2020 As of March 31	2021 As of March 31	2022 As of March 31
Number of women in managerial positions (Consolidated)	77	329	378	432	504	568
Ratio of female managers	2.8%	11.6%	12.9%	14.5%	16.3%	18.3%

^{*} Deputy managers and above are counted as managers

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of new female managers (Daiwa Securities)	40	61	64	83	78
Ratio of women among new managers	24.4%	26.2%	26.8%	29.6%	39.4%

External Ratings for Initiatives

In recent years, we have received high ratings from external rating institutions as our support for women's advancement and initiatives to promote work-life balance have been steadily bearing fruit.

We support the Declaration on Action by the Cabinet Office "Group of Male Leaders Who Will Create 'A Society in which Women Shine'"



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:139.5KB]

[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:103KB]

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.

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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]





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 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 FY2022, 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	FY2021
2.10%	2.33%	2.57%	2.58%	2.62%

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.

Human Resource Development and Skill Enhancement

Approaches and Policy

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.

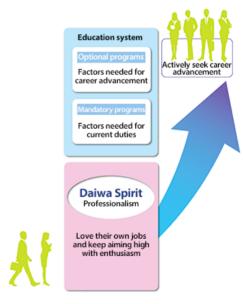
In particular, we offer extensive training programs to newly hired employees, as we believe that this is a critical period for their training. Seeking to achieve the "Quality No. 1" in the industry, we adopt a system that allows employees to refine their knowledge, techniques, and mindsets through a 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. In 2022, we set up Daiwa Digital College for all employees to learn the IT skills and information analysis skills that should be acquired toward the realization of DX strategy. We have thus introduced systems aligned with our business environment and strategies, and are also working on developing digital IT personnel, setting up a target of increasing such personnel to 200 or more as one of our Group-wide key performance indicators (KPIs).



Daiwa Securities Group's Education System

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Training Records in FY2021

Number of times skill training was held in FY2020:	30 training courses held 57 times
Number of participants	6,488 people
Cumulative number of participants (FY2007-FY2021)	29,307 people
Cost for the Group's educational investment:	¥1.9 billion
Cost per employee	¥150,000

Training for Young Employees

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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

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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 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, we offer a wide range of training programs, such as programs for acquiring knowledge of M&A, real estate, and other solutions and enhancing digital literacy, 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 2,000 employees, accounting for more than 60% of personnel aged 45 and older, have undertaken a total of over 32,000 training programs.

Others

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, 2022)

Number of persons earning CFP® certifications:	1,321 people
Number of Certified Member Analyst of the Securities Analysts Association of Japan (CMA)®:	1,509 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.

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

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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.

Regarding the evaluation of employees, we conduct comprehensive evaluations that take 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. In evaluating employees, we focus mainly on whether, in light of their respective abilities, roles, and responsibilities, they are always changing and continuing to grow in their performance, contribution, and the achievement of the Medium-term Management Plan. Even while on childcare leave, employees are still eligible for promotions as we properly evaluate their contributions to date.

Moreover, we have established a self-assessment system as a twice-yearly opportunity for employees to talk about their careers with their superiors and the Human Resources Department. This system enables employees to share their career visions, strengths, and challenges with their supervisors at one-on-one meetings and communicate to the Human Resources Division their degree of satisfaction with their jobs and also their opinions on the personnel and training systems, the workplace environment, and other matters.

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Work-Life Balance



Message from Management

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.

Approaches and Policy

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." We are making efforts to promote diversity, inclusion and 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 Diversity and Inclusion Promotion Committee, which is chaired by the President and CEO, meets every quarter. Under strong leadership, executives and employees working in various positions and departments, from executive officers and departmental managers to young employees, participate in a wide range of discussions on various measures such as diversity, inclusion and

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promotion of women's advancement. The Group has also set up a Diversity and Inclusion Promotion Office in the Human Resources Division to plan, make proposals, and promote diversity, inclusion and support for women's advancement. The Diversity and Inclusion Promotion Committee and the Diversity and Inclusion 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.

Various systems

Childcare leave	Employees can take childcare leave until the day before their child's third birthday.
Childcare support leave for male employees	From 2022, wages of up to 4 weeks are guaranteed, in addition to childcare leave at birth and childcare support leave, and in principle, the taking of leave of at least two consecutive weeks is being promoted. An environment enabling men to actively participate in child rearing has been developed. The rate of childcare leave use has been at 100% for five years in a row since FY2017.
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. hird grade of elementary school. This system has been used by a total of roughly 100 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
Sick/injured child 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 1,500 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 70 employees.

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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
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 accompany them to a hospital, etc. or to carry out procedures on behalf of family members. Up to 5 days per year can be taken (10 days for 2 or more family members). A cumulative total of more than 2,000 people have made use of this benefit.
Nursing Care Travel Home Expense Allowance	The Group subsidizes travel expenses incurred when employees return to their parents' home to provide nursing care. A cumulative total of more than 230 people have made use of this benefit.
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)
Diversity and Inclusion phone line	The Diversity and Inclusion 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. A cumulative total of more than 80 people have made use of system.
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	This has been instituted in every department, including Sales, as a means of promoting employee autonomy and improving organizational productivity.
Flex time system	Depending on the nature of its operations, a unit can choose flextime (with a required core time) or super flextime (no required core time) to improve organizational productivity.
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

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.

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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

Diversity and Inclusion Promotion Committee

President and CEO Seiji Nakata was appointed chairperson of the Diversity and Inclusion Promotion Committee, which meets every quarter. Under stronger leadership, the Committee promotes women's activities and works on dramatically improving productivity. 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.

Guidelines for balancing work and child care

The Group has established guidelines for balancing work and child care for all employees and 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."

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Education for managers

Top management continually communicates about the Group's diversity & inclusion efforts including women's advancement and their purpose at meetings where all executives and all department managers gather, and the Group is promoting training for managers including all line section managers. By deepening their understanding of the initiatives for promoting the careers of women, their purpose, and the work-life balance support systems, managers themselves are working to create an "environment in which all employees can continue to work actively."

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.

Internal online social network: 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, as well as to communicate with the management.

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.

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Expanding the telecommuting system

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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 Diversity and Inclusion Promotion 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 the "flextime 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.

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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.





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.

* WLB: the abbreviation for Work-Life Balance



Work-life balance promotion site

Legal Compliance



To protect and preserve each employee's rights, the Group regularly monitors the status of compliance with the Minimum Wage Act, the Labor Standards Act "36 Agreement", and other relevant laws and regulations.

"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.

[&]quot;Daiwa WLB Station"

Questionnaire about work-life balance

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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 "Turn diversity into power! Diversity & Inclusion Lab," which introduces the Group's initiatives and systems for diversity & inclusion, 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.

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.

Trend in the number of employees taking child care leave

	FY2017	FY2018	FY2019	FY2020	FY2021
Female	695	696	680	646	582
Male	437	420	378	330	362
Total	1,132	1,116	1,058	976	944

Trend in the number of employees taking nursing care leave

	FY2017	FY2018	FY2019	FY2020	FY2021
Female	2	5	10	5	6
Male	3	3	3	3	2

Other data

		FY2017	FY2018	FY2019	FY2020	FY2021
Childcare leave	Female	100.0%	100.0%	100.0%	100.0%	100.0%
usage rate	Male	100.0%	100.0%	100.0%	100.0%	100.0%

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		FY2017	FY2018	FY2019	FY2020	FY2021
Return rate	Female	89.5%	91.4%	91.9%	92.1%	92.4%
from child care leave	Male	100.0%	100.0%	99.0%	100.0%	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 hours system users		373	446	505	474	520
Daycare subsidy users		702	759	909	833	783
Birth gifts for third child		54	45	28	30	28

Initiative results/evaluation

External evaluations of initiatives

Results from the Group's efforts to support women's advancement and promote diversity & inclusion 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)

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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)
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)

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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)
2022	 Selected for FY2021 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, and Tokyo Stock Exchange) Selected for "Health & Productivity Stock Selection" in FY2021 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)

Selected for "Nadeshiko Brand" jointly sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange!

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 eight 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.



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"



Health Management

Approaches and Policy

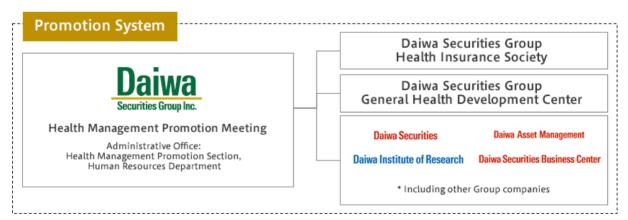
Included in the Group's Corporate Principles is "placing importance on personnel." Based on the idea that the source of the Group's competitiveness lies in the capabilities of its employees, we seek to raise productivity by enhancing employees' well-being* and to maintain high performance as an organization in the future. To this end, we are undertaking strategic measures to promote heath management.

* Well-being: good physical, mental, and social condition

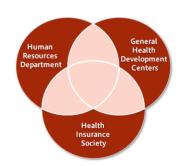
Promotion System

The Group appointed the executive in charge of human resources as Chief Health Officer (CHO) to promote health management. Executives from each Group company are also actively involved in the promotion. The Group issues a "White Book on Health" annually that analyzes the health status of all Group executives and employees. We also identify issues, and evaluate and improve our initiatives at a Group-wide "Promote Health Management Meeting" chaired by the CHO which is held every quarter, thereby implementing the PDCA cycle for health management.

As a result of these initiatives, we have been selected as a "Health & Productivity Stock," which is jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, for eight consecutive years.



Also, the Human Resources Department, General Health Development Centers (infirmaries), and Health Insurance Society closely cooperate and work together. The three parties collaborate with each other, planning and disseminating health measures, and have increased the effectiveness of such measures by exchanging opinions on a daily basis.



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 " Ministry of Health, Labour and Welfare White Paper"	健康経営銘柄 Peress Release [PDF:85KB]

Our strategy for achieving SDGs

Initiatives through Business Activities

Corporate Governance



Social Contribution Activities 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 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" 	定験経営銘柄 Mathematical Posts Release [PDF: 114 KB](Japanese only) 上
FY2016	KA-RA-DA iki-iki Project Introduction → Press Release [PDF: 91 KB]⟨Japanese only⟩ I	全球を登録柄 を
FY2017	Introduced Employment Support Plan for Employees with Cancer > Press Release [PDF: 121KB](Japanese only)	全型 2018 健康経営後収法人 Hash and productionly ホワイト500 > Press Release [PDF: 141KB](Japanese only) 上 • Received the Tokyo Metropolitan Government "Company Award for Excellent Initiatives for Balancing Treatment of Cancer Patients and Work" > Press Release [PDF: 78KB](Japanese only) 上

Our strategy for achieving SDGs

Initiatives through Business Activities

Corporate Governance



Social Contribution Activities Environmental Initiatives Others

	Main achievements	External Evaluations
FY2018	Introduced Daiwa ELLE Plan > Press Release [PDF: 191KB](Japanese only)	2019 健康経営優良法人 Price of productivity ホワイト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) 	2020 健康経営優良法人 Hamilton deproductiony ホワイト500 > Press Release [PDF: 113KB]〈Japanese only〉
FY2020	Introduced Daiwa Online Care > Press Release[PDF:84KB] (Japanese only)	2021 健康経営優良法人 Meetin and productivity ホワイト500 > Press Release [PDF: 113KB] 〈Japanese only〉 上
FY2021	 Mindfulness Training for New Employees in Cooperation with Keio University Introduced smoking cessation during working hours 	全球を登り返送した。 全球を登り返析 まつけら500 Selected as "Health & Productivity Stock Selection 2021" and "Excellent Health and Productivity Enterprise (White 500)" トアess Release [PDF:165KB] 〈Japanese only〉 上

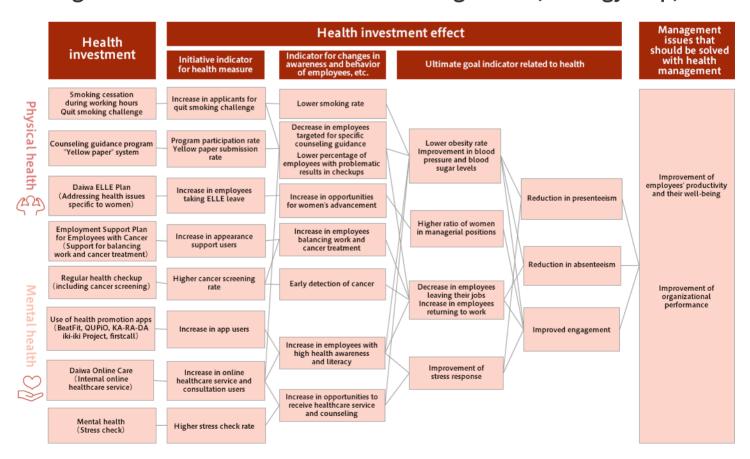
Targets

To measure the improvement of productivity through health management, we use presenteeism*1 and absenteeism*2 as indicators.

Indicator	Target (FY2030)
Percentage of loss from presenteeism	Less than 10.0%
Average of absenteeism	3.0 days or less

- *1. The state of the employee's work execution ability and productivity declining as a result of coming to work while suffering from some disease or symptom. Calculated by conducting a survey in which employees evaluate their own work in the past four weeks with the work they can perform when having no illness or injury set at 100%. The smaller the value, the higher their productivity.
- *2. The state of being absent or on leave due to illness. Calculated by conducting a survey that asks how many days employees were absent due to illness in the past one year. The fewer the days, the higher their productivity.

Various Health Measures, Their Effects, and Connections with Management Goals Pursued in Health Management (Strategy Map)



Others

Health issues

As the obesity rate tends to increase with age, it is necessary to increase health awareness when people are still young. The younger generation, in particular, has lifestyle issues, such as a high smoking rate in men and upward trends in the rate of skipping breakfast observed in both men and women. This suggests that measures to maintain a proper lifestyle are important, along with obesity measures.

As for the risk of lifestyle-related disease, the number of people with the level of risk requiring specific counseling guidance is trending upward gradually both in men and women.

Key area	Health issue
Lifestyle	Decreasing employees with health risk (obesity and high blood pressure, in particular) and establishing a healthy lifestyle (smoking, exercise, eating habits, better quality of sleep, etc.)
Younger generation	Improving the health awareness and health literacy of the younger generation
Women	Addressing health issues specific to women, increasing opportunities for women's advancement
Cancer	Early detection and early treatment of cancer, support for balancing work and cancer treatment
Mental health	Acquiring stress handling skills, early detection of mental health problems

Examples of Major Initiatives and Results of Initiatives

Increased Use of Daiwa Online Care

^

We offer "Daiwa Online Care," an online healthcare service that is available nationwide, and the use of the service is expanding. The number of appointments for the service was 973 in FY2021, increasing 1.6 times from the previous fiscal year.

Daiwa Online Care provides consultation on health checkup results and mental health, and smoking cessation outpatient care, in addition to ordinary healthcare. (Costs to be borne are healthcare service fees and medication costs only.)

[Diseases eligible for the service]

Pollen allergy, allergic rhinitis, chronic hives, hypertension, diabetes mellitus, dyslipidemia, digestive diseases (reflux esophagitis, chronic gastric discomfort/sensation of gastric distension, gastritis, irritable bowel syndrome, etc.), respiratory diseases such as asthma, hyperuricemia, chronic backache, chronic headaches, smoking cessation outpatient care/consultation (doctor/public health nurse), mental health consultation (psychiatrist/clinical psychologist), physical health consultation (industrial physician)

[Flow of usage]







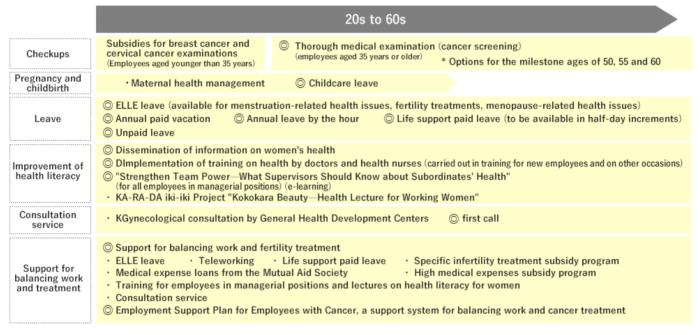
Corporate Governance Addressing social issues

Social Contribution Activities Environmental Initiatives Others

Daiwa ELLE Plan

Women have various health issues depending on their life stage, and the national government encourages men and women to deepen their understanding of each other's health issues associated with gender differences, while promoting health support that takes gender differences into account. Against this background, we have provided women's menopause support, established ELLE leave (leave for menstrual/menopausal conditions or infertility treatment), improved employee health literacy, and enhanced support for balancing work and infertility treatment. As a result, various effects have been shown, such as improved productivity, reduction in the rate of employee turnover due to infertility treatment, and increase in women in managerial positions.

Daiwa ELLE Plan

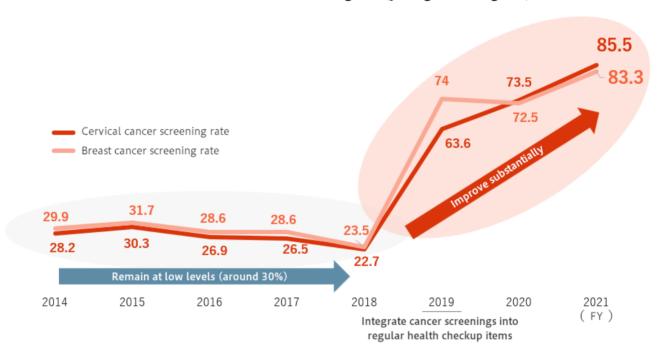


^{*} The symbol ⊚ in the table indicates systems and measures that can be used regardless of gender

Continuous Improvement in Female Cancer Screening Rate

Since FY2019, cancer screenings have been integrated into the regular health checkup items, resulting in a substantial improvement in the screening rate. The proportion of female employees receiving the most recent cervical cancer screening and breast cancer screening exceeds 80% for both types of screening.

Trends in female cancer screening rate (younger than age 35)



Upward Trend in Younger Generation with Exercise Habits

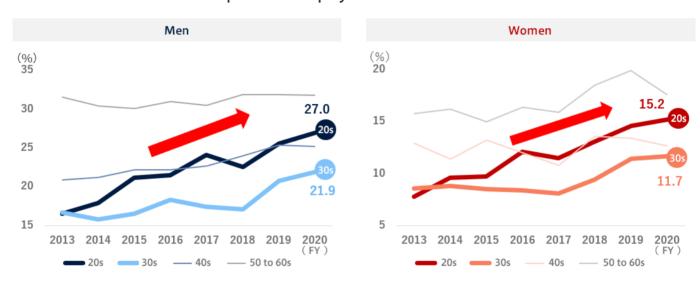


The proportion of young employees (in their 20s and 30s) with exercise habits is consistently increasing, for both men and women. The upward trend continued even during the COVID-19 pandemic in 2020, and we consider this to be due to BeatFit, a fitness app introduced in 2019, helping to attract employees were not in the habit of exercising.

We also urge employees to participate in KA-RA-DA iki-iki Project* and continue to enhance their awareness of healthy lifestyles.

* The amount of investment in KA-RA-DA iki-iki Project is approximately ¥2.30 million. In a survey of participants, 27% of the respondents answered that they were "very satisfied" and 55% "satisfied."

Proportion of employees with exercise habits



^{*} The proportion of respondents who answered in an interview sheet that they have "engaged in at least 30 minutes of exercise causing light sweating twice or more per week for more than one year."

Expansion of Mental Health Support (Mindfulness Training)

^

Generally, employees in their first and second years are more likely to feel stress under a new environment. We have therefore introduced Mindfulness Training for new employees as an initiative for mental health. The training is provided in collaboration with the Center for Stress Research, Keio University and customized to the Group. For the employees completing Mindfulness Training, we also conduct follow-up training at the fiscal year end.

The Outline of Mindfulness Training

Objectives

- Acquire the skill of observing one's own thoughts, feelings, and physical and breathing states, as well as the skill of maintaining distance from unwelcome thoughts and feelings
- · Stop repeating negative ideas and actions and become better able to handle anxiety and stress

Implementation methods

- Conduct the MBCT program,* which has been proven to ease anxiety symptoms, in collaboration with the Center for Stress Research, Keio University
- Conduct the program for 1.5 hours per week for five weeks during the period of new employee training from April to June

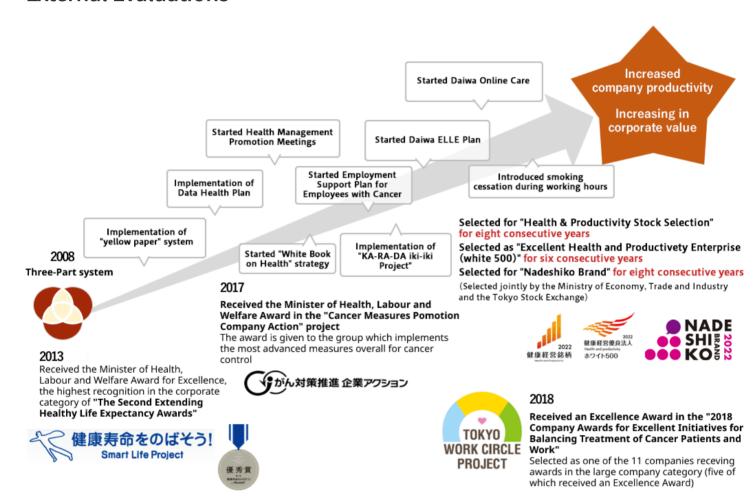


Feedback from a participant

I now <u>notice little seasonal changes</u> during commuting and <u>have become able to</u> <u>enjoy the changes occurring every day</u>, even when commuting, rather than just walking. On the other hand, <u>I have realized that I tend to get irritated</u> when I have to wait, for example, at a financial institution, longer than I expected. On such occasions, I try to tell myself that I should be more mindful.

* MBCT program (Mindfulness-based cognitive therapy)

External Evaluations



* We are explaining the group's health management initiatives to business partners who have made inquiries.

Other related data

			FY2019	FY2020	FY2021
01 '4 4 (20.)**		Men	25.8%	27.5%	25.5%
Obesity rate (30s)^1	Women	8.5%	10.0%	9.3%
Con aliin a u	-4-	Men	31.6%	29.5%	28.7%
Smoking r	ате	Women	7.2%	7.1%	6.6%
	(20-)	Men	25.3%	27.0%	27.8%
Exercise habits	(20s)	Women	14.6%	15.2%	16.2%
rate	(20-)	Men	20.8%	21.9%	23.1%
	(308)	(30s) Women 11.4% 11.7%	12.0%		
Proportion of em	nployees takii sleep	ng enough rest through	65.0%	69.0%	69.0%
Average percentage of loss from presenteeism		18.7%	17.0%	15.2%	
Average of absenteeism		3.8 days	3.4 days	3.4 days	
E	Ingagement s	survey*2	_	_	81%
		Work	3.3	3.3	3.3
		Organization	3.2	3.2	3.3
Work Motivation	Survey*3	Colleagues	3.2	3.2	3.3
	•	Growth / Career advancement	3.2	3.2	3.3
		Compensation	3.0	3.0	3.1
Famala di di		(consolidated)	11.9%	13.7%	15.1%
Female ratio in m position		(Daiwa Securities alone)*4	14.5%	16.3%	18.3%
	Stress check	k rate	92.5%	90.8%	91.8%
Ratio of	employees w	vith high stress	10.3%	11.8%	10.6%

Our strategy for Achieving SDGs Initiatives through Business Activities

Corporate Governance Addressing social issues

Social Contribution Activities

Environmental Initiatives

Others

	FY2019	FY2020	FY2021
Regular health checkup rate	100%	100%	100%
Medical institution attendance rate for employees with problematic results in regular health checkups	88.3%	80.5%	82.2%

- *1. Target: Reduce the obesity rate for employees in their 30s by 30% from FY2018 by 2024 (men 20%, women 8%). From FY2021, the target was changed from the obesity rate at age 35 to the obesity rate for employees in their 30s.
- *2. Sustainable engagement (Daiwa Securities alone). An anonymous awareness survey started to be conducted for Daiwa Securities alone in FY2021 to determine the proportion of employees who have a sense of trust in the Group and are highly motivated to contribute to achieving its goals. The survey is being conducted on a group-wide basis from FY2022.
- *3. Ended in FY2021.
- *4. Target: At least 25% by 2025.

Others

Communication with Employees

Approaches and Policy

Daiwa Securities Group has established various opportunities to receive feedback from employees under the belief that good communication with employees is vital for a better workplace environment.

We will continue to identify areas for improvement in our systems and initiatives and utilize inputs from employees for creating an even better workplace environment.

Systems to Receive Feedback from Employees

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Self-assessment system

We have established a self-assessment system as a twice-yearly opportunity for employees to talk about their careers with their superiors and the Human Resources Department. This system enables employees to communicate to the Human Resources Department their career visions and also their degree of satisfaction with their jobs and their opinions on the 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.

Engagement Survey

In August 2018, we started Work Motivation Survey as a monitoring indicator to increase employees' motivation to work and realize a virtuous cycle of higher employee satisfaction and higher customer satisfaction. We also introduced an Engagement Survey in February 2022 to ensure that the motivation to work leads to the further growth of employees and further improvement in productivity and business performance. We will develop a climate and system that enable employees to play more active roles by continually increasing engagement through a productive workplace environment and employees' physical and mental health.

Implementation of Survey on Work-Life Balance

We regularly conduct surveys on work-life balance for all employees. We incorporate employees' feedback, and have introduced the Nursing Care Concierge Service and an allowance program for those who return to their parents' home to provide nursing care 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.

Our strategy for achieving SDGs

Initiatives through Business Activities Corporate Governance



Social Contribution Activities Environmental Initiatives Others

Assessment Interview

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.

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 August 2022, there are 21 Daiwa Clubs and four Daiwa Circles.

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 FY2021, 6,505 employees belong to employee unions, and the union membership ratio is 56.0%.

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. In FY2022, we held an in-house metaverse event in September to celebrate the Group's 120th year anniversary of its founding. We invited employees' families as well, expressing our appreciation for their daily support and enjoying the event together. 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.

Others

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.

Asset Building

To help our employees lead fulfilling lives, the Group has expanded systems that assist employees in building their assets.

- Daiwa's Employee Stock Ownership Association
- Defined contribution plan (401k)
- Tsumitate (installment-type) NISA

Financial Education and Research

Capitalizing on financial and economic expertise accumulated through its securities business, Daiwa Securities Group provides education programs and supports for various generations in order to help people develop the capacity to build their own lives and the asset management skill.

Message from the Head of Financial Education



Daiwa Securities Group Inc. Senior Managing Director Head of Financial Education Toyo Abe Due to the lowering of the adulthood age in Japan, people will start living as adults from the day they turn 18. Therefore, it is important to receive financial education from an early age, such as in elementary school. Financial education is also essential for working adults to have fulfilling 100-year lives.

Daiwa Securities Group will work as a group to improve the financial literacy of a wide range of people through its own activities and cooperation with various organizations and companies.

Initiatives to Enhance People's Financial Literacy

Daiwa Securities Group promotes various initiatives to enhance people's financial literacy.

Information on 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 > □

Official Daiwa Securities Group Channel (YouTube)



- > Click here for the official Daiwa Securities Group Channel (YouTube) (Japanese only)
- > For more information, see Providing Analysis/Proposals on the Economy, Society, and Investment Information > Provision of Information through Diverse Media > Official Daiwa Securities Group Channel (YouTube)

Production of Financial Educational Materials on Stocks



Digital Educational Material: "Let's Study Stocks"

Following the move to digitize schools under the government's GIGA School Program, we created a new PowerPoint educational material for learning about stocks. With teaching plans and example descriptions included in the PowerPoint notes, the material is designed for immediate use in school classes.

(Published by DAN Advertising, Inc.)



Target

Upper-grade elementary school children and above

Content

- The role of money
- The role of companies
- The structure of stock companies and using shares to raise funds
- The role of stock exchanges
- How stocks can be useful
- Positive effects of an excellent company on society
- (Applied learning) Financial instruments other than stocks
- > Click here for details [Japanese] [PDF:878KB]

Support to Oshigoto Museum and "Oshigoto Almanac"



Since FY2016, the Group has been supporting the Oshigoto Museum, a career education support project for elementary and junior high school students (organized by The Asahi Shimbun Company). The project provides information on working and various jobs via the "Oshigoto Almanac" (book) and the Oshigoto Museum (website) to help children visualize their future careers.

> Click here for details [Japanese] □

Oshigoto Museum (website)

In addition to information contained on the pages of the "Oshigoto Almanac" (book), this website gets children to learn through quizzes and other game-like activities.

"Oshigoto Almanac" (book)

Our Group's pages include explanations about stocks, bonds, and the work of securities firms. In addition to being donated to elementary schools, junior high schools, and Kodomo Shokudo (children's cafeterias) nationwide, excerpts from the "Oshigoto Almanac" are also distributed free of charge via EduMall (an educational content distribution service provided by Uchida Yoko).

Number of copies published to date

- "Oshigoto Almanac 2022" 75,000 copies (published on June 14, 2022)
- "Oshigoto Almanac 2021" Donation of 70,000 copies (published on June 21, 2021)
- "Oshigoto Almanac 2020" Donation of 70,000 copies (published on June 29, 2020)
- "Oshigoto Almanac 2019" Donation of 67,000 copies (published on June 17, 2019)
- "Oshigoto Almanac 2018" Donation of 64,000 copies (published on June 15, 2018)

Group publications page

• "Oshigoto Almanac 2022"

Tips and tricks on dealing with money

> Click here for download [Japanese]



Addressing social issues

Social Contribution Activities

Environmental Initiatives Others

• "Oshigoto Almanac 2021"

What are SDG Bonds?

> Click here for download [Japanese]

• "Oshigoto Almanac 2020"

What does a securities analyst do?

> Click here for download [Japanese]

• Oshigoto Almanac 2019

What happens in a trading room?

> Click here for download [Japanese]

• Oshigoto Almanac 2018

What jobs do people do at a securities company?

> Click here for download [Japanese]

• Oshigoto Almanac 2017

How can money be raised to expand a company?

> Click here for download [Japanese]











Addressing social issues

Social Contribution Activities Environmental Initiatives Others

• Oshigoto Almanac 2016

What are stocks?

> Click here for download [Japanese]



Support for KidZania

大和証券

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

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. (*The Finance Park in Kyoto ended in FY2020.)



Finance Parks (Shinagawa)

Number of participants in Finance Parks for FY2021 14,425 people

Breakdown

• Shinagawa: 3,341

• Iwaki: 2,689

• Sendai: 8,395

Participation in the Platform for Learning Innovation Japan

Daiwa Securities Group took part in the Platform for Learning Innovation Japan (PLIJ), a collaboration of industry, university, government, public, and schools to promote STEAM education*1 in Japan.

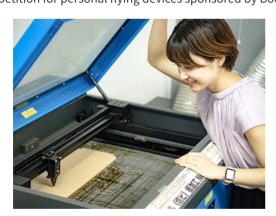
In the 6th Science, Technology, and Innovation Basic Plan (Cabinet decision in March 2021), the promotion of STEAM education is listed as one of the measures for realizing Society 5.0*2. The platform established by the Council on Competitiveness-Nippon (COCN) is expected to include a library of STEAM education materials and a network of human resources to support STEAM education.

We will contribute to the platform by providing educational content in the fields of economics and finance which we have accumulated through our securities business.

- *1. Cross-disciplinary education to utilize learning in each subject such as Science, Technology, Engineering, Arts, Mathematics, etc. for finding and solving problems in the real world
- *2. A human-centered society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space

Example of Business-Academia Collaborations: University of Tokyo Hongo Tech Garage (Donation Project by Daiwa Securities Group)







For Your Dreams - Daiwa Securities Group Children's Smile Project

Outline of the Project

Since 2017, the Daiwa Securities Group has been working on the "For Your Dreams - Daiwa Securities Group Children's Smile Project" to help solve the problem of child poverty.



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.

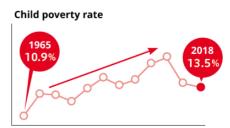
Child poverty generates many side effects, such as inadequate education, possibly leading to a situation where the children shouldering the future of Japan cannot acquire enough qualities as members of society."

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.

FACT One in seven children is living in poverty



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.

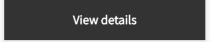


Source: "Summary Report of Comprehensive Survey of Living Conditions 2016"

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.



Daiwa Securities Group Future Support Bonds Child Support Group Sustainable Fund

The 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 was established in collaboration with the Public Resources Foundation.

View details

Daiwa Securities Group Child Support Fund for Bright Future

The 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.

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.

Why Daiwa Securities Group is Working to Support Children

The financial and capital markets are a symbol of capitalism, and securities companies have benefited from them.

On the other hand, capitalism can cause disparities and contribute to the poverty of children, which is also a strain on society.

That is why we believe that we should use the sound profits we earn from our core business to help solve the problem of poverty.

The declining birthrate and aging population are advancing in Japan, and the reduced number of children who will carry the future of the country will also have a major impact on Japan's sustainable growth.

The problem of child poverty has many side effects, such as the inability to receive necessary education, and it also leads to the situation in which the children who will carry the future of Japan cannot gain the qualifications they will require as adults.

Eliminating child poverty is an extremely high goal that cannot be achieved overnight.

However, it is now necessary to improve the environment surrounding children and stop the chain of poverty.

Message

Our desire to support children

In the past, I have personally donated items such as toys to children's homes. That was because there was a facility next to the kindergarten where my daughter used to go.

I am deeply concerned by the growing problem of child poverty in recent years.

The future of children is connected to the future of Japan, so if the problem of child poverty is left unresolved, it will have a great adverse effect on the economy. As beneficiaries of the market economy, securities companies should face up to this problem.



Daiwa Securities Group Inc.
President and CEO
Seiji Nakata

In the first open call for participants to the "<u>Daiwa Securities Group Child Support Fund for Bright Futures</u>", more than 100 organizations from all over Japan applied. Going forward, we would like to continue to support organizations that are engaged in activities in their respective regions that help solve the problem of child poverty.

In addition to the company's support activities, we started the "Santa Charity Program" last year, in which Group officers and employees and ex-employees can participate voluntarily, and we received more donations than expected. It is important that these

Our strategy for Addressing achieving SDGs | Initiatives through Business Activities | Corporate Governance | Addressing Social Issues | Social Contribution Activities | Environmental | Others Initiatives |

efforts have the support of each and every person involved and are continuously carried out. In the future, I hope that they will become part of voluntary efforts to tackle various social issues.

Disparity in children's environments

Child poverty in Japan: hidden from view

Japan is a rich nation—is child poverty really such a serious problem? The difference today is that poverty is hidden from view; for this reason, it is vital we use data to visualize the reality of child poverty.



Mikio Mizobata Senior Researcher Economic Research Department Daiwa Institute of Research Ltd.

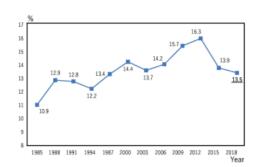
1. Child poverty close to home

When measuring poverty, using absolute income levels is appropriate if it is a question of the minimum income required to survive—as in developing countries, for example, or post-war Japan.

On the other hand, in developed countries and in general use, poverty is defined as having an income level below which there is a risk that a person lacks the resources necessary to lead a dignified life—this can take various forms, but includes becoming more socially isolated, or suffering deteriorating health.

This is known as the "relative poverty rate," and is defined as the percentage of people who do not earn half or more of the median per person household income in that country. It is known as the "relative" poverty rate, since it defines poverty as a relative income.

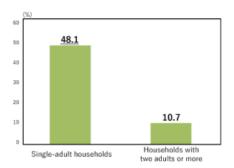
Child poverty rates



Note: "Child poverty rate" is defined as the percentage of children aged 17 or below, whose equivalent disposable income is below the poverty line

Source: Compiled by the Daiwa Institute of Research, based on the Ministry of Health, Labour and Welfare's "Comprehensive Survey of Living Conditions"

Poverty rates among working households with children, by household type (2018)



Note: "Poverty rates by household type" is defined as the percentage of the total population living in working households—whose head is aged between 18 and 64—whose equivalent disposable income falls below the poverty line.

Source: Compiled by the Daiwa Institute of Research, based on the Ministry of Health, Labour and Welfare's "Comprehensive Survey of Living Conditions"

Released in December 2020, the latest government data for 2018 shows that child poverty rates have improved a little to 13.5%. Following its 2012 peak, one of the reasons behind this improvement is the influence of Abenomics, which has raised incomes among low-income households.

However, COVID-19 has led to decreased incomes among low-income households in particular; for this reason, there is a possibility that child poverty rates could be on the rise again.

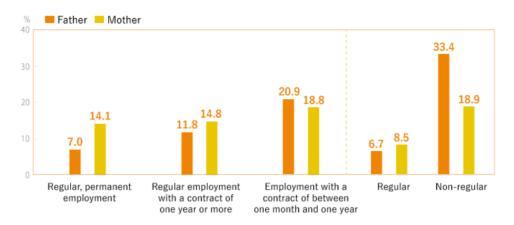
The Luxembourg Income Study Database enables us to compare poverty rates in Japan with those in other countries. Data shows that Japan's poverty rates are lower than the U.S. and Spain and other countries in southern Europe, similar to Australia and France, but higher than Finland and other countries in northern Europe.

Japan's child poverty rates are distinctive for the fact that poverty is most prevalent among single-adult households. Poverty rates are particularly severe among mother-child single-parent households.

One cause is that many women hold non-regular forms of employment, and are therefore more likely to work low-paid jobs. In father-child single-parent households, too, child poverty rates are particularly high when fathers hold non-regular forms of employment.

The traditional Japanese employment and social system—in which the husband is a regular, permanent employee and in which the wife is a full-time housewife—is no longer appropriate for the present age; and this unsuitability is manifesting itself in the form of child poverty.

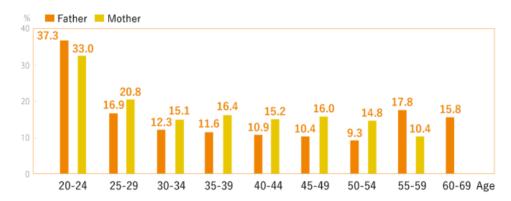
Child poverty rates, by parent employment type (2012)



Note: "Regular" refers to regular workers and employees with either permanent employment contracts or employment contracts of one year or more; "Non-regular" refers to part-time workers, temporary workers, contract workers, commissioned workers, and others; with regard to people on one-day contracts or contracts of less than one month, the sample size was too small to include in poverty rates.

Source: Compiled by the Daiwa Institute of Research, based on "Trends in Relative Poverty Rates: 2006, 2009, and 2012," by Aya Abe (2014), published on the HinkonStats ("Poverty Statistics") website

Child poverty rates, by parent age (2012)



Note: Ages refer to ages of parents in 2012

Source: Compiled by the Daiwa Institute of Research, based on "Trends in Relative Poverty Rates: 2006, 2009, and 2012," by Aya Abe (2014), published on the HinkonStats ("Poverty Statistics") website

However, the reality of child poverty does not always align with a conventional image of what poverty looks like.

The reason for this is twofold: first, poverty is defined in relative terms; second, all children today tend to own similar possessions, whether they live in poverty or not.

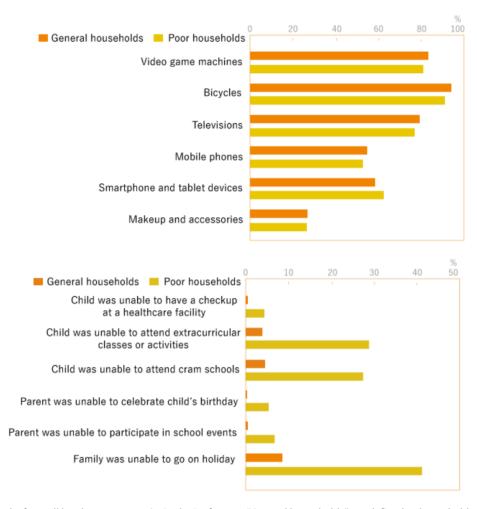
For example, there is little difference in the percentage of general households and the percentage of poor households that have video game machines, bicycles, mobile phones, or smartphones.

This is no doubt due in part to the fact that products in general cost less nowadays, and that most Japanese households earn sufficient incomes to purchase such products.

However, children of poor households are disadvantaged in terms of the experiences they enjoy—they may be unable to attend extracurricular activities, for example, or go on family holidays.

Parents of low-income households also tend to work longer hours, and for this reason they cannot spare the time to provide their children with experiences. It may well be they try and make up for this shortfall by at least providing their children with possessions. The fact that poverty manifests itself in consumption of services is one of the reasons why child poverty remains hidden from view.

Differences in child possessions and experiences, by household type (Osaka Prefecture, 2016)



Note: The graphs show results from all local governments in Osaka Prefecture; "General households" are defined as households with equivalent disposable incomes at or above the median line; "Poor households" are defined as households with equivalent disposable incomes of less than 50% of the median line

Source: Compiled by the Daiwa Institute of Research, based on "Factual survey into the lives of children in Osaka Prefecture," by Osaka Prefecture University (March 2017)

2. Economic and social impacts

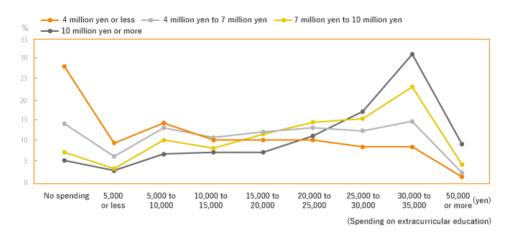
Child poverty is a serious issue because, in addition to the impact it has on children throughout their childhoods, it has a tendency to lead to adult poverty and to disparities in adult income.

The most significant way in which poverty creates chains of poverty and income disparity is education.

Japan's compulsory education system entitles all children to receive education, regardless of the income of their parents. However, the reality is that there is a link between parent income and child academic ability.

Since households with higher incomes tend to spend more on cram schools and extracurricular lessons, parent incomes can have a significant impact on the academic and cognitive ability of their children.

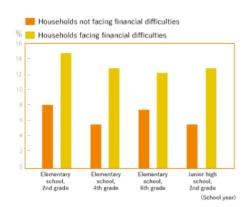
Spending on extracurricular education, by household income (for third-grade junior high school students)



Note: "Household incomes" show pre-tax incomes; "Spending on extracurricular education" is defined as average monthly spending per child on cram schools and other lessons outside of school

Source: Compiled by the Daiwa Institute of Research, based on "Analysis of impacts on academic ability, based on the FY2013 National Assessments of Academic Ability," by Ochanomizu University (March 28, 2014)

Percentage of children who have poor "Ability to overcome adversity," by household type (FY2016)



- Note 1: "Households facing financial difficulties" are defined as households that fulfill at least one of the three following criteria: a household income of 3 million yen or less; a household with a lack of daily necessities; a household that has had difficulties meeting payments in the past
- Note 2: Numbers refer to the percentage of children classified among the worst-performing groups when it comes to "Ability to overcome adversity"

Source: Compiled by the Daiwa Institute of Research, based on "Second Child health and lifestyle factual survey, FY2016 report," by Adachi Ward Education Committee, Adachi Ward; the Center for Clinical Research and Development, National Center for Child Health and Development; Department of Global Health Promotion, Tokyo Medical and Dental University (April 2017)

While study and other forms of cognitive ability are important, so too are non-cognitive abilities required to become members of society, such as patience, motivation, cooperation, and communication.

But here, too, poor households are disadvantaged. A survey looking at households in Tokyo's Adachi Ward reveals that children from poor households have a lower "ability to overcome adversity" than children from normal households.

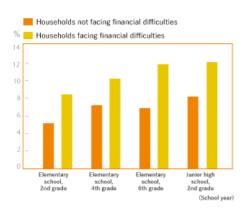
Non-cognitive abilities also impact on whether a child has a positive attitude to study, and it is easy for children of poor households to fall into a vicious circle when it comes to skills formation.

If a child suffers from poor health, then it can be difficult to maintain continued employment as an adult, with an associated risk of lower lifetime earnings.

In poor households, children tend to have unbalanced diets and are more susceptible to obesity; this, too, leads to greater future health risks.

It is likely that parents who work long hours, or who work late at night or early in the morning, do not have the time or capacity to ensure their children are eating and living healthily on an everyday basis.

Percentage of obese children, by household type (FY2016)



Note 1: "Households facing financial difficulties" are defined as households that fulfill at least one of the three following criteria: a household income of 3 million yen or less; a household with a lack of daily necessities; a household that has had difficulties meeting payments in the past

Note 2: Numbers for "Obese" refer to the percentage of children classified as "Having a propensity for obesity"

Source: Compiled by the Daiwa Institute of Research, based on "Second Child health and lifestyle factual survey, FY2016 report," by

Adachi Ward Education Committee, Adachi Ward; the Center for Clinical Research and Development, National Center for Child Health and Development; Department of Global Health

Promotion, Tokyo Medical and Dental University (April 2017)

Through skills and health disadvantages, child poverty increases the likelihood of a future deterioration of human capital. In Japan, innovation ought to be used to increase per person productivity; going forward, the quality of its human capital will become more important than ever before.

Since child poverty results in the continued deterioration of human capital, it will also lead directly to long-term falls in Japan's capabilities as a nation.

Child poverty, which is frequently hidden from view, is thus a significant risk for Japan.

The following video, recorded in June 2018, provides a commentary on this report < Japanese only ≥ □

Related reports are also available to view online < Japanese only >

Others

Daiwa Securities Group Future Support Bonds Child Support Group Sustainable Fund

Daiwa Securities Group started the "For Your Dreams–Daiwa Securities Group Smiles to Children Project" in 2017. Part of our efforts to realize a sustainable society, the project aims both to improve environments for children living in poverty and to break the chains of poverty.

As part of our "Smiles to Children Project," and in the face of the recent state of emergency occasioned by COVID-19, we created a new "Daiwa Securities Group Future Support Bonds Child Support Group Sustainable Fund" in collaboration with Public Resources

Some of the proceeds from the Daiwa Securities Group Future Support Bonds corporate bonds we issued in June 2020 will be allocated to this fund.

The purpose of the Child Support Group Sustainable Fund

- It can be difficult for organizations seeking to improve environments and break the chains of poverty for children living in difficult financial circumstances to continue their support activities during natural disasters or pandemics; for this reason, Daiwa Securities Group aims to enhance both the business continuity and the resilience of such organizations.
- By providing subsidies worth up to 3.5 million yen per year, we hope to encourage recipient organizations to establish business and organizational models capable of providing continued support to children living in financial difficulties.
- We intend to share the results of our fund's activities with private non-profit sectors and government sectors through PR campaigns.

Organizations and initiatives eligible for funding

- Non-profit organizations, including incorporated non-profit organizations, general incorporated associations, social welfare corporations, and public interest corporations
- Subsidies are to be used for establishing structures that enable recipient organizations to continue their activities even in times of emergency, such as during the coronavirus pandemic or natural disasters; this includes enabling teleworking, enabling work processes to be carried out online, enabling online fundraising, and formulating business continuity plans. Only initiatives aimed at enabling business continuity are eligible for funding.
- As COVID-19 continues to have a significant impact on society, in its first fiscal year the fund will also support measures to ensure
 organizations can conduct business during the pandemic.
 However, similar conditions also apply to COVID-19; that is, only initiatives aimed at establishing structures to continue activities
- during the pandemic are eligible.
- The fund will focus on providing subsidies to organizations that work with children up to the age of 18; however, this is not a condition of eligibility.

Subsidy details

- Subsidies will be provided up to a maximum of 3.5 million yen per initiative
 Requested subsidy values may be screened depending on the content of the application
- Subsidies will be provided for a single fiscal year only
- Number of organizations: about eight organizations per year

Selection criteria

- Reliability of the applicant organization (meeting application requirements, etc.)
 Whether the applicant carries out organizational management appropriately
 Whether the applicant carries out information disclosure appropriately etc.
- Whether the applicant has clearly identified issues with and drawn up logic models for its existing business
- Whether the content and goals of the applicant's business accords with the aims of the fund
- Whether the applicant proposes initiatives that are reasonable and achievable
- Whether the applicant can be expected to be an example to and generate ripple effects for other organizations

Selection results for FY2021 (Second year)

In FY2021, we received applications from a total of 70 organizations. Following a primary screening based on written documents, and a secondary screening based on interviews, the Screening Committee chose the seven organizations listed below.

Organizations Selected for FY2021, Second year

Organization name	Location	Project name	Amount of grant (yen)
eboard (NPO)	Nishinomiya City, Hyogo Prefecture	Strengthening fundraising by creating a donation site for individuals and managing advertisements	3,500,000
Weeds (NPO)	Funabashi City, Chiba Prefecture	Sharing business know-how and building a network of supporters to stay close to children suffering from the family environment nationwide	3,500,000
ACE (certified NPO)	Toshima-ku, Tokyo	Development of workshops and programs to improve the abilities of child supporters	3,500,000
SOS Children's Villages Japan (Certified NPO)	Fukuoka City, Fukuoka Prefecture	Strengthening fundraising by introducing a mechanism to completely revise the website and verify the effects of the business expansion phase	3,500,000
CPAO (Certified NPO)	Osaka-shi, Osaka	Strengthening outreach for parents and children with poor living and strengthening fundraising for supporters using online	3,500,000
Chance For ALL (NPO)	Adachi-ku, Tokyo	Strengthening online recruitment of personal donations that will be the source of scholarships	3,500,000
Yamaguchi Sawayaki Network (NPO)	Yamaguchi City, Yamaguchi Prefecture	Construction of a support system for donations and receipt of supplies for children's cafeterias, etc.	3,500,000

Total subsidies provided in FY2021 (Second year)

24,500,000 yen

Selection results for FY2020 (the fund's inaugural year)

In FY2020, we received applications from a total of 60 organizations. Following a primary screening based on written documents, and a secondary screening based on interviews, the Screening Committee chose the eight organizations listed below.

Organizations Selected for FY2020, the fund's inaugural year

Organization name	Location	Project name	Amount of grant (yen)
ASK-NET (NPO)	Nagoya City, Aichi Prefecture	Project to establish an online youth center	3,500,000
SANKAKUSHA (NPO)	Toshima Ward, Tokyo	Reviewing business plans, and formulating manuals for preventing infection when providing face-to-face emergency support, in the light of COVID-19	3,500,000
3keys (certified NPO)	Shinjuku Ward, Tokyo	Creating structures for child support, for which administrative budgets are limited (strengthening fundraising)	3,500,000
DxP (certified NPO)	Osaka City, Osaka Prefecture	Strengthening fundraising through website improvements and advertising operations	3,500,000
TOYBOX (NPO)	Osaka City, Osaka Prefecture	Project to establish emergency ICT training environments	2,540,000
Toshima Kodomo Wakuwaku Network (NPO)	Toshima Ward, Tokyo	Establishing foundations for the promotion of public-private collaborations, and establishing soft infrastructure for providing food aid	1,782,400
PIECES (Certified NPO)	Bunkyo Ward, Tokyo	Project to strengthen fundraising structures, in order to support business expansion	3,413,000
Fair Start Support (NPO)	Yokohama City, Kanagawa Prefecture	Creating models for providing online support to job seekers	3,000,000

Total subsidies provided in FY2020 (the fund's inaugural year)

24,735,400 yen

For further details, please see the <u>Public Resources Foundation</u> \square website

Daiwa Securities Group Child Support Fund for Bright Future

The 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 working on child poverty issues.

Objectives of the Fund

The fund supports unique and pioneering businesses that seek to improve the living environments of children living under difficult economic conditions and to break the chain of poverty as well as business development.

Grantees

- Nonprofit corporations, general incorporated foundations, social welfare corporations, public service corporations, and other nonprofit organizations
- Subsidies cover business development activities.
- Projects deemed to be similar to numerous other businesses are not eligible.
- The fund emphasizes the development of businesses that target children under the age of 15 years (particularly elementary schoolage children) (however, this is not a limitation).

Details of Grants

- Grants are limited to ¥3.35 million (fourth series of grants for FY 2020)
- Grants are provided for a maximum of three consecutive years (continuation is not automatic, and screening is conducted each year).
- Number of grantees: Two to three organizations each year
- Use of the grant funds is limited to business development activities.

Screening Criteria

Evaluation items
Is there a clear logic model for initiatives designed to reduce the risk of future child poverty?
Are the initiatives pioneering?
Does the business development plan set clear targets to ensure the effectiveness and continuity of the initiatives?
Has an appropriate business development plan been established?
Is the organization as a whole managed appropriately?

FY2021 (Fifth Series) Screening Results

Applications for continuing grants were received from all two organizations, and following a screening process (interviews), the screening committee deliberated and selected both organizations for continuing grants.

Organizations Selected for Continuing Grants (third year) in FY2021 (Fifth Series)

Organization name	Location	Theme	Amount of grant (yen)
<u>Panorama</u> (<u>NPO)</u> □	Yokohama City, Kanagawa Prefecture	Business development to foster human resources of in-school cafe operators and implementers	3,350,000
Fair Start Support (NPO) □	Yokohama City, Kanagawa Prefecture	Business development to support community- based employment programs for children's homes	3,350,000

Total Amount of Grants Awarded in FY2021 (Fifth Series)

¥6.7 million

Others

Fifth Presentation Ceremony

The fifth presentation ceremony and activity report session were held online on January 25, 2022.



FY2020 (Fourth Series) Screening Results

Starting in FY2020, only continuing programs will be granted subsidies. Applications for continuing grants were received from all four organizations, and following a screening process (interviews), the screening committee deliberated and selected all four organizations for continuing grants.

Organizations Selected for Continuing Grants (second year) in FY2020 (Fourth Series)

Organization name	Location	Theme	Amount of grant (yen)
Panorama (NPO)	Yokohama City, Kanagawa Prefecture	Business development to foster human resources of in-school cafe operators and implementers	3,350,000
Fair Start Support (NPO)	Yokohama City, Kanagawa Prefecture	Business development to support community- based employment programs for children's homes	3,350,000

Organizations Selected for Continuing Grants (third year) in FY2020 (Fourth Series)

Organization name	Location	Theme	Amount of grant (yen)
Education A ₃ (Certified NPO)	Fukuoka City, Fukuoka Prefecture	Business development of the learning complex "Study Place"	3,350,000
<u>DxP</u> (<u>certified NPO)</u> □	Osaka City, Osaka Prefecture	Business development to provide "places where one belongs" by effectively using classes and classrooms in collaboration with schools	3,350,000

Others

Total Amount of Grants Awarded in FY2020 (Fourth Series)

¥13.4 million

FY2019 (Third Series) Screening Results

In FY2019, applications were received from 38 organizations. Following an initial screening (document based) and a secondary screening (interviews), the screening committee deliberates and selected the seven organizations set forth below, of which two received new grants and five received continuing grants.

Organizations Selected for New Grants for FY2019 (Third Series)

Organization name	Location	Theme	Amount of grant (yen)
Panorama (NPO)	Yokohama City, Kanagawa Prefecture	Business development to foster human resources of in-school cafe operators and implementers	2,620,000
Fair Start Support	Yokohama City, Kanagawa Prefecture	Business development to support community- based employment programs for children's homes	3,000,000

Organizations Selected for Continuing Grants (second year) in FY2019 (Third Series)

Organization name	Location	Theme	Amount of grant (yen)
Education A ³ (Certified NPO)	Fukuoka City, Fukuoka Prefecture	Business development of the learning complex "Study Place"	3,120,000
DxP (certified NPO)	Osaka City, Osaka Prefecture	Business development to provide "places where one belongs" by effectively using classes and classrooms in collaboration with schools	3,120,000

Organizations Selected for Continuing Grants (third year) in FY2019 (Third Series)

Organization name	Location	Theme	Amount of grant (yen)
SOS Children's Villages Japan (Certified NPO). □	Fukuoka City, Fukuoka Prefecture	Business development for support projects for families' future: Outreach and network-oriented family support trials	3,120,000
PIECES (Certified NPO)	Bunkyo Ward, Tokyo	Business development for local outreach human resource development programs for isolated children	3,120,000
Learning for All (NPO)	Shinjuku Ward, Tokyo	Business development for learning support and knowledge development	3,120,000

Total Amount of Grants Awarded in FY2019 (Third Series)

¥21.22 million

FY2018 (Second Series) Screening Results

In FY2018, applications were received from 43 organizations. Following an initial screening (document based) and a secondary screening (interviews), the screening committee deliberates and selected the five organizations set forth below, of which two received new grants and three received continuing grants.

Organizations Selected for New Grants for FY2018

Organization name	Location	Theme	Amount of grant (yen)
<u>DxP</u> (<u>certified NPO)</u> □	Osaka City, Osaka Prefecture	Development of a business providing "places where one belongs" by effectively using classes and dining halls in collaboration with schools	3,200,000
Education A ³ (Certified NPO)	Fukuoka City, Fukuoka Prefecture	Business development of the learning complex "Study Place"	3,150,000

Organizations Selected for Continuing Grants for FY2018

Organization name	Location	Theme	Amount of grant (yen)
SOS Children's Villages Japan (Certified NPO) □	Fukuoka City, Fukuoka Prefecture	Business development of "Support Project for Families' Future" (Subtitle) Network-oriented family support through outreach and foster families	3,200,000
PIECES (Certified NPO). □	Bunkyo Ward, Tokyo	Business development of "Regional Outreach Human Resources Development Program for Isolated Children"	3,200,000
Learning for All (NPO)	Shinjuku Ward, Tokyo	Business development of "Transmission of Knowledge in Learning Support"	3,200,000

^{*} The maximum amount of grant for FY2018 (Second Series) was ¥3.2 million.

Total Amount of Grants Awarded in FY2018 (Second Series)

¥15.95 million

FY2017 (First Series) Screening Results

Organizations Selected for New Grants for FY2017 (First Series)

Organization name	Location	Theme	Amount of grant (yen)
SOS Children's Villages Japan (Certified NPO) □	Fukuoka City, Fukuoka Prefecture	Business development of "Support Project for Families' Future"	3,000,000
PIECES (Certified NPO)	Bunkyo Ward, Tokyo	Business development of "Regional Outreach Human Resources Development Program for Isolated Children"	3,000,000
<u>Learning for All</u> (NPO) □	Shinjuku Ward, Tokyo	Business development of "Transmission of Knowledge in Learning Support"	3,000,000

^{*} The maximum amount of grant for FY2017 (First Series) was ¥3.0 million.

^{*} PIECES was approved as a certified NPO in 2018.

Our strategy for achieving SDGs | Initiatives through Business Activities | Corporate Governance | Addressing social issues | Social Contribution Activities | Environmental Initiatives | Others

Total Amount of Grants Awarded in FY2017 (First Series)

¥9 million

For further details, please see the <u>Public Resources Foundation</u> \square website

Others

Basic Policy for Social Contribution Activities

Daiwa Securities Group has formulated the Basic Policy for Social Contribution Activities to strengthen its governance structure to oversee and promote the implementation of social contribution activities.

1. Objective

Daiwa Securities Group proactively engages in group-wide social contribution activities to gain the trust of stakeholders, including our customers, shareholders, investors, local community, and NPO. The Group recognizes that contributing to society, one of the core values portrayed in the Corporate Principles and the Daiwa Spirit, will lead to improving corporate value. By solving social issues through its business activities and pursuing both corporate social values and economic values at the same time, the Group works actively on creating a sustainable and prosperous society.

Under such circumstances, the Group has formulated the Basic Policy for Social Contribution Activities. The purpose of the policy is to strengthen its governance structure to oversee and promote the implementation of social contribution activities. While working closely with stakeholders, the Group publicly discloses its activities and outputs. The policy was approved by the Head of SDGs and will be revised regularly for the purpose of building a better society

2. Priority Areas

The Group considers it important to work together with both internal and external stakeholders as a good corporate citizen engaging in consistent collaboration with the both local and global communities to foster sustainable development. The Group's focus areas for social contribution activities are:

• Financial Education and research

in partnership with our stakeholders.

Capitalizing on economic and financial expertise accumulated through its securities business, the Group provides education programs and supports for various generations in order to help develop the capacity to build their own lives and the asset management skill.

• Contribution through foundations and NPOs

To realize a prosperous society, the Group provides support where needed by delivering funds and grants to NPO/NGO.

• Support for culture and the arts

The Group provides support for a wide range of cultural and artistic activities. These include exhibitions, classical concerts, and sports.

• Corporate citizenship initiatives

The Group believes that employee volunteering helps broaden their perspectives and familiarize them with different values. This, in turn, has a good influence on both their work and lives. For this purpose, the Group provides its employees with information on volunteer projects planned by ourselves and NPO/NGO as well as events that help raise their awareness. The Group also makes participating in volunteering easy by setting up a recognition program and introducing volunteer leave.

Others

3. Principles for Implementation & Monitoring Mechanism

Donations or grants provided to organizations are determined based on their credibility, continuity, and effectiveness in accordance with internal regulations. Upon receipt of progress reports by grantees, the Group monitors and evaluates their grant utilization and reporting framework.

4. Related SDGs















Please refer to the following for the details of our social contribution activities.

- > Financial Education and Research
- > Contribution through foundations and NPOs
- > Support for culture and the arts
- > Corporate citizenship initiatives

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

Ideal World (Japanese)



The Potential of Nobishiro House (Japanese)



The Sea, the Future, and Youth (Japanese)



SDGs Creative Award

The SDGs Creative Award 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.

Others

Third Daiwa Securities Group Award

NGO LOOB

"Garbage is a pop treasure! A global partnership across the ocean towards a world free of plastic pollution"



NGO LOOB is a non-governmental organization that has been engaged in youth development and community development in the Philippines since 2001. This video introduces the fair trade that has been implemented at LOOB since 2007, where waste juice packs are reused and upcycled.

Products can be purchased at the online shop. \Box

Second Daiwa Securities Group Award

Ryuzo Tanaka, Taki Corporation, "TAKI SMIKLE DESIGN LABO \times Chonmagetai—Lala Tree" (Japanese)



First Daiwa Securities Group Award

Yusaku Kanagawa, "Verde Africa Forever" (Japanese)



Children's Art Exhibit Held

With cooperation from the Japan National Council of Social Welfare and the National Council of Children's Homes, we borrowed paintings created by children living in children's homes and displayed 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)



Other Support Programs

Daiwa Securities Group continues to provide support to promote sports, culture, and the arts.

Media Gallery (support programs) (Japanese)

Charity project held with Kashima Antlers F.C.

Daiwa Securities, in cooperation with official partner Kashima Antlers F.C., carried out a charity project on June 1-24, 2022, using the KASSAI tipping service of Fintertech Co., Ltd. In this project, fans and supporters purchase their favorite gifts and the money is donated to Japan Heart, an NPO that supports childhood cancer patients.

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Approximately 6.2 million yen of support funds were collected from 528 participants.

One charity participant commented, "I was able to use money to solve social issues." We were able to propose a fund circulation system that contributes to the SDGs.

At a match sponsored by the Group on June 18, a ceremony was held for Ryuji Otsuki, President and CEO of CONNECT Co., Ltd, to hand over the list of donations to Japan Heart.



Contribution through Foundations and NPOs

By donating through its foundations and funds and subsidizing NPOs, Daiwa Securities Group continually strives to support vulnerable populations to realize a prosperous society.

Daiwa Securities Health Foundation >

Daiwa Securities Health Foundation began providing grants in FY1973. 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. Although medical technology has made remarkable progress in recent years, the risk of new infectious diseases and lifestyle-related diseases has not disappeared. In order to realize the "extension of healthy life expectancy" that enables people to live healthy and enriched lives, the Foundation will continue to provide research grants to contribute to the improvement of welfare in the areas of medicine, medical care, and nursing care.



FY2021 Presentation ceremony at Daiwa Securities Health Foundation (Head Office)

Daiwa Securities Health Foundation's cumulative grants awarded through FY2021

Number of recipients	1,375 people
Total amount of grants	¥1,350,4 million

Daiwa Securities Foundation >

Daiwa Securities Foundation began providing grants in 1994. It currently provides grants to support activities for the elderly, children with disabilities, and children, and other volunteer work of great social significance, as well as to support activities for victims of large-scale natural disasters such as earthquakes and torrential rain. In FY2018, the Foundation expanded its scope of support with its grants covering activities that give children dreams and smiles and connect them to a brighter future. The purpose of the Foundation is to

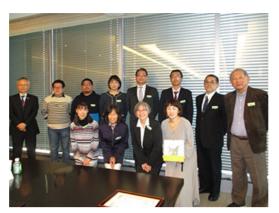
Our strategy for achieving SDGs

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carry out activities that inspire and popularize the volunteer spirit and to create environments in which anyone can participate in volunteer activities at any time, thereby contributing to the improvement of welfare.



FY2021 Presentation ceremony at Daiwa Securities Foundation (Head Office)

Daiwa Securities Foundation's cumulative grants awarded through FY2021

Volunteer Activities Grants	 Number of projects receiving grants: 4,044 projects Total amount of grants: ¥950.49million
Grants to activities supporting children	 Number of projects receiving grants: 26 projects Total amount of grants: ¥12.50 million

Media reports concerning grant activities

In FY2021, there were no media reports as announcements to the media were not made and the presentation ceremony was held with minimum attendance to prevent the spread of the COVID-19.

Daiwa Anglo-Japanese Foundation >

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.

Activities

- 1. Awarding grants to projects in a variety of fields by individuals, institutions, and organizations working to promote ties between the United Kingdom and Japan
- 2. Awarding Daiwa Scholarships to British university graduates

 (including for one-year Japanese language study, four-week home-stays, and six-month on-the-job training in specialized fields)

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Activities

- 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 also being held online (as webinars) due to the COVID-19 pandemic.
- 5. Organizing events in Japan in collaboration with the British Embassy and others

Daiwa Scholars and Daiwa Scholars in Japanese Studies

Daiwa Scholars 2020

The five Daiwa Scholars 2020 who were scheduled to visit Japan in 2020 have postponed their visits due to the COVID-19 pandemic.

Cumulative number of people completing the Daiwa Scholar program by FY2019

190 people

> Click here to learn more about Daiwa Scholarships

Daiwa Japan Studies Scholars 2020

2020: 3 students selected

One completed a master's degree at Cambridge University, one is currently enrolled in a master's degree program at Oxford University, and one is currently enrolled in a master's degree program at Waseda University.

Daiwa Japan Studies Scholars 2021

2021: 4 students selected

One is currently enrolled in a master's degree program at Oxford University, and the other three are currently enrolled at universities in Japan (PhD program at Tokyo Metropolitan University, master's degree program at the University of Tokyo, and master's degree program at Tokyo University of the Arts).

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

Our strategy for achieving SDGs		/		Social Contribution Activities	Environmental Initiatives	Others
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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 and FY2021 programs were postponed.
- *2 In consideration of the COVID-19 pandemic, training was conducted online in FY2020 and was not conducted in FY2021.

Daiwa Myanmar-Japan Foundation's cumulative grants awarded through FY2021

Number of Myanmar citizens receiving scholarships	30 people
Number of participants in public accountant training	100 people

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

	ocial Contribution Environmental Others Initiatives
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)
Donation in response to the heavy rain disaster in northern Kyushu in FY2017	10 million yen

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)

Support for the "New Tohoku" Restoration Business Contest (FY2016-FY2020)

The Restoration Business Contest is one that recognizes and supports business plans that lead to the restoration of the areas affected by the Great East Japan Earthquake. Daiwa Securities Group supported the contest from FY2016 to FY2020. In addition to the grand prize and awards of excellence, the "Daiwa Securities Group Phoenix Award" was established as one of the corporate awards.

FY2016	Makuta Amenity Co., Ltd. (Fukushima, Fukushima)	Utilizing IoT and AI to strengthening business competitiveness in the local agricultural sector
FY2017	MORIUMIUS (Ishinomaki, Miyagi)	MORIUMIUS, a facility providing children with multi-layered experiences
FY2018	Sanriku Toretate Ichiba (Ofunato, Iwate)	Ride the global wind! High value-added seafood and sashimi exports based on local cooperation
FY2019	PHOENIX Inc. (Morioka, Iwate)	Snowplow system with one-handle operation that anyone can operate with ease
FY2020	AZ Create Co., Ltd. (Kitakami, Iwate)	"Enjoy Iwate" activity support website, bringing more joy to your life!

Corporate Governance Addressing social issues

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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)

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 presented.

> 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)

Our strategy for achieving SDGs

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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) 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.S.-based 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)

Corporate Governance Addressing social issues



Environmental Initiatives Others

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

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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)

Kopernik Program

Providing Appropriate Technologies to Developing Countries in Order to Improve Lives and Break the Chain of Poverty



Daiwa Securities Group supports the program of Kopernik, a non-profit organization that was established on February 19, 2010 to improve lives and break the chain of poverty in developing countries.

Kopernik uses the Internet provides a mechanism that enables donors to select projects in support regions and products that are locally needed (such as solar lamps and simple water purifiers) for donation to recipients. Since the use of donations can be clarified and support can be provided to local partners that take direct action locally, the organization is able to efficiently provide support that accurately meets local needs.



Donations sourced from our revenue from the Russell Investment Global Environmental Technology Fund are allocated as set forth below and to operational expenses of Kopernik.

- (1) Projects to directly provide products and technologies that will be useful for raising the living standards of impoverished persons in developing countries
- (2) Trials of products and technologies taking into account local issues and surveys of local needs

FY2021 - FY2022 Recipients

The following project was selected for grants.

Country of Implementation	Project	Grant Amount (US\$)
Indonesia	Improving livelihoods in the fisheries sector in coastal areas	6,473

FY2020 - FY2021 Recipients

The following three projects were selected for grants.

Country of Implementation	Project	Grant Amount (US\$)
Indonesia	Increasing the added value of seaweed	19,337
	Improving sorting of waste	13,696
	Seawater desalination project	2,610

FY2019 - FY2020 Recipients

The following three projects were selected for grants.

Country of Implementation	Project	Grant Amount (US\$)
	Reducing crop damage through pest control in paddy fields	10,306
Indonesia	Cultivating and conducting dietary education on highly-nutritious moringa to improve children's nutrition	9,043
	Preserving water quality for sustainable batik industry	5,295

FY2018 - FY2019 Recipients

The following three projects were selected for grants.

Country of Implementation	Project	Grant Amount (US\$)
	Increasing rice production yields by improving rodent countermeasures	9,900
Indonesia	Extraction of honey using tubular filters	8,900
	Emergency support for the Sunda Strait tsunami	10,100

FY2017 - FY2018 Recipients

The following six projects in two regions were selected for grants.

Country of Implementation	Project	Grant Amount (US\$)
Indonesia	Improvement of irrigation systems: drip type irrigation systems using plastic bottles	4,800
	Grain storage method that contributes to farmers securing food and increasing their incomes	3,600
	Solar systems providing access to electricity	6,300
	Palm leaf cutting machines that improve farmers' processing skills	3,900
	Provision of clean energy technology to schools and students in remote areas	7,700
Bangladesh	Support to Rohingya refugees: solar power generation systems for health care	4,200

FY2016 - FY2017 Recipients

The following 11 experimentation projects in Indonesia were selected for grants.

Country of Implementation	Project	Grant Amount (US\$)
	Storage method that improves the quality of agricultural products	1,500
	Testing of low-cost seawater desalination technology	2,000
	Extraction of honey using tubular filters	3,000
	Study on recyclable sanitary napkins and girls' school attendance	3,000
	Testing of effects of handmade solar drying machine	2,000
Indonesia	Improvement of solar-based cacao processing method	5,800
	Homemade solar lantern	2,400
	Solar drying machine	5,500
	Gas detector for keeping watch on forest fires	2,500
	Testing of water quality sensor	2,000
	Plastic waste recycling equipment	3,000

FY2015 - FY2016 Recipients

The following four projects in three regions were selected for grants.

Country of Implementation	Project	Technology Distribution	Grant Amount (US\$)
Turkey	Provision of technology to female refugees fleeing war in Syria	Hygiene supply kit	20,000
Cambodia	Provision of technology to the people of Kratie	Solar lamps Water purifiers Cooking stoves	5,333
	Provision of technology to the people of Siem Reap	Solar lamps Cooking stoves	6,676
Myanmar	Research on needs to improve the living standards of impoverished farmers	-	11,222

FY2014 - FY2015 Recipients

The following three projects in two regions were selected for grants.

Country of Implementation	Project	Technology Distribution	Grant Amount (US\$)
Indonesia	Promoting the use of solar lamps, water purifiers, and cooking stoves to local women with the aim of improving the living standards of people living in Pulau Flores	Solar lamps Water purifiers Cooking stoves	14,663
	Provision of high combustion efficiency cooking stoves to replace cooking methods that generate a lot of smoke for people living in farming villages in Soppeng Regency, South Sulawasi Province	Cooking stoves	5,856
Cambodia	Technology fair held to determine what kinds of technologies will lead to solutions to the issues that the Cambodian people are facing	Solar lamps Water purifiers Cooking stoves Mosquito nets	17,862

FY2013 – FY2014 Recipients

The following six projects in four regions were selected for grants.

Country of Implementation	Project	Technology Distribution	Grant Amount (US\$)
Myanmar	Using high combustion efficiency cooking stoves to reduce firewood consumption and improve cooking environments	Cooking stoves	8,336
	Introducing water purifiers to support the provision of clean drinking water	Water purifiers	6,072
India	Provision of cooking stoves and solar lamps to semi-nomadic communities in India	Solar lamps	3,718
Indonesia	Provision of technology to families living in the Poso region after conflict	Water purifiers Cooking stoves Solar lamps	6,412
	Provision of solar lamps to families living in Yahukimo Regency, Papua Province	Solar lamps	7,334
East Timor	Provision of solar lamps to East Timor to reduce the dumping of batteries from fishing boats and reduce deterioration of the environment	Solar lamps	14,050

FY2012 Recipients

The following six projects in five regions were selected for grants under the FY2012 program.

Country of Implementation	Project	Technology Distribution	Grant Amount (US\$)
Bangladesh	Provision of solar lamps to river island residents in northern Bangladesh	Solar lamps	8,775
Indonesia	Provision of clean water in impoverished regions Bali	Water purifiers	6,678
	Provision of commercial cooking stoves on remote islands of Indonesia	Cooking stoves	12,000
East Timor	Provision of safe birth kits to clinics in East Timor	Matenoble birth kits	9,345
Vietnam	Provision of hearing aids to schools for the deaf in Vietnam	Hearing aids	8,500
Philippines	Provision of solar lamps in mountain regions of the Philippines	Solar lamps	4,883

FY2011 Recipients

The following six projects in five regions were selected for grants under the FY2011 program.

Country of Implementation	Project	Technology Distribution	Grant Amount (US\$)
	Provision of water purifiers to flood victims	Water purifiers	5,000
India	Provision of high efficiency cooking stoves to women in India	Biomass cooking stoves	1,623
Indonesia	Creation of jobs to spread technology by making use of women's networks	Water purifiers, cooking stoves	26,190
Philippines	Provision of attractive and sustainable lights in highland regions of the Philippines	Solar lanterns	8,648
East Timor	Provision of lights to fishermen on isolated islands	Solar lanterns	7,340
Vietnam	Phase II: Provision of hearing aids and training to deaf children	Solar hearing aids	10,417

FY2010 Recipients

The following nine projects in four regions were selected for grants under the FY2010 program.

Country of Implementation	Project	Technology Distribution	Grant Amount (US\$)
	Provision of lights in East Timor	Solar lanterns	20,271
	Provision of lights to midwives	Solar lanterns	1,845
East Timor	Provision of clean water to agricultural villages in East Timor	Solar water purification systems	7,495
	Energy from biomass	High energy efficiency cooking stoves and biomass charcoal kits	4,345
	Provision of biomass cooking stoves in agricultural villages in Indonesia	High energy efficiency cooking stoves	5,035
Indonesia	Provision of lights to forest communities	Solar lanterns	8,010
	Provision of biomass cooking stoves for recovery following the eruption of Mount Merapi	Biomass cooking stoves	9,397
Vietnam	Restoring the hearing of children	Solar hearing aids	14,995
India	Improving living standards in communities in India	Solar lanterns	5,291

Corporate Citizenship Initiatives

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

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 inhouse magazine and internal TV programs.

"Jeans Day"



For the purpose of charity for those affected by COVID-19 infection, we hold an event "Jeans Day" on the 1st of a month where officers and employees come to work in casual clothes and raise funds. In the first half of FY2021, we donated the entire amount of the donation to the Red Feather campaign. In March 2022, in view of the current situation surrounding Ukraine, the Japan Committee for UNICEF "Ukraine Emergency Fundraising" was selected as the donation destination. A total of more than 20 million yen is donated in one year to create opportunities to participate in social contribution activities, and a different atmosphere and communication style are created, contributing to a well-ventilated work environment and improving employee engagement.

> Donations to recipients of "Support Terme Deposits" by "Jeans Day"

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 FY2021 through collection drives (equivalent monetary value)

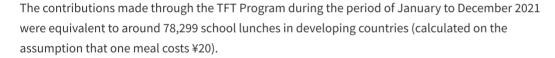
- Used Book Sale Donation for Children's Future: ¥247,247
- Japan Committee "Vaccines for the World's Children": ¥147,602
- Live with Friends on the Earth: ¥41,213

Others

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.







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.

Initiatives in Japan

Held a charity project with Kashima Antlers FC

> For details, click here.

Participate in food drive activity

At the Daiwa Securities Matsuyama Branch, they conducted a "food drive activity" to collect and donate surplus food from each household.

About four boxes of cardboard food, such as rice and beverages, brought by employees from each household were donated to organizations that need food, such as the children's cafeteria, through the Matsuyama Chamber of Commerce and Industry. Through such activities, each and every employee will continue to be interested in reducing food loss and will actively work to contribute to society and achieve the goals of the SDGs.



Donated food and members of Matsuyama branch



Letter of appreciation received from Matsuyama Chamber of Commerce

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.

Efforts for the sustainable development of local communities

Daiwa Office Investment Corporation is making efforts to contribute to the sustainable development of local communities by participating in various councils related to urban development and cooperating in participation in local events.

In addition, using the site of the office building they own, they will install a shared electric kickboard / share cycle port and attract kitchen cars, etc., and social life of tenant employees, residents, local residents, etc. They are trying to improve the above convenience.



Installation of electric kickboard (Daiwa Tsukishima building)



Attracting kitchen cars (Daiwa Nakano Sakaue building)

Efforts at healthcare facilities

At Daiwa Securities Living Investment Corporation, employees of the management company visit healthcare facilities owned nationwide several times a year for the purpose of deepening their understanding of the on-site work of operators in healthcare facilities and services for facility residents. They participate in exchange events (family social gatherings, senior citizens' associations, etc.), employee experience training, and help with daily work (cleaning, pruning of courtyard plants, etc.). They will continue to actively make this effort as part of our contribution to the local community.

(* Currently, due to the epidemic of COVID-19 infection, the above efforts are suspended to prevent infection.)



State of summer festival (Alpha Living Takamatsu station square)



State of planting pruning (Alpha Living Takamatsu Hyakkenmachi)

Initiatives against COVID-19

Daiwa Securities Hotel Private Investment Corporation will provide its hotel facilities as temporary self-isolated accommodation facilities after entering Japan as an initiative to combat COVID-19 infections. They accept returnees and immigrants, including foreign students and technical trainees, from overseas.

Initiatives Taken by the Group's Overseas Offices

Activities at the Group's London Operational Base

Daiwa Securities Capital Markets Europe Limited ("DCME") established the Sustainability Oversight Group in 2020. The Group, chaired by the Head of Strategy and Executive Governance, is comprised six working groups: Business Development; Regulation & Risk; Sustainability; Charity; Wellbeing and Diversity & Inclusion.

In January 2022, DCME created a new post of Head of ESG to develop the ESG-related strategy, solutions and services. DCME, with leaders across the Daiwa Securities Group, work to generate ESG-related client opportunities, advance their net zero efforts and educate colleagues for developing their collective expertise on sustainability initiatives and further embedding ESG and the SDGs at the heart of their strategy.

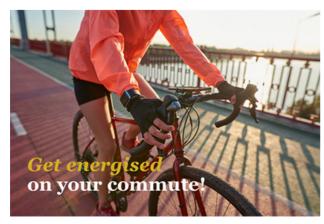
> Tarek Hasan's bio

The Wellbeing Working Group

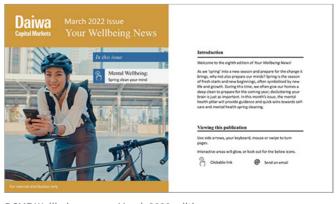
The Wellbeing Working Group aims to build a workplace environment and foster a culture that is supportive of all aspects of wellbeing. The wellbeing strategy has been developed against 7 pillars: physical, mental, social, spiritual, environmental, financial and emotional. They have also continued to populate 'Your Wellbeing News' every two months.

During the last few months, the working group have arranged additional Mental Health First Aider training and published a call for further volunteers to continue and improve mental health and wellbeing support for all employees.

DCME and the Wellbeing Working Group offered free bike servicing to all employees on 20th April to encourage those to do more exercise and save on commuting into the office.



'Get Energised on your commute' Comms which was sent to all staff.



DCME Wellbeing news - March 2022 edition

Others

The Diversity & Inclusion Working Group

The Diversity & Inclusion Working Group works closely with People and Culture to assist in delivering the firms D&I objectives. It is organised into four sub-groups on Gender & Family, Race & Ethnicity, LGBTQ+ and Multi-Faith.

In October 2021, DCME implemented a Black history month initiative called 'Shining a Light'. This is where colleagues kindly volunteered to share their stories including their background, childhood and first experiences of becoming aware of race. Their stories were posted on the intranet and the link was sent out in the Internal Communications email.

Shine a light on our black colleagues - Black History Month 2021

This October, we are taking the opportunity to thine a light on some of our black colleagues, who have kindly volunteered to thave their stories, including their background, childhood and first experiences of becoming aware of race. Click on the images below to







Senior Project Manager, Associate Director, Central Portfolio Management Office (CPMC



Managing Director, Regional Head
O of Group Internal Audit,
Furnoe and Middle Fast

Shining a Light initiative - October 2021

On 31st March to celebrate 'Transgender Day of Visibility', which was founded in 2009, the working group shared key facts and external links for employees to learn more. They are also looking to hold a workshop to raise LGBTQ+ awareness for up to 50 employees.



Banner for Transgender Day of Visibility.

For International Woman's Day, the working group held a lunch seminar with the tag #BreakTheBias. This was led by members of senior leadership, including Megan McDonald (CEO), Shuntaro Nagashima (President of Strategic Business Development), Sarah Cawthra (Chief People Officer), Carolyn Jones (Head of Legal, Chair of D&I Working Group) and Tarek Hasan (Head of ESG).



Speakers from the IWD event - break the bias.

Corporate Governance Addressing social issues

Social Contribution Activities

Environmental Initiatives Others

The working group has the following plans set for 2022/2023 including:

- Tokyo Pride networking event (24/25 April)
- HR D & I Data collection
- Tommy's Resource
- Launch of Multi-faith Prayer / Quiet room





Tommy's pregnancy and parenting work package stats

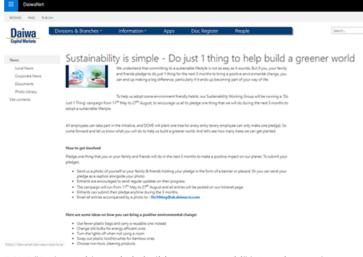
The Sustainability Working Group

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 ran a 'Do Just 1 Thing' campaign from 11th May to 27th August, to encourage everyone at DCME to pledge one thing they would do during those 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

Our strategy for achieving SDGs

Initiatives through Business Activities Corporate Governance Addressing social issues

Social Contribution Activities

Environmental Initiatives

Others

The Charity Working Group

The Charity Working Group have been working on further projects and initiatives in the recent months. In March, DCME participated in the Cycle for Smart Works charity initiative again, cycling a total of 520 miles and raising over £1,129 for this charity.

Also, following on from DCME's exceptional volunteering efforts at last year's Summer Lunch Club, Hackney Foodbank have invited the Charity Working Group and all employees to take part in this year's Summer Tesco Collection, which will take place on the 30th June and 1st July. This will allow employees to raise awareness of the food bank and the critical work they do in the community.



Banner sent to DCME staff to encourage participation in the Hackney Foodbank Summer Lunch Club.

The Business Development Working Group

For detail <u>Action through Product Development and Distribution > For Addressing Social Issues and Contributing to Future Development of Society and Financial and Capital Markets > FY2021 Initiatives Taken by the Group's Overseas Offices > Daiwa Capital Markets Europe Limited (DCME) Initiatives</u>

The Regulation & Risk Working Group

The Regulation and Risk Working Group (RRWG) have created a page on the intranet to provide all DCME employees with more information, which includes an introduction, working group membership and a vast amount of resources, focusing on climate changes and regulatory updates.

The RRWG is made up of representatives from both DCME and DCMD covering Regulatory, Legal, Risk, Compliance and Font Office Control.

Activities at the Group's New York Operational Base

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Cultural Awareness: DCMA's International Cookbook

Daiwa Capital Markets America Inc. (DCMA)'s International Cookbook was created to celebrate cultural diversity and the ways in which it extends into all areas of life, including the stories, recipes, and history that bring us together. With the help of DCMA staff, we assembled recipes collected from DCMA employees, and others from around the world, to learn about the different cultures we have at the firm, from American to International, and foods that are significant to them. Food is the great connector within our communities and the DCMA Cookbook serves as a shared space for the stories, recipes, and history that we share with each other.







Initiatives to Support Gender equality, Women Empowerment and Wellness: Breast Cancer Awareness Fundraiser & International Women's Day Celebrations

DCMA's Women's Initiative Network was established in 2016 and strives to provide a forum for empowering women and promoting women's career growth, professional development and leadership.

October is breast cancer awareness month! This year, we hosted a charity event to raise awareness for Breast Cancer and to support the Susan G Komen Breast Cancer Foundation: a non-profit organization focusing on breast cancer research, screening, treatment, and education.

The International Women's Day in March 2022, DCMA sponsored events where employees and the Executive Team members made a pledge to "Break the Bias." The firm also hosted two clothing drive donations to support "Dress for Success" and "East Side House Settlement" which both help empower women & help them prepare for career success.









Initiatives to Support Quality Education: Charitable Contributions and DCMA's Back to School Supply Drive

In August 2021, DCMA was excited to team up with Apex for Youth to host a Back to School Drive that provided students with much needed school supplies as they headed back to school in the fall. Through mentoring and educational programs that serve students from 1st to 12th grade, Apex volunteers guide and support youth to become confident, be ready for college and give back to the community. DCMA also made a monetary donation to help bridge the gap between disadvantage and academic success.

In May 2022, DCMA provided a donation to "Sheltering Arms" a local organization that helps to ensure that every child and family has access to the services and programs that support child education, local safety environment and healthcare.







Activities at the Group's Asia & Oceania Operational Base

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Charity run event, CareER RunnERthon 2021 (Asia & Oceania)

Daiwa Capital Markets Hong Kong ("DCMHK") participated in the RunnERthon as a gold sponsor, with the great support from our staff, we have a total of 310 #TeamDaiwa runners participating in the event across the Asia region. The event is also registered for the Japan Autumn Fair promoted by the Consulate-General of Japan in Hong Kong and The Hong Kong Japanese Chamber of Commerce & Industry.

The RunnERthon is an annual charity event organized by CareER and the donation raised in the event is used to support career development for students and graduates with disabilities in Hong Kong.



CareER and DCMHK staff at the opening ceremony



The event poster at DCMHK office

SDGs Lunch & Learn Session (Asia & Oceania)

The Asia & Oceania region held lunch & learn sessions as part of the SDGs initiatives to provide opportunities to staff members to learn about diversity & inclusion in 2021.

We invited external experts and some of our staff as panelists to share their knowledge and experience on the topic. Over 100 staff members in the Asia and Oceania region participated in the first session, "Diversity and Inclusion", and more than 150 staff members participated in the second session, "Gender Equality".





Lunch and Learn sessions

Participation in Inclusive Recruitment Fair (Hong Kong)

Staff from HR, Operations, and IT departments of DCMHK joined the Inclusive Recruitment Fair hosted by CareER that supports career development for students and graduates with disabilities in Hong Kong. The staff shared Daiwa experience in disability inclusion with the candidates and explore potential opportunities in hiring job applicants referred by CareER.





DCMHK staff at Inclusive Recruitment Fair

Disability Inclusion Index (DII) launched by CareER (Hong Kong)

DCMHK has participated in CareER DII in 2021. DII is designed to identify and quantify gaps in the practice of workplace disability inclusion policies in participating organizations for more effective implementation. The DII is sponsored by Swire Trust, with strategic partnership with HKEX Foundation, knowledge partnership with Deloitte and Hong Kong Equal Opportunities Commission. Future direction towards implementation of workplace disability inclusion will be discussed further in accord with the detailed DII results and specific recommendations from CareER.







CareER Disability Inclusion Index Dissemination Ceremony

JFC (Japanese Junior Football Club) Sponsorship (Hong Kong)

DCMHK has sponsored JFC for their club operation and official uniform. Their official uniform has proudly featured Daiwa Capital Markets logo and our tagline "Passion for the Best".

With the sponsorship and support from Daiwa, the club hosted JFC tournaments with local/ international teams which provided opportunities for children to experience soccer tournaments. These events have fostered cultural exchange between the members and coaches from local and international backgrounds. Recently, JFC has won championships in some tournaments and number of children participating in their soccer training session has grown by 50% from the past year even though we are all facing the challenges under COVID-19 pandemic.







Our strategy for achieving SDGs

Initiatives through Business Activities Corporate Governance Addressing social issues

Social Contribution Activities

Environmental Initiatives Others

Well-being program (Melbourne, Australia)

Melbourne, Australia had the longest lockdown in the world from 2020 to 2021, with a total of 262 days. Daiwa Securities Capital Markets Australia has introduced a well-being program to maintain the physical and mental health of employees during the lockdown, including counseling support service, fitness, and home office setup.



DCM Australia staff purchased a new chair for his home office

Activities at the Group's South Korea Operational Base

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Participation in "Love Handmade Soap Production"

Daiwa Securities Capital Markets Korea ("Daiwa Korea") participated in a non-face-to-face "love handmade soap production" activity in collaboration with the incorporated association HANSUP. As effects of the spread of COVID-19 continues to last longer than ever before, there is an urgent need to improve the hygiene environment for children who are marginalized more than ever before. It was a good opportunity to contribute to society by providing handmade soap.

Since before, Daiwa Korea has donated 100,000 won every month to Korea Food for the Hungry International, an NGO that supports children who are short of food at home and abroad in order to contribute to the realization of a society where they can live together.

Moreover, since the Korean government is strongly promoting the realization of an appropriate "work-life balance" in society as a whole, the company is making efforts to respond to such movements in local corporate activities and setting as effort goals: (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 2021, the company actively encouraged all employees to telework due to the prolonged effects of the spread of COVID-19, and made efforts to maintain business continuity and employee safety at the same time.

The company will continue to carry out such CSR activities and will strive to contribute to the Korean society more broadly by responding positively that the Korean society demands.



Members of Daiwa Korea who participated in the "Love Handmade Soap Production" activity









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]

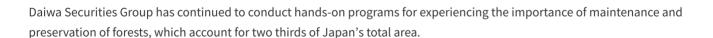
Daiwa Securities Group is a member of an organization for volunteer activities, based in the Chiyoda ward of Tokyo, comprised of 17 companies and one body that works on initiatives contributing to communities together with other members.

> 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



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.

Environmental Management / Initiatives for 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.
- 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 FY2022

- ✓ Initiatives for the reduction of GHG 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 51% in GHG emissions from electricity usage compared with the FY2013 level (as of FY2030)
 - * On a per unit area basis
- ✓ 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.

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



> 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 FY2022, 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.

· Continue to introduce eco-cars

Company cars in Japan (Daiwa Securities) 1,023 vehicles (including eco-cars and hybrid cars; the breakdown is provided below)

	Introduction results for FY2021	Introduction plan for FY2022	As of March 31, 2021 (cumulative)	
Eco-cars	69	187	820	
Hybrid cars	61	63	152	

- · Investment in energy-saving air conditioning systems for FY2021 ¥43 million (including installation costs)
- Instances of soil and groundwater contamination at office sites in FY2021: 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, as well as displaying operational guidance and the paper usage reduction costs 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 16% year on year in FY2021, a substantial decrease.

Offering Environmentally Friendly Services and Working to Reduce Environmental Loads

Daiwa Securities provides environmentally-conscious services and undertakes initiatives to reduce environmental loads as shown below, utilizing mobile work terminals and online trading.

Offering environmentally friendly 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) without the use of paper or a personal seal. As a result, in FY2021 a total of 200,000 pages of documents were digitalized (equivalent to about 20 trees planted for paper).
- 2. Paperless delivery of documents and introduction of sales promotion materials contributing to reduce environmental loads
- ✓ 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, 2022, 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. 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.

Our strategy for / Initiatives through / Corporate / Addressing / Social Contribution achieving SDGs / Business Activities / Governance / Social issues / Activities | Corporate | Addressing / Activities | Corporate | Corporate | Addressing | Corporate | Addressing | Corporate | Corporate | Addressing | Corporate | Co

- 4. 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.

Working to reduce environmental loads through business

- 1. 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.
- 2. 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.

GHG Emissions ^

In comparison with the previous fiscal year, GHG emissions in FY2021 fell by approximately 20% for Daiwa Securities Group's domestic offices, as a result of a positive initiative to conserve energy.

> Refer to "SDGs Data Edition 2022" for details 🔼

Initiative to Reduce GHG Emissions

We have set up the goal of reducing GHG 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 July 2021, we switched to energy originating from renewable energy plants owned by Daiwa Energy & Infrastructure, a Group company, for electricity used in the head office building, and have been introducing renewable energy into other Group properties as well. We have also continued energy saving initiatives, including implementing the "Cool Biz" program, and have 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

Social Contribution Activities



Others

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 Climate Change (Disclosure Based on the TCFD Recommendations 2022)."

Initiatives in Real Estate Management (Daiwa Real Estate Asset Management Co. Ltd.)

With a view to systematically addressing a variety of ESG related issues, Daiwa Real Estate Asset Management launched a Sustainability Promotion Committee in 2014 and formulated its Policy Regarding ESG in March 2019. The company also established the Sustainability Promotion Office in June 2021, systematically promoting planning, formulation, and implementation related to SDGs and ESG.

Support for TCFD Recommendations



In December 2021, Daiwa Real Estate Asset Management established its Climate Change and Resilience Policy, in order to promote clarification of the policy and system for addressing climate-related issues and expansion of disclosure of the initiatives, and announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In January 2022, the company joined TCFD consortium, a group of Japanese companies that support the TCFD recommendations. Daiwa Real Estate Asset Management recognizes that climate change is an important issue that has a significant impact on its asset management. The company will steadily promote information disclosure related to climate change, while identifying and analyzing risks and opportunities of climate change based on the TCFD recommendations and continuously working to reduce the environmental impact of its business activities.







Social Contribution Activities



Others

Initiatives to Obtain Environmental Certification

Daiwa Office Investment Corporation (DOI) aims to enhance the reliability and objectivity of the results of its efforts to reduce environmental loads in the office buildings it owns, and to increase the medium- to long-term asset value of its properties. To achieve these aims, the company actively promotes initiatives for acquiring external environmental certifications, such as CASBEE for Real Estate certification*1, DBJ Green Building Certification*2, and BELS Certification*3. As of the end of May 2022, 31 of the properties owned by DOI have acquired environmental certifications, with the environmental certification acquisition ratio reaching 61.3% (based on the total floor area of owned properties), as shown below.

	As of May 31, 2020	As of May 31, 2022
Number of properties with environmental certification	6 properties	31 properties
Environmental certification acquisition ratio	23.6%	61.3%

> Click here for the details of acquisition of green building certification by DOI

- *1 CASBEE for Real Estate Certification: 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 based both on an evaluation of the environmental quality and performance of the building itself and an evaluation of the environmental load imposed outside the building.
- *2 DBJ Green Building Certification: A certification system created by the Development Bank of Japan (DBJ) to support environmentally and socially responsible real estate.
- *3 BELS Certification: A third-party certification system that rates housing and other buildings based on their commitment to disclosing energy-saving performance under the Act on the Improvement of Energy Consumption Performance of Buildings.

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, water-saving showers and toilets, 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.

The company is also promoting the installation of delivery boxes. As of the end of March 2022, the delivery box installation ratio in its rental residences reached 85.7% (based on the number of buildings). As the installation of delivery boxes will not only improve the convenience of tenants but also lead to reductions in CO₂ emissions associated with redelivery, the company aims to maintain and raise the installation ratio going forward.

Status of FY2021 initiatives

Installation of LED lighting:	1,060 units
Installation of energy-saving air conditioners:	1,053 units
Water-saving showers:	258 units

Our strategy for achieving SDGs

Initiatives through Business Activities Corporate Governance Addressing | Social Contribution social issues | Activities

Environmental Initiatives

Others

Water-saving toilets:	50 units		
Replacement with eco-friendly wallpaper:	approximately 90,000 m² (reductions of CO ₂ emissions: approximately 17 t-CO ₂)		



Posting of notices to encourage electricity and water saving (Prospect Glarsa Hiroo)



Installation of delivery boxes (Gran Casa Omori-Kaigan)

Survey and Research Work Contributing to Carbon Neutrality (Daiwa Institute of Research)

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 as an initiative that contributes to carbon neutrality. The commissioned work encompasses the collection and analysis of information on the latest trends across the world 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 loan 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.)

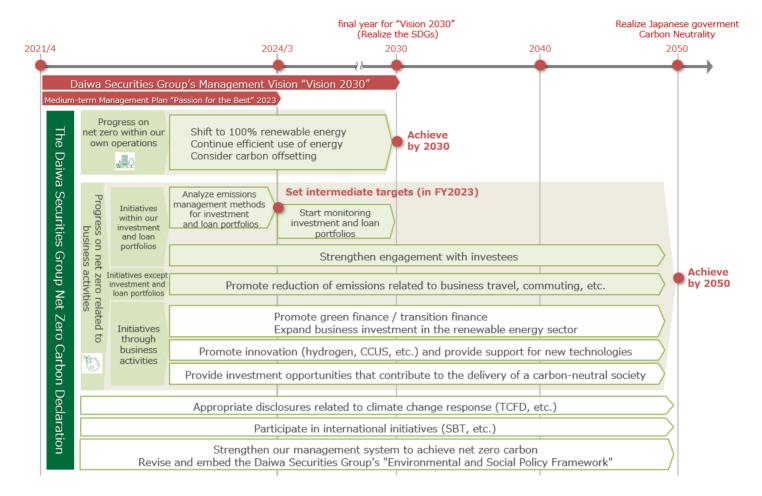
Provide investment opportunities that contribute to the delivery of a carbonneutral society

- √ 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.

<u>Strengthen our management system to</u> <u>achieve net zero carbon</u>

- √ 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



Response to Climate Change (Disclosure Based on the TCFD Recommendations 2022)

Daiwa Securities Group recognizes that responding to climate change is an important management issue for the early realization of a carbon-neutral society. In April 2018, the Group expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD). Based on the TCFD recommendations, the Group disclosed information on "Governance," "Strategy," "Risk Management," and "Metrics and Targets" regarding climate-related risks and opportunities.

(July 2022)

Summary of disclosure for FY2022, progress, and future responses

TCFD recommendations	Summary of disclosure for FY2022	Future responses
Governance	 Board's oversight (Reporting process, oversight of risk management, management of progress in KPI, external experts) Executive compensation system linked to sustainability KPIs Role of Executive Management Committee, etc. (Reporting process, delegation of responsibility) SDGs Promotion Committee/promotion system (Organizational system, external experts, process reflected in management) 	Strengthen the board's oversight of climate-related issues
Strategy	 Qualitative analyses based on climate change scenarios (Impacts on businesses) (Short-/medium-/long-term time horizon, identification process) Approaches to climate change, initiatives Quantitative analysis based on climate change scenarios (Amount of estimated losses) Transition plan (Net Zero Carbon Declaration and roadmap) Scenario analysis using 1.5°C scenario (Update in-house scenario) 	 Review and refine climate change scenarios Continuously consider the financial impacts of climate-related risks

Our strategy for achieving SDGs

Initiatives through Business Activities Corporate Governance Addressing social issues

Social Contribution Activities



Others

TCFD recommendations	Summary of disclosure for FY2022	Future responses
Risk management	 Process of identifying, assessing, and managing risks (Environmental and Social Policy Framework, engagement) Process of managing risks (Addition to risk appetite framework, top risk management) 	 Continuously review the Environmental and Social Policy Framework Continue to consider integrating climate-related risks into existing risk management system
Metrics and targets	 Disclosure of cross-industry, climate-related metrics and targets, and performance Greenhouse gas (GHG) emissions (Scopes 1, 2 and 3) Metrics for transition risks (Carbon-related assets) Metrics for climate-related opportunities (Balance of investment in SDGs-related business) Performance of energy usage 	 Consider GHG emissions management methods for investment and loan portfolios Establish intermediate targets to align with the Paris Agreement by utilizing science-based targets (SBT) Build Group-wide monitoring structure for Scope 3 Category 15

(Note) Underlines indicate updates from FY2021

Governance >

In the area of "governance," the TCFD recommends disclosure on the board's oversight of climate-related risks and opportunities and management's role. The disclosure of Daiwa Securities Group is in line with this recommendation.

Strategy >

In the area of "strategy," the TCFD recommends disclosure on the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. The disclosure of Daiwa Securities Group is in line with this recommendation.

Risk Management >

In the area of "risk management," the TCFD recommends disclosure on how the organization identifies, assesses, and manages climate-related risks. The disclosure of Daiwa Securities Group is in line with this recommendation.

Our strategy for achieving SDGs

Initiatives through Business Activities Corporate Governance Addressing social issues

Social Contribution



Others

Metrics and Targets >

In the area of "metrics and targets," the TCFD recommends disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities. Based on the strategy and risk management process described above, Daiwa Securities Group has established and disclosed the metrics and targets below.

Future

The Group will continue to further enhance information disclosure based on the TCFD recommendations and strive to strengthen communication with stakeholders, and contribute to the realization of a carbon-neutral society

Governance

In the area of "governance," the TCFD recommends disclosure on the board's oversight of climate-related risks and opportunities and management's role. The disclosure of Daiwa Securities Group is in line with this recommendation.

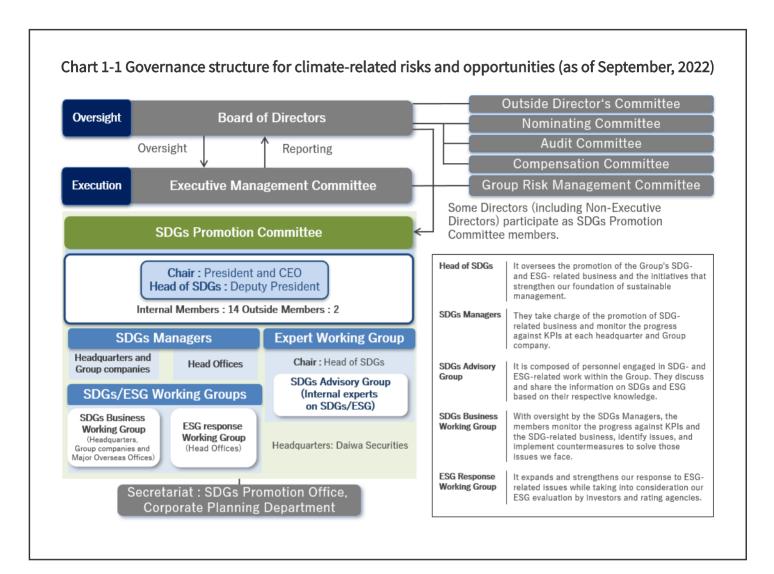
Board's oversight

The Group's Board of Directors determines core management matters, such as basic management policy and the development of a risk management system. At the same time, the Board also delegates decision-making powers to the Corporate Executive Officers (Shikkoyaku) as much as possible to expedite decision making and enhance the efficiency of Group management. In addition, by supervising the execution of duties of the Directors and the Corporate Executive Officers (Shikkoyaku), the Board ensures the fairness and transparency of the Group's management.

In terms of the board's oversight of climate-related issues, the Board receives reports, as appropriate, on the climate-related issues and responses discussed by the executive team. It makes decisions on the core management matters specified by the Regulations of the Board of Directors as well as matters the Board determines to be important (Chart 1-1).

In FY2021, the Board of Directors made decisions regarding the formulation and revision of the Environmental and Social Policy Framework and the establishment of greenhouse gas (GHG) emissions reduction targets (formulation of the Daiwa Securities Group Net Zero Carbon Declaration). The Board also investigated the Group's progress in sustainability KPIs (described later) before making decisions on review of the Medium-Term Management Plan.

In June 2021, Yumiko Murakami was appointed as an Outside Director and has been providing advice based on her expertise and knowledge of ESG.



Moreover, sustainability KPIs have been incorporated into the evaluation system for FY2022 performance-linked remuneration for executives. This follows a decision made by the Compensation Committee in FY2021 to add such KPIs to increase the incentive for executives to take action on climate-related issues. The climate-related KPIs, in particular, include the balance of investment in SDGs-related business and the SDG bond league table (refer to "Metrics and Targets").

Chart 1-2 Evaluation system for performance-linked remuneration

		Financial Perf	ormanc (100)	e Evaluation		Quality Evaluation (-10 - +10)	
Fin	Performance KPIs	Consolidated ROE Consolidated Ordinary Income	Points 50 50	Reference Value 10% JPY 200 billion			7.0%
Financial KPIs					Hybrid-related ordinary income	JPY 50 billion or more	32.0 billion yen
KPIs	Hybrid KPI				Hybrid-related ordinary incompercentage	Approximately 25%	23 %
	Financial KPI				Consolidated capital ratio	Maintain 18% or higher (lower gradually since regulations applied)	19.7 % (Note)
	Quality No.1 (Customer-first)				Retail Division asset based revenue ratio	50% or higher (FY2023 4Q)	46.1 %
	KPI				Daiwa Securities AUM	JPY 90 trillion or more	75.1 trillion yen
	Digital KPI				Number of Digital IT Master	200 personnel or more	_
					Number of CFP and CMA	3,000 personnel or more	2,830 person
Non-F					Balance of investment SDGs- related business	JPY 150 billion or more	116.2 billion yen
inanci					SDGs bond league table	In top 3	4
Non-Financial KPIs	Sustainability KPI				"Ouen (Supporting)" term deposits balance	JPY 200 billion or more	152.5 billion yen
w				Ratio of women on the board of directors	30% or higher (By 2030)	28.6 %	
				Ratio of women in management positions	25% or higher (FY2025)	18.3 %	
					Employee satisfaction	Maintain at 80% or higher	95 %

(Notes) 1 Reference Value is determined at Compensation Committee, based on Medium-Term Management Plan.

2 The figure of consolidated total capital adequacy ratio is as of the end of December 2021.

Management's role

Daiwa Securities Group has established the Executive Management Committee, which serves as a business execution body, and subcommittees specializing in certain themes. As a decision-making body for business execution, the Executive Management Committee deliberates and decides on matters relating to important operations as well as Group-wide business strategy and basic policies concerning structural and other issues that cross over Group companies. The Group Risk Management Committee, a subcommittee chaired by the President and CEO, gathers information on the system and current situation of risk management in addition to deliberating and deciding on policies and specific measures regarding risk management.

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, at the Executive Management Committee and the Group Risk Management Committee, a subcommittee. Climate-related risks, in particular, are reported by the Chief Risk Officer (CRO), who is responsible for risk management, at the Group Risk Management Committee.

As a structure of SDGs Promotion, the Group established the SDGs Promotion Committee chaired by the President and CEO in 2018. The Committee discusses issues and the direction of activities relating to ESG and SDGs regularly (about once per quarter) and reports to the Executive Management Committee and the Board of Directors as appropriate. Among the executives serving as internal members of the Committee are five Directors (including one non-executive Director). They, along with two outside members of the Committee (Chart 1-3), participate in all the Committee meetings, conducting deliberations based on their specialized knowledge and experience in environmental, social, and other fields.

	Chart 1-3 Outside members of Committee
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)
Toko 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

With regard to the aforementioned formulation and revision of the Environmental and Social Policy Framework and GHG emissions reduction targets (formulation of the Daiwa Securities Group Net Zero Carbon Declaration), the SDGs Promotion Committee held discussions on these matters, which were then reported to and deliberated and decided by the Executive Management Committee. The matters were also decided by the Board of Directors. In addition, the results of the TCFD climate-related scenario-based quantitative analysis were reported to and deliberated by the Group Risk Management Committee.

Since FY2020, the Group has appointed the Head of SDGs (Deputy President) to clarify management responsibility for sustainability, such as climate change. The Head of SDGs promotes SDGs-related business and oversees initiatives to enhance the foundation for sustainable management while participating in the SDGs Promotion Committee.

In addition, the Group appoints a SDGs manager at each organization (each Daiwa Securities headquarters and major Group company) within the Group. SDGs managers promote SDGs-related business, monitor progress in sustainability KPIs, and regularly report to the

Our strategy for achieving SDGs / Initiatives through Business Activities / Governance / Addressing Social Contribution Activities | Environmental Initiatives | Others

SDGs Promotion Committee and the Executive Management Committee (Chart 1-1). Please refer to "Structure of SDGs Promotion" for details of the SDGs Business/ ESG Response Working Group.

Governance

Strategy

Risk Management

Metrics and Targets

Strategy

In the area of "strategy," the TCFD recommends disclosure on the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. The disclosure of Daiwa Securities Group is in line with this recommendation.

Approach to Climate Change

Management vision and Materiality

In May 2021, the Group formulated and announced "<u>Vision 2030</u>." The management vision spells out the kind of company the Group should aim to be by 2030, which is the deadline for achieving the SDGs. In the vision, the Group identified priority areas and priority issues linked to those areas as "Materiality," taking into account matters such as communication with stakeholders, social demands, and the impacts the Group can have on society.

As Materiality related to the environment and climate change, the Group considers "Green & Social: Promoting the transition to a carbon-neutral society and realizing a resilient society" to be a priority area and has been advancing initiatives.

The Medium-Term Management Plan "Passion for the Best" 2023 maps out strategies for the first three years of "Vision 2030" and integrates sustainability KPIs for managing progress in achieving the vision. SDGs managers are responsible for managing progress in these KPIs, while promoting SDGs-related business.

Daiwa Securities Group Net Zero Carbon Declaration

The Paris Agreement, adopted in 2015, calls for keeping the increase in the global average temperature to well below 2°C above preindustrial levels and pursuing efforts to limit the temperature increase to 1.5°C. In light of the Agreement, as well as a special report on the impacts of global warming of 1.5°C issued by the Intergovernmental Panel on Climate Change (IPCC), countries across the world are working towards realizing carbon neutrality by 2050. Initiatives to reduce GHG emissions have thus become essential.

Against this backdrop, the Group announced the "<u>Daiwa Securities Group Net Zero Carbon Declaration</u>" in 2021 towards the realization of a carbon-neutral society, taking into account our Materiality "Green & Social". In the Declaration, we have committed to 1) achieving net zero GHG emissions within our own operations* by 2030 (Scope 1 and Scope 2); 2) achieving net zero GHG emissions within our investment and loan portfolios, etc. by 2050 (Scope 3); and 3) supporting the smooth transition to a carbon-neutral society through our business activities.

* The company's emissions will be calculated on a consolidated basis

In March 2022, the Group endorsed the GX (GX: green transformation) League Basic Concept* announced by Japan's Ministry of Economy, Trade and Industry a month earlier. The Group will continue to provide support for the smooth transition to a carbon-neutral society.

* A forum for companies actively working on GX to discuss the transformation of the overall economic and social system and create new markets accordingly through cooperation in the government, academic, and economic spheres

Recognition regarding climate-related risks and opportunities

Climate-related risks

Climate-related risks are the risks stemming from matters including tighter regulations and market change associated with the transition to a carbon-neutral society (transition risk) and risks stemming from physical damage caused by natural disasters, etc. (physical risk). In light of our Materiality, we conducted qualitative analyses based on climate change scenarios (described later) and mainly identified the risks that may have negative impacts on the Group's business, the financial position, and operating results, as well as the business opportunities that may have favorable impacts, as described below (Charts 2-1 and 2-2). The length of impacts is assumed to be 3 to 5 years for the short term, 5 to 10 years for the medium term, and 10 to 30 years for the long term.

Chart 2-1 Major impacts of climate-related risks on the Group

Туре	Cl	limate-related risks	Major assumed impacts	Assumed term
	Policy and legal	Introduction and change of monetary policy that takes into account the impact of climate change	 Weaker appetite for investment and lower funding needs among companies due to uncertainty associated with interest rate fluctuations Higher borrowing rates would increase the Group's fund raising costs 	Medium to long
		Higher carbon tax rates, taxation related to climate change measures	 Decrease in profit opportunities caused by companies' deteriorated performance and reduced activities Decline in investment performance through increased operational costs of investees Dampened investment appetite among customers 	Medium to long
Transition risks	Technology	Delay in responding to changes in industrial structure resulting from rapid technological innovation	 Decline in the value of assets held by the Group Decline in investment performance through deteriorated performance of investees 	Medium to long
risks	Market	Increase in credit risks in sectors significantly affected in the course of transition	 Decrease in underwriting business due to increase in companies' fund raising costs Decline in value of assets held by the Group and decrease in sales opportunities Decrease in balance of assets under management resulting from decline in value of assets held by funds 	Medium to long
	Reputation	Increase in reputational risk due to investment and underwriting related to businesses with a heavy environmental load and inadequate initiatives to address climate change	Decrease in business due to bad reputation Increase in fund raising costs due to bad reputation	Short to long

Our strategy for achieving SDGs

Initiatives through Business Activities Corporate Governance Addressing | Social Contribution social issues | Activities

Environmental Initiatives

Others

Туре	Cl	limate-related risks	Major assumed impacts	Assumed term
physical risks	Acute/chronic	Increase in disasters, such as torrential rain and powerful typhoons, and higher average temperatures	 Decrease in the Group's business opportunities as a result of customers being significantly affected Adverse impacts of damage to the Group's assets and impairment of asset values on business performance Increased restrictions on business activities due to the Group's sales offices and employees being struck by disasters Increase in various costs, such as disaster preparation and restoration/repair work 	Short to long

The main transition risks include a decrease in earning opportunities from the deterioration in corporate performance associated with rises in carbon taxes and a decline revenue opportunities due to a decline in activities (policy and legal), a decline in the value of assets held by the Group due to delays in response to structural change in industries (technology), a decline in underwriting business from various industry sectors significantly affected in the course of the transition(market), and a decrease in business due to deterioration in reputation through investment and underwriting related to businesses with a heavy environmental load (reputational).

In addition, for the main physical risks we anticipate a decrease in business opportunities of the Group due to its customers being significantly affected by an increase in natural disasters such as heavy rains and large typhoons and from higher average temperatures as well as increased constraints on business activities from the impact suffered by business locations and employees of the Group (acute and chronic).

We respond to physical risks based on our business continuity plan (BCP) and implement appropriate measures under our risk management system (refer to "Risk Management").

Climate-related opportunities

In considering measures for these risks, the Group views the risks as business opportunities. For example, "decrease in underwriting business from sectors significantly affected in the course of transition" is considered to be "increase in underwriting to raise funds needed for the transition to a carbon-neutral society," while "deterioration in reputation associated with investment and underwriting related to businesses with a heavy environmental load" is viewed as "expansion in opportunities for investing in new industries and companies that contribute to the transition to a carbon-neutral society." By viewing risks as opportunities, the Group formulates its business strategies.

Chart 2-2 Climate-related opportunities

- Increase in underwriting to raise funds needed for green projects and the transition to a carbon-neutral society
- Increase in M&As in the carbon-neutral field, such as renewable energy
- Expansion in opportunities for investing in new industries and companies that contribute to the transition to a carbonneutral society
- Expansion in investment opportunities through investment in photovoltaic power plants and other renewable energies, as well as introduction of external capital
- Inflow of capital to investment trusts that incorporate companies actively working to address climate change
- Expansion in business opportunities for providing solutions to assist in the transition to a carbon-neutral society
- Expansion in business opportunities resulting from improvement in reputation through net-zero initiatives

Initiatives promoted in relation to climate change

In light of the identified climate-related risks and opportunities, the Group will promote initiatives to address priority issues in "Green & Social," one of the priority areas under "Vision 2030." Such issues include "promotion of green finance to support the realization of carbon-neutral society" and "development and provision of new financial products and services that contribute to the realization of a sustainable society."

Strengthening of green finance and transition finance

The funding market for green projects (green finance) is growing rapidly in Japan and overseas, and we recognize that this will lead to expansion in our opportunities for underwriting. In October 2020, Daiwa Securities established a team specialized in SDGs finance (the SDGs Finance of the Debt Capital Markets Department, which was changed into the Sustainability Solutions Department in October 2021) and has been providing sustainability-related solutions transcending the boundaries of products, such as debt, equities, and M&As, and catering to the needs of investors and issuers.

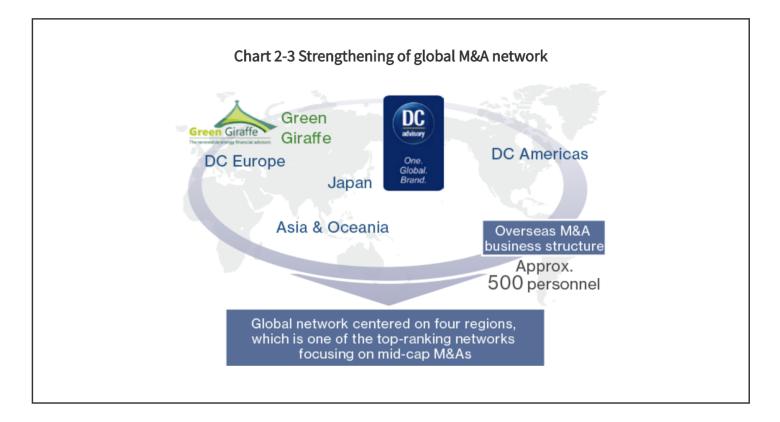
The need for transition finance is also increasing as more and more companies, even in sectors that emit a large amount of GHG, are actively working on a shift to decarbonization and technological innovations. Due to this trend, we recognize that there are significant business opportunities in the underwriting business, such as funding for greening core businesses aimed at the transition to a carbonneutral society. We will therefore strengthen our efforts further in this field.

For investors (institutional and individual investors), we will also reinforce our research support system by providing ESG information and other services. At the same time, we will create opportunities for the broker business through the provision of information on companies working on decarbonization.

- > SDGs Finance
- > Providing Analysis/Proposals on the Economy, Society, and Investment Information

Promotion of M&As in the carbon-neutral field, such as renewable energy

With the rebuilding of business portfolios anticipated among companies aiming for decarbonization, we expect that opportunities will expand for the business of supporting M&As and other forms of organizational realignment and business integration, especially in the renewable energy field. Daiwa Securities Group acquired a 50% stake in Giraffe Advisory B.V., a Dutch advisory firm focused on renewable energy, in October 2019, while establishing DC Advisory (Thailand) Co., Ltd. in February 2021 as a joint venture firm together with a local partner in Thailand. We are thus strengthening our global M&A network with an overseas M&A business structure of approximately 500 personnel (Chart 2-3). We will contribute to the realization of a carbon-neutral society through our M&A support to customers in this field.





Promotion of investment in new industries and companies contributing to the transition to a carbon-neutral society (investment in renewable energy in Japan and overseas)

We recognize that opportunities to invest in new industries and companies contributing to the transition to a carbon neural society will expand going forward, especially in the renewable energy field. Under this recognition, the Group established Daiwa Energy & Infrastructure Co. Ltd. in July 2018, expanding investment in the renewable energy and infrastructure fields, not only in Japan, but also overseas. In December 2019, the Group entered into a strategic partnership with Aquila Capital Holding GmbH, a German firm developing and operating renewable energy business (which became an equity-method affiliate in 2020). We are thus accelerating investment in photovoltaic power and infrastructure assets in the European market as well.

Promotion of investment through investment in renewable energy and introduction of external capital (capital recycling model)

In September 2021, we created DSREF Amaterasu Core Fund, Investment Limited Partnership, a private core solar fund, by utilizing the investment and loan functions of Daiwa Energy & Infrastructure Co. Ltd. and the infrastructure asset management functions of Daiwa Real Estate Asset Management Co. Ltd., a company under the Asset Management Division. Through such initiatives to inject portfolio assets to funds and introducing external capital, we will promote our capital recycling—a business model that aims to realize capital efficiency.

Development and provision of new financial products and services that incorporate companies actively working to address climate change

We expect that the need for investment trusts that take impact on climate change into account will expand due to increased awareness of decarbonization. We will therefore focus on expanding ESG and SDGs-related funds and ETFs, such as funds that invest in companies that provide solutions towards the realization of a carbon-neutral society.

> Action through Product Development and Distribution

Strengthening of solution business that supports transition

Towards the realization of a carbon-neutral society, we anticipate that opportunities for the solution business supporting transition will expand. Daiwa Institute of Research Ltd., the Group's Think Tank Division, will step up the dissemination of information and policy proposal related to the impact of climate change on the economy and society, the planning of management strategy for climate-related risks, including responses to the TCFD, as well as project support and other consulting services.

Climate-related scenario analyses



In the scenario analysis flow of the Group, we first establish assumptions for climate change events and prepare our in-house multiple climate change scenarios. Using these scenarios, we assess impacts on business through a qualitative analysis while assessing impacts on the assets held by the Group through a quantitative analysis. Based on the results of these analyses, we



consider our strategy and response policy (Chart 2-4). The assumed scenarios, analysis results, and other details are described below.

Chart 2-4 Scenario analysis diagram

Establishment of assumptions for climate change events

<Basic factors>
CO₂ emissions (status quo/net zero in 2050)
and temperature increase

<Individual factors>
Various climate-related risks
(physical risks and transition risks)

Preparation of multiple climate change scenarios

Analyze impacts on the economy and financial markets (macro events)

Qualitative analysis

Analyze impacts on the Group's businesses

Conduct hearings regarding impacts on the businesses of each headquarters and major Group company (risks and opportunities) based on the scenario figures of macro events and various risks

Assess impacts on business

Identify the risk and opportunity items extracted through the above process that are expected to have significant financial impacts on the Group

Quantitative analysis

Analyze impacts on the assets held by the Group

Extract assets in the carbon-related sectors held by the Group (as shown in the TCFD)

Calculate the amount of estimated losses (valuation losses) using the results of climate change scenarios

Consider the Group's strategy and response policy

Consider the Group's strategy and response policy based on assessed impacts on business

Assumed scenarios

We assumed three scenarios based on scientific findings that there is a positive correlation between cumulative carbon dioxide (CO₂) emissions and increase in the average temperature of the world. Specifically, these are (1) a "no new climate policies (hot house world)" scenario that assumes annual CO₂ emissions will remain unchanged from the current level in 2050, (2) an "orderly transition" scenario (progress of about 90%) that assumes fast response measures (progress towards zero CO₂), such as a shift to renewable energy, and (3) a "disorderly transition" scenario that assumes moderate progress towards zero CO₂ (progress of about 50%). For details, please refer to Chart 2-5. (Only CO₂ is covered under any of the scenarios due to the ease of obtaining data.)

The delay in progress towards zero CO_2 under (3) the "disorderly transition" scenario would force CO_2 reduction through restrictions on economic activities. Assuming various risk events, such as possible accompanying changes in the economic and social structures (transition risks), damage from extreme weather, natural disasters, and other events (physical risks), we established numerical conditions for some of the risk events and created quantitative scenarios for macroeconomic models based on statistical relationships.

Using these risk events and quantitative scenarios, we qualitatively extracted (a) impacts on the Group's business activities and calculated (b) valuation losses of the assets held by the Group that are classified as assets in carbon-related industries.

Chart 2-5 Outline of climate change scenarios

	Basic factors					Individual fa	ctors (excerpts))	
				Progress	Phy	Physical risks		Transition risks	
	Scenarios	Temperature rise	Net CO ₂ towards emissions zero CO ₂ (2050) (2050)		Extreme weather	Damage to infrastructure, etc.	Credit risk	Strengthened measures	
(0)	(Parameter) Status quo	-	Unchanged (compared to current level)	-	-	-	-	-	
(1)	No new policies (hot house world)	Over 2°C	Unchanged (compared to current level)	-	High	High	-	-	
(2)	Orderly transition	1.5°C	Zero	Fast (Approx. 90%)	Low	Low	Small	Medium	
(3)	Disorderly transition	1.5°C	Zero	Moderate (Approx. 50%)	Low	Low	Medium	Small	

Analysis results

(a) Qualitative analysis of impacts on business activities

The factors with a relatively high level of concern include, under (3) a "disorderly transition" scenario, the stagnation and contraction of the economy and industry and changes in financial markets (decline in stock prices, increased credit risks, etc.), and under (1) the "no new policies (hot house world)" scenario, risks of direct damage from torrential rain, floods, etc. On the other hand, with regard to the reduction of CO₂ emissions, the cost to be borne by the Group would be small as we do not own plants or other facilities that emit a large amount of CO₂. The impacts on businesses include existing businesses being adversely affected by changes in the energy composition ratios resulting from the shift from fossil fuel resources to renewable energy and other alternative sources, as well as new business opportunities. With the coexistence of positive and negative impacts, it is considered to be a neutral factor overall.

(b) Valuation losses of the assets under management that are classified as assets in carbon-related industries

Under (1) the "no new policies (hot house world)" scenario, impacts on economic activities are anticipated from a marked increase in natural disasters. Meanwhile, under (3) the "disorderly transition" scenario, negative impacts from a delay in CO₂ reduction measures exceeds positive impacts, with valuation losses as of 2050 under the scenario standing at approximately ¥40 billion relative to (0) the "(parameter) status quo" scenario that assumes climate change will have no impacts on economic

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Others

activities. Please note that (1) the "no new policies (hot house world)" scenario is not included in the scope of these calculations due to a weak relationship with economic scenarios, although there may be a separate risk that the Group's branches and offices will be directly affected by disasters.

Future response

These most recent scenario analyses are based on the limited information and data available at the present time, and estimates were made by narrowing the focus of analysis and establishing required assumptions. The range of areas to be considered for climate-related risks is broad, and the timing and scale of risk occurrence is assumed to follow several patterns. Along with conservatively 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. We will also strive to refine the extraction of risks through scenario analysis and strive to appropriately reflect the results in the Group's disclosures.

Transition plan

In August 2021, the Group announced the "Daiwa Securities Group Net Zero Carbon Declaration" and the <u>roadmap</u> for achieving net zero carbon. Under the Declaration, we aim to 1) achieve net zero GHG emissions within our own operations by 2030 (Scope 1 and Scope 2), 2) achieve net zero GHG emissions within our investment and loan portfolios, etc. by 2050 (Scope 3), and 3) support the smooth transition to a carbon-neutral society through our business activities.

1) Net zero GHG emissions within our own operations (Scope 1 and Scope 2)

To achieve net zero GHG emissions within our own operations (Scope 1 and Scope 2), we will advance initiatives that are in line with the priority area "Reduce the environmental footprint of the company." More specifically, we are aiming for net zero GHG emissions for our own properties by FY2023 and for properties as a whole, including rental properties, by 2030 through measures such as energy saving activities and the introduction of renewable energy power (Chart 2-6). With regard to energy saving activities, we are currently introducing energy saving systems and increasing the efficiency of energy use, and we will continue to work on these initiatives. As for renewable energy power, we introduced such power into all of the Group companies residing at the head office building (GranTokyo North Tower) in April 2021 by utilizing non-fossil fuel energy certificate with tracking information. In July 2021, we changed the power plants tracked by the certificate to renewable energy plants owned by Daiwa Energy & Infrastructure Co. Ltd., a Group company.

Chart 2-6 Initiatives to promote net zero GHG emissions within our own operations (Scope 1 and Scope 2)

ltem	Example
Energy saving activities	 Continue to increase the efficiency of energy use (introduction of energy-saving technologies and systems at facilities, enhancement of business efficiency, etc.) Change company cars to eco and hybrid vehicles
Introduction of renewable energy power	 Our own power contracts in Japan: Switch to renewable energy by utilizing energy plants owned by Daiwa Energy & Infrastructure Co. Ltd. Other companies' power contracts for rental properties, etc.: Urge owners to switch to renewable energy power
Other	Utilize carbon offsetting, such as emission rights trading

2) Net zero GHG emissions within our investment and loan portfolios, etc. (Scope 3)

Towards the realization of a carbon-neutral society, companies are required to manage and reduce GHG emissions emitted not only from their own companies but also their supply chains as a whole. For financial institutions, GHG emissions from their investment and loan portfolios (Scope 3 Category 15) are considered to account for a significant part. With this in mind, the Group will establish targets and disclose information based on the priority area "Set targets to align with the Paris Agreement goals and expand transparent information disclosure" under "the Daiwa Securities Group Net Zero Carbon Declaration." Specifically, we will first undertake the consideration of GHG emissions management methods for investment and loan portfolios and the establishment of an intermediate target. With regard to the consideration of management methods, in December 2021, we joined the Partnership for Carbon Accounting Financials ("PCAF"), an initiative regarding the measurement and disclosure of GHG emissions, as well as the PCAF Japan coalition. Utilizing the PCAF's knowledge and database, we are currently advancing our consideration while looking into a Group-wide monitoring structure for Scope 3 Category 15. As for the establishment of an intermediate target, the Group plans to establish a target to align with the Paris Agreement goals by utilizing science-based targets (SBT), etc. within FY2023, which is covered by the Medium-Term Management Plan.

Chart 2-7 Initiatives to promote net zero GHG emissions within our investment and loan portfolios, etc. (Scope 3)

Item	Example
Consideration of management methods	 Measure and disclose by utilizing PCAF's knowledge and database Strengthen monitoring management structure
Establishment of intermediate target	 Establish an intermediate target to align with the Paris Agreement goals by utilizing science-based targets (SBT), etc. (within FY2023) Implement and strengthen engagement with investees

3) Support the smooth transition to a carbon-neutral society through our business activities

As stated earlier, the Group will continue to provide support to the transition through financing. (Please refer to "Initiatives promoted in relation to climate change.")

Governance

Strategy

Risk Management

Metrics and Targets

Risk Management

In the area of "risk management," the TCFD recommends disclosure on how the organization identifies, assesses, and manages climate-related risks. The disclosure of Daiwa Securities Group is in line with this recommendation.

Managing climate-related risks

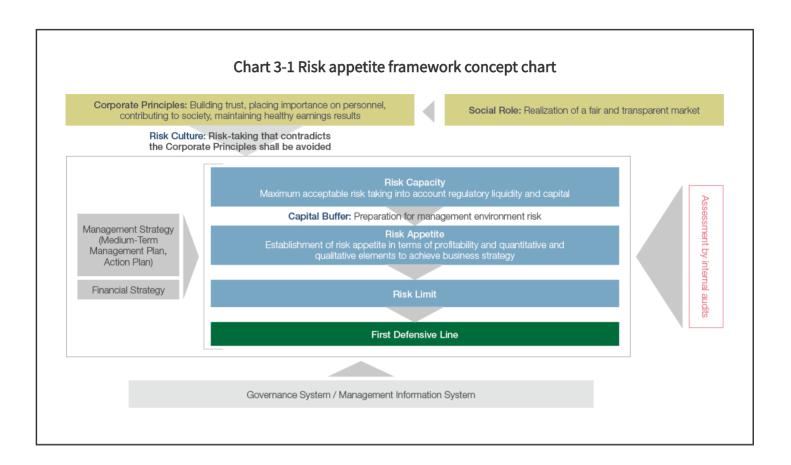
Outline of risk management

The Group recognizes the importance of appropriately identifying and assessing various risks, including climate-related risks, and managing them effectively. We strive for sustainable enhancement of corporate value by maintaining sound financial and profit structures and appropriately managing not only short-term risks but also climate change risks and other risks that may materialize over the medium- to long-term.

In accordance with Daiwa Securities Group Inc.'s basic policies on risk management, the Risk Management Department and departments responsible for each risk monitor risks at Group companies. The basic policies on risk management are deliberated and decided by the Board of Directors as the Rules for Risk Management. Climate-related issues, including risk issues, are also reported to and deliberated and decided by the Group Risk Management Committee, a sub-committee of the Executive Management Committee.

Addition of climate-related risks to the risk appetite framework

We have introduced the risk appetite framework (RAF) to establish a risk-taking policy that aligns with our business strategy and to strengthen risk governance as a global financial institution (Chart 3-1). RAF refers to a business management framework for setting the types and total amounts of risks that companies should accept as risk appetite to achieve their profit targets and business strategies and using it as their common internal language concerning their overall risk-taking policy. We have documented this framework in our Risk Appetite Statement, which is deliberated and decided by the Board of Directors and reviewed twice a year. Since FY2021, we have added climate change risks to the Risk Appetite Statement in an effort to appropriately identify, assess, and effectively manage climate-related risks according to their risk profiles.



Top risk management for climate change risks

The risk events that require special attention in light of the Group's business characteristics are selected and managed as top risks. In FY2022, we positioned climate change risks as top risks, taking into consideration the importance of managing climate-related risks (Chart 3-2).

Risk event	Example
Worsening of international dispute and conflict	Intensifying war between Russia and Ukraine, U.SChina conflict, etc.
Inflation concern and interest hike in U.S.	-
Increased awareness of social contribution (ESG)	Impairment of the Group's corporate value resulting from its ESG responses and disclosure being viewed as inadequate
Rapid spread of digital transformation (DX)	Decline in competitiveness due to inadequate DX responses
Climate change	Decline in value of assets under management and decrease in opportunities for sales due to climate change

Our strategy for Achieving SDGs

Initiatives through Business Activities Corporate Governance Addressing social issues

Social Contribution Activities



Others

Risk event	Example
Large-scale earthquakes and floods	Increase in various costs following disasters
Deteriorated performance and impaired asset values at investees	-
Cyberattacks	-
System failure	-
Compliance risk	Inappropriate act, etc. by officers and employees, including money laundering and insider trading
Information security risk	Leak of material information, etc.

Integration into existing risk management

Daiwa Securities Group faces various risks in business. 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 foreign currency and other liquidity risk, market risk due to market fluctuations, credit risk related to counterparties and issuers, risk due to ineffective hedging, 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 implements integrated risk management—the practice of measuring the impact on capital and liquidity within the Group from a forward-looking perspective.

Climate-related risks are factors that cause or increase various risks, such as market risk, credit risk, and liquidity risk. Accordingly, the Group is continuously developing a system that enables the impacts of climate-related risks to be considered within its existing risk management framework.

> Risk management system

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 storms, floods, and other extraordinary weather conditions. Through the preparation of the BCP, we have developed a system that enables vital operations to be continued even in the case of suspension of head office functions.

Management of environmental and social risks in finance

In June 2021, the Group formulated and announced the <u>Environmental and Social Policy Framework</u> to strengthen its management of environmental and social risks in finance. The Framework covers new investments and loans, specifying the businesses for which investment and loans are prohibited and the businesses to be restricted. Moreover, in December 2021, we expanded the scope of the Framework to include not only new investments and loans but also the underwriting of bonds and stocks issuance, which is a core business of the Group. This reflects our efforts to further strengthen our system for managing environmental and social risks.

The Framework serves as guidelines for acknowledging and managing the risks for businesses that may have major negative impacts on the environment and society, such as human rights violations and the destruction of the natural environment and ecosystems. It prohibits four types of businesses, including those violating the Washington Convention and those leading to child labor, forced labor, and other human rights violations. It also specifies nine restricted businesses, which include businesses involving deforestation and the new construction of coal-fired power plants (Chart 3-3).

In considering investments and loans for these businesses, the Group first carries out initial ESG due diligence for the businesses under consideration. Based on the results of assessment, if we determine that further confirmation is needed, we undertake enhanced ESG due diligence that involves detailed investigation, and make a decision on financing. If the project may significantly impair the corporate value of the Group, the management deliberates further and makes a final decision on whether to provide financing.

Chart 3-3 Prohibited business and restricted business

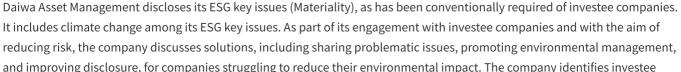
Prohibited business
Businesses that negatively impact UNESCO- designated World Heritage Sites
Businesses that negatively impacts wetlands designated under the Ramsar Convention
Businesses violating the Washington Convention
Businesses involving human rights violations such as child labor and forced labor

Restricted business	
Cross	Businesses affecting indigenous communities
Cross- sectional	Businesses involving land expropriation that leads to involuntary relocation of residents
	New construction of coal-fired power generation
	Weapons of mass destruction / inhumane weapons manufacturing
	Palm oil plantation development
Specified	Business involving deforestation
	Coal mining
	Large-scale hydroelectric power generation construction
	Oil and gas development

Strengthening of engagement with stakeholders

The Group is strengthening engagement (constructive dialogue) with stakeholders, including issuers and investors, to provide financial support for customers' shift to decarbonization. Through this initiative, we are reinforcing our risk management. Based on the aforementioned Environmental and Social Policy Framework, we also acknowledge the risks for businesses that may have major negative impacts on the environment and society, and take appropriate measures through engagement with investee companies.

(Reference) Engagement activities at Daiwa Asset Management Co. Ltd.



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0,		addressing / Social Contribution ocial issues / Activities	Environmental Others Initiatives
• •	,	ment with the investees. It held er ximately 20% of the topics for ESC	
Governance	Strategy	Risk Management	Metrics and Targets

Others

Metrics and Targets

In the area of "metrics and targets," the TCFD recommends disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities. Based on the strategy and risk management process described above, Daiwa Securities Group has established and disclosed the metrics and targets below.

Balance of investment in SDGs-related business

As shown in "Strategy," the Group views investments in new industries and companies that contribute to the transition to a carbon-neutral society as business opportunities, and is promoting investment in such businesses. With this in mind, we have established a target for the balance of investment in SDGs-related business (mainly renewable energy) (Chart 4-1).

Chart 4-1 SDGs-related business

Metrics	Balance of investment in SDGs-related business
Target	¥ 150 billion or more (FY2023)
Result	¥ 116.2 billion (as of 4Q of 2021)

Carbon-related assets

Along with the transition to a carbon-neutral society, there is a risk that the value of carbon-related assets with large GHG emissions may decline significantly in the future. Continuing to hold such assets may also cause reputational risk. As metrics for assets vulnerable to transition risks, this time we newly disclosed the status of carbon-related assets. The total amount stands at approximately ¥340 billion as of the end of FY2021 (Charts 4-2 and 4-3).

We are also working towards establishing an intermediate target within FY2023, as stated in "Transition plan," with the aim of achieving net zero GHG emissions within our investment and loan portfolios, etc. Going forward, we plan to set targets for carbon-related assets that align with the intermediate target.

Chart 4-2 Total amount of carbon-related assets

Metrics	Carbon-related assets (Note 1)
Target	(Note 2)
Result	Approximately ¥ 340 billion

(Note 1) The total of collateralized loan obligations (CLOs), investment and capital contribution, and Loan Management Service (LMS; securities-backed loans). The scope of sectors are 22 of the 33 TOPIX Sector Indices, namely Energy, Transportation, Construction and Materials, Agriculture, Foods, and Forestry. Companies in the real estate sector, under which consolidated companies of the Group fall, are excluded from the calculation of investment and capital contribution amounts. The Group plans to consider including these companies in the calculation for the next fiscal year.

(Note 2) Work is underway towards establishing the target (Please refer to text for details).

Chart 4-3 Breakdown of carbon-related assets

Sector	Proportion
Carbon-related assets Subtotal	20%
Energy	3%
Transportation	3%
Construction and Materials	13%
Agriculture, Foods, and Forestry	1%
Total for all sectors	100%

GHG* emissions

The Group has disclosed medium- to long-term GHG emissions reduction targets in its "Daiwa Securities Group Net Zero Carbon Declaration." Specifically, we aim to achieve 1) net zero GHG emissions within our own operations by 2030 (Scope 1 and Scope 2) and 2) net zero GHG emissions within our investment and loan portfolios, etc. by 2050 (Scope 3).

To achieve these targets, we monitor electricity and other <u>energy usage and GHG emissions (Scope 1, Scope 2, and Scope 3)</u> every year. Our own energy usage and GHG emissions are on a downward trend, and we are striving for further reductions. For our transition plan, please refer to "<u>Strategy / Transition plan</u>."

* We have calculated on CO₂ emissions.

(Reference) Metrics and targets of Daiwa Asset Management Co. Ltd.

Daiwa Asset Management has disclosed the total carbon dioxide emissions, carbon footprint (emissions relative to the scale of the portfolio), and weighted average carbon intensity of the portfolio it manages. (For details, see "Stewardship Report 2021 ")

Governance Strategy Risk Management Metrics and Targets

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
	> Basic Policy on Stakeholder Engagement
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 2022) [PDF:1,500KB]

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-

Our strategy for achieving SDGs | Initiatives through Business Activities | Corporate Governance | Addressing Social Contribution | 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.] Our Stewardship Activities (Japanese)
	> [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
	> Working to Incorporate Customer Voices
Develop and Provide	> Initiatives through Business Activities Such as the Underwriting and Sale of SDG Bonds
Products	> SDGs Finance
	> SDG Related Funds
	> Initiatives in Funds for Decarbonization (Daiwa Asset Management)
	> Response to FinTech and artificial intelligence (AI)
Inclusion (Financial	> Improving In-Branch Customer Service Quality
Inclusion, etc.)	> Private Equity Investment in Southeast Asia and Taiwan
	> Expansion of Services for Asset-Building Customers through App-based Securities Company, "CONNECT"
Analysis and Recommendations for	> Initiatives to Provide Information on ESG
Economic, Social and Investment Information	> Initiatives by Daiwa Institute of Research

Our strategy for achieving SDGs | Initiatives through | Corporate | Addressing | Social Contribution | Environmental Governance | Social issues | Activities | Others

Investing in Businesses that Solve Social Problems	> Creation of Next Generation Financial Services
	> Promotion of Investment and Financing for Energy
	> Contributing to the Sustainable Development of Society through Business Succession
	> Promotion of Sustainable Agricultural Production Business
	> Creation of a Sustainable Capital Cycle in the Healthcare Field
	> Provision of High-Quality Nursing Care Services
	> Creation of Next Generation Industries and Services
	> Investing in Ventures That Solve Social Issues
	> Investment in Drug Development Ventures and Other Businesses by DCI Partners
	> 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 FY2022
	> Response to Climate Change (Disclosure Based on the TCFD Recommendations 2022)
	> Our Approach to Green Procurement
Efforts and Achievements in Reducing Environmental Impact	> Initiatives to Reduce the Environmental Impact of Business Activities
	> SDGs Data Edition (Environmental Report/Accounting) [PDF:1,500KB]

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 2022 Social Report) [PDF:1,500KB] 🗷
	> Average Number of Years of Service (SDGs Data Edition 2022 Social Report)[PDF:1,500KB]
	> Employee Turnover Statistics (SDGs Data Edition 2022 Social Report)[PDF:1,500KB]
	> Working Hours and Paid Vacation Usage Rate (SDGs Data Edition 2022 Social Report) [PDF:1,500KB] Ⅰ
	> Workforce Statistics

Our strategy for achieving SDGs Initiatives through / Corporate Business Activities / Governance /

Addressing / Social Contribution social issues / Activities

Environmental Initiatives



Diversity & Inclusion	> Human Rights Policy
	> Recruitment of University Graduates
	> Support for the Success of Veteran Employees
	➤ Number of Employees Re-employed after Retirement Age (SDGs Data Edition 2022 Social Report)[PDF:1,500KB]
	> Employment of People with Disabilities
	> Employment Rate for Persons with Disabilities(SDGs Data Edition 2022 Social Report) [PDF:1,500KB] 🔼
	> 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 2022 Social Report)[PDF:1,500KB]
	> Welfare Program Usage (SDGs Data Edition 2022 Social Report) [PDF:1,500KB]
	> Childcare leave usage rate and other data
	> Various systems and measures
Employee Satisfaction	> Communication among Employees
	> Work Motivation Survey (SDGs Data Edition 2022 Social Report)[PDF:1,500KB]
Internal Communication	> Active Use of In-House Magazine
	> Communication with Employees
	> Initiatives for Families
Labor-Management Dialogue	> Relationship with Employee Unions
	> Number of Employee Union Members (SDGs Data Edition 2022 Social Report)[PDF:1,500KB]
Human Resource	> Approaches and Policy
Development and Capability Development	> Education and Training System
	> Supporting Employees Trying to Earn Credentials

Our strategy for | Initiatives through | Corporate | Addressing | Social Contribution | Environmental achieving SDGs | Business Activities | Governance | social issues | Activities | Others

Human Rights	> Human Rights Policy
	> Human Rights Education and Awareness System
	> Initiatives in FY2021
	> Supply Chain Management
	> [Daiwa Capital Markets Europe Limited.] Modern Slavery Act 2015 □
Health Management and Occupational Safety and Health	> Health Management
Financial Education	> Financial Education and Research
	> Information Website for Child Rearing and Money "SODATTE" (Japanese)
	➤ Daiwa Internet TV (Japanese) □
	> Results in Financial Education Program (SDGs Data Edition 2022 Social Report) [PDF:1,500KB] 🕒
Social Contribution	> Stakeholder Engagement
Activities and Corporate Citizenship Activities	> Contribution through Foundations and NPOs
	> For Your Dreams - Daiwa Securities Group Children's Smile Project
	> Support for culture and the arts
	> Corporate Citizenship Initiatives
	> [Daiwa Capital Markets America Inc.] Corporate Social Responsibility 🗇
	> [Daiwa Capital Markets Europe Limited.] Corporate Social Responsibility
	> Expenditures for SDGs Related Activities (SDGs Data Edition 2022 Social Report) [PDF:1,500KB]

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	

Our strategy for | Initiatives through | Corporate | Addressing | Social Contribution | Environmental achieving SDGs | Business Activities | Governance | Social issues | Activities | Others

Prevention of Money	> Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)	
Laundering, etc.	> Securing the Fairness and Transparency of the Market	
	~Prevention of unfair transactions such as insider trading~	
	> Basic Policy on Avoiding Involvement with Anti-Social Forces	
Anticorruption	> Daiwa Securities Group Anti-Corruption Policy	
	> Political Contributions (SDGs Data Edition 2022 Social Report)[PDF:1,500KB]	
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 and Training 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 2022 Social Report) [PDF:1,500KB]

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.

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), and Daiwa Asset Management has been a member since August 2022. 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.

<u>Principles for Financial Action for the 21st</u> <u>Century</u> □



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 Principle was revised in June 2022. It asks the signatories' collaboration to address to various issues regarding environment, society, and economy. 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.

Japan Stewardship Initiative (JSI)



The JSI was established in 2019 with the aim of helping to deepen and advance stewardship activities.

In March 2022, Daiwa Asset Management endorsed and became a participant in JSI's activities.

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.

CDP □



CDP is an initiative in which institutional investors interested in climate change, water, and forest related issues 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 initiative in 2004.

Climate Change

<u>Task Force on Climate-related Financial</u>
<u>Disclosures (TCFD)</u> □



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. (April 2018), Daiwa Asset Management (December 2020), and Daiwa Real Estate Asset Management (December 2021) announced their support for TCFD. They also participate in the TCFD Consortium, which was established in May 2019 in Japan.

Response to Climate Change (Disclosure Based on the TCFD Recommendations 2022)

Partnership for Carbon Accounting Financials (PCAF) □



PCAF was launched mainly by European financial institutions in 2015 with the aspiration to standardize the measurement and disclosure of financed emissions.

In December 2021, Daiwa Securities Group Inc. joined PCAF. Also, the Group joined the newly established PCAF Japan coalition launched by the Japanese financial institutions participating in the global, industry-led PCAF initiative.

Our strategy for achieving SDGs

Initiatives through Business Activities Corporate Governance Addressing social issues

Social Contribution Activities Environmental Initiatives



Net Zero Asset Managers initiative (NZAMi) Launched in December 2020, NZAMi is a global initiative by asset management companies that aims to achieve net zero greenhouse gas **NET ZERO ASSET** emissions from investee companies by 2050. In December 2021, Daiwa MANAGERS INITIATIVE Asset Management became a signatory in support of this aim. Green Transformation (GX) League Basic In March 2022, Daiwa Securities Group Inc. endorsed the GX League Basic Concept Concept announced by the Ministry of Economy, Trade and Industry. The aims of the GX League are to enhance industrial competitiveness by recognizing the goal of carbon neutrality by 2050 as an opportunity for growth, and to achieve a virtuous cycle for the economy, environment, and society by getting groups of companies actively working on GX to collaborate with each other. Statement on Fiduciary Duty and Climate This statement on the disclosure of fiduciary duty and climate change Change Disclosure 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. This international engagement initiative was established by investors in Climate Action 100+ 2017 with the aim of encouraging greenhouse gas emissions reductions A proud participant of: through collaborative engagement with companies with high emissions Climate 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.

Natural Capital and Biodiversity

<u>Taskforce on Nature-related Financial</u>
<u>Disclosures (TNFD) Forum</u> □



TNFD is an international initiative launched in June 2021 to develop and provide a framework for disclosing nature-related financial information. The TNFD Forum is a stakeholder organization that supports discussions on TNFD. In September 2022, Daiwa Securities Group Inc. and Daiwa Asset Management joined the TNFD Forum in support of TNFD's objectives.

Keidanren Initiative for Biodiversity

Conservation □



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 "the Keidanren Declaration on Biodiversity and Action Guidelines(revised version)." Daiwa Securities Group Inc. supports this Declaration.

Green Finance

Registration System of Green Bond, etc. <u>Issuance Supporters</u> □



The Financial Support Programme for Green Bond Issuance, etc. 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, etc. issuers (issuance supporters) for their issuance support costs. The Ministry has established a system for announcing the issuance supporters on the "Green Bond Platform."

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.

Human Capital

Women's Empowerment Principles (WEPs). □ In support of WOMEN'S EMPOWERMENT PRINCIPLES Established by UN Women and the UN Global Compact Office	The Women's Empowerment Principles (WEPs) are principles of action for actively promoting the empowerment of women, established by UNGC and UN Women in 2010. Daiwa Asset Management became a signatory in October 2022.	
30% Club Japan 30% Club GROWTH THROUGH DIVERSITY	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 Capital Management Consortium	Increasing attention is being paid to human capital management, which views human resources as "capital" and maximizes their value to improve corporate value over the medium to long term. In August 2022, Daiwa Securities Group Inc. and Daiwa Asset Management joined the Human Capital Management Consortium in support of its objectives. Recognizing that the source of the Group's competitiveness is its human resources, we will continue to actively promote initiatives related to human capital.	
We are proud to be participating in Advance as a collaborating investor	Advance is a collaborative stewardship initiative where institutional investors work together to take action on human rights and social issues. The Initiative has been coordinated by the PRI. In December 2022, Daiwa Asset Management endorsed and became a "Participant".	
Universal Declaration of Human Rights □		
United Nations Guiding Principles on Business and Human Rights		
Children's Rights and Business Principles		
The eight fundamental conventions of the International Labour Organization		



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

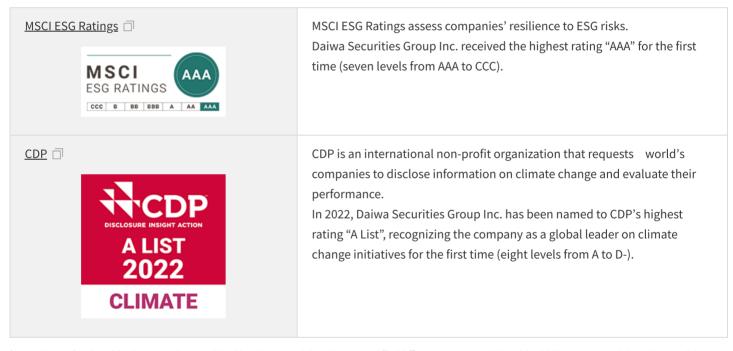
Inclusion in ESG Indices (As of December, 2022)

Dow Jones Sustainability Indices Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	Dow Jones Sustainability Indices are sustainability equity indices selected by S&P Global. Daiwa Securities Group Inc. has been included in DJSI World Index and/or DJSI Asia Pacific Index since it launched in 1999. In 2022, we were selected as a component of DJSI Asia Pacific Index.
FTSE4Good Index FTSE4Good	FTSE4Good Index is a socially responsible investment index developed by FTSE, a subsidiary of the London Stock Exchange. Daiwa Securities Group Inc. has been included for 17 consecutive years since 2006.
FTSE Blossom FTSE Blossom Japan Index FTSE Blossom Japan Index FTSE Blossom Japan Sector Relative Index	FTSE Blossom Japan Index is a socially responsible investment index developed by FTSE. It is comprised of Japanese enterprises that demonstrate strong ESG practices. It is adopted by Japan's Government Pension Investment Fund (GPIF) as a core ESG benchmark for its passive investments. Daiwa Securities Group Inc. has been included for six consecutive years since 2017. Daiwa Securities Group Inc. has also been included in FTSE Blossom Japan Sector Relative Index, which has been newly added to GPIF's ESG benchmarks for its passive investments.
MSCI Japan ESG Select Leaders Index □ 2022 CONSTITUENT MSCIジャパン ESGセレクト・リーダーズ指数	MSCI Japan ESG Select Leaders Index is a global ESG stock index comprised of Japanese companies selected by MSCI from different sectors on the basis of excellent ESG performance. It is adopted by GPIF as a core ESG benchmark for its passive investments.
MSCI Japan Empowering Women Index (WIN) 2022 CONSTITUENT MSCI日本株 女性活躍指数 (WIN)	Developed by MSCI, MSCI Japan Empowering Women Index selects Japanese companies that promote and maintain gender diversity among the workforce. It is adopted by GPIF as a core ESG benchmark for its passive investments. Daiwa Securities Group Inc. has been selected for six consecutive years since 2017.

Our strategy for Initiatives through Corporate Addressing **Social Contribution** Environmental achieving SDGs Business Activities Governance social issues Activities Initiatives STOXX Global ESG Leaders Index STOXX Global ESG Leaders Index is a ESG stock index developed by STOXX, a subsidiary of Deutsche Börse Group. Its constituents are selected based STOXX on Sustainalytics's ESG evaluation.

*THE INCLUSION OF Daiwa Securities Group Inc. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Daiwa Securities Group Inc. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

ESG Ratings (As of December, 2022)



*THE USE BY Daiwa Securities Group Inc. OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF Daiwa Securities Group Inc. BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

Awards and Recognition (As of September, 2022)

CDP 2021 Supplier Engagement Leader



Daiwa Securities Group was recognized as a 2021 Supplier Engagement Leader, the highest rating in the Supplier Engagement Rating by CDP. The Supplier Engagement Rating is designed to evaluate companies' supply chain engagement practices on climate issues.

Environmentally Sustainable Company in the
Environmentally Sustainable Company
Category of the 3rd ESG Finance Awards Japan



ESG Finance Awards Japan, sponsored by the Ministry of the Environment, recognizes financial institutions, companies, and other organizations that have made an impact by actively engaging in ESG finance, or environmental / social projects.

Daiwa Securities Group Inc. was selected as an Environmentally Sustainable Company that meets certain criteria for disclosure of material environmental issues, based on evaluation criteria such as risks, business opportunities, strategies, KPIs, and governance.

Governor's Special Prize for Green Finance in the ESG Investment Category of Tokyo Financial Award 2021



Tokyo Financial Award, sponsored by the Tokyo Metropolitan Government, recognizes financial companies that develop and provide innovative financial products and services that meet the needs of citizens in Tokyo and contribute to solving issues, or that work to spread ESG investment. Daiwa Asset Management's efforts toward the spread of new investment aimed at carbon neutrality through its CANDRIAM Decarbonization Technology Fund (nickname: Carbon ZERO) received an award in the ESG investment category. Daiwa Asset Management also won the Governor's Special Prize for Green Finance as an excellent company from the perspective of green finance.

"Weekly Toyo Keizai"
SDG Corporate Ranking ranked 3rd

Daiwa Securities Group Inc. was ranked 3rd in the overall ranking in the SDG rankings of 500 companies announced in Weekly Toyo Keizai (July 30 issue) based on the evaluations of human resource usage, environmental activities, social contributions, and corporate governance.

Nadeshiko Brand



Daiwa Securities Group Inc. has been selected as a Nadeshiko Brand for eight consecutive years since 2014. The Nadeshiko Brand is an initiative jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to recognize listed companies that excel in promoting women's advancement.

We established a broad regional career-track system that allows employees to be relocated within a certain area. In addition, ANSWERS, an internal online channel through which employees share their difficulties and get support, was also introduced. By supporting career advancement and offering a wide range of career options for female employees, we are working to build a workplace where all employees can continue to work energetically.

Nadeshiko Brand (Ministry of Economy, Trade and Industry website)

> Nadeshiko Brand (Ministry of Economy, Trade and Industry website)

Health & Productivity Stock Selection



For eight consecutive years since 2014, Daiwa Securities Group Inc. has been listed as a Health & Productivity Stock, jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, as a listed company that excels in initiatives for employees' health.

Our Chief Health Officer (CHO) and the executives of Group companies actively engage in health management. As a health management pioneer selected as a Health & Productivity Stock since the launch of the program, we share our know-how with other companies and provide lectures on the topic. We also strive to evolve our initiatives according to our issues, social changes, and employees' needs. For example, we comprehensively address health issues specific to women, offer systems for supporting a balance between cancer treatment and work, provide online healthcare services within the company, and have introduced a fitness app, and these efforts have been highly evaluated.

> Health & Productivity Stock Selection (Ministry of Economy, Trade and Industry website) □

Certified Health & Productivity Management Outstanding Organizations (White 500)



The Ministry of Economy, Trade and Industry chooses outstanding enterprises engaging in advanced health and productivity management as White 500 companies.

Daiwa Securities Group Inc. has been certified for six consecutive years since 2017.

> Certified Health & Productivity Management Outstanding Organizations (Ministry of Economy, Trade and Industry website) □



Family-Friendly Employer Certification Logo (Known as "Kurumin" and "Platinum Kurumin")



Kurumin is a certification logo provided by the Ministry of Health, Labour and Welfare under the Act on Advancement of Measures to Support Raising Next-Generation Children.

Daiwa Securities Group Inc. has been certified since June 9, 2008.

Daiwa Securities, Daiwa Asset Management, Daiwa Institute of Research, and Daiwa Securities Business Center have also been certified.

Moreover, Daiwa Securities, Daiwa Securities Business Center, and Daiwa Institute of Research received Platinum Kurumin. It was given to especially excellent companies that implement higher level of parenting supports.

> Kurumin and Platinum Kurumin (Ministry of Health, Labour and Welfare website)

Logo for Promoting Work Environment for Balancing Work and Long-Term Care (Known as "Tomonin")



Daiwa Securities Group has obtained Tomonin from the Ministry of Health, Labour and Welfare for our efforts in establishing a work environment where employees can pursue their careers while balancing work and nursing care.

> Tomonin (Ministry of Health, Labour and Welfare website) ⟨Japanese only⟩ □

Analyst Rankings of "Nikkei Veritas" and "Institutional Investor"

"Nikkei Veritas" Analyst Ranking

Nikkei Veritas Analyst Ranking is one of Japan's most recognized rankings with over 30 years of history. It is determined based on votes of institutional investors in Japan.

In 2022, Daiwa Securities earned 1st in the Nikkei Veritas Analyst Ranking by company for the fourth year in a row.

"Institutional Investor" All-Japan Research Team Survey

Institutional Investor All-Japan Research Team Survey is one of the world's most well-known surveys. It is determined based on votes of primarily foreign institutional investors. In 2022, Daiwa Securities earned 1st in Institutional Investor All-Japan Research Team Survey for the third year in a row.

Click here for details

GRESB Real Estate Assessment







The GRESB Real Estate Assessment is an annual benchmarking assessment to measure ESG integration of real estate companies and funds. Daiwa Office Investment Corporation and Daiwa Securities Living Investment Corporation have participated continuously in assessment.

Daiwa Office Investment Corporation

Daiwa Office Investment Corporation has participated continuously in the GRESB Real Estate Assessment since 2011. In the 2021 Assessment, it obtained a "Green Star" rating recognizing outstanding achievement for the tenth consecutive year in both the Management Component, which evaluates policies, organizational systems, etc. for promoting ESG, and the Performance Component, which evaluates environmental performance, initiatives with tenants, etc., at buildings in the portfolio. The company also earned a rating of "4 Star" in the GRESB Rating, which assigns a rating out of five stars based on where the participant's overall score ranks globally. Moreover, in the 2021 GRESB Public Disclosure Assessment, which measures the comprehensiveness of ESG information disclosure, the company was recognized as providing outstanding information disclosure relating to environmental and sustainability initiatives, receiving the top rating of "A" on the five-tiered evaluation scale.

Daiwa Securities Living Investment Corporation

Daiwa Securities Living Investment Corporation has participated continuously in the GRESB Real Estate Assessment since 2018. In 2021, company received a rating of "1 Star" in the GRESB Real Estate, as well as a rating of "B" in the GRESB Public Disclosure Assessment.

- ➤ Daiwa Office Investment Corporation "Participation in External Assessments"
- ➤ Daiwa Securities Living Investment Corporation "Acquisition of External Assessments/Certifications"

ISO Certification (As of May, 2022)

ISO14001

Daiwa Institute of Research has received ISO 14001 certification, an international standard for environmental management systems. Through its business activities, the firm endeavors to realize a harmonious relationship with the global environment, and actively works to reduce the environmental load.

Business site: Daiwa Eitai Building Office

Scope: All business activities involved in system consulting and system integration by Daiwa Institute of Research

Our strategy for / Initiatives through / Corporat achieving SDGs / Business Activities / Governal	3	Environmental Others Initiatives
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ISO/IEC20000	Daiwa Institute of Research (Systems Management Division) has received ISO 20000 certification, an international standard for IT service management systems. To provide customers with a high-quality IT service in a stable manner, the firm engages in enhancement of IT services quality, cost management, business optimization, and continual improvements.
ISO/IEC27001	Daiwa Institute of Research (Systems Management Division) has received ISO 27001 certification, an international standard for information security management systems. To maintain and manage the confidentiality, integrity, and availability of its information assets, the firm is working on improvement of the information security.
ISO/IEC27017	Daiwa Institute of Research (Systems Management Division) has received ISO 27017 certification, 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.
ISO9001	Daiwa Institute of Research (Enterprise System Department (1)) has received ISO 9001 certification, an international standard for quality management systems. (Scope: Design and development of application software based on customer requirements)

> ISO 🗇

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)> Management policy
102-7	Scale of the organization	> Corporate Profile
102-8	Information on employees and other workers	> Workforce Statistics > SDGs Data Edition 2022
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) Role and Social Responsibilities of the Securities Business

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 CEOWhy Daiwa Securities Group is Working to Support Children
102-15	Key impacts, risks, and opportunities	 Our Values and SDGs Materiality Securities Reports (Japanese only) Response to Climate Change (Disclosure Based on the TCFD Recommendations 2022)

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

Our strategy for Achieving SDGs Initiatives through Corporate Achieving SDGs Governance

Addressing / Social Contribution social issues / Activities

Environmental Initiatives



Number	Disclosures	Applicable web page
102-19	Delegating authority	> Structure of SDGs Promotion
102-20	Executive-level responsibility for economic, environmental, and social topics	> Structure of SDGs Promotion
102-21	Consulting stakeholders on economic, environmental, and social topics	 > Stakeholder Engagement > 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 Group Management System Summary of the Management Policy for Conflict of Interest
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	> Corporate Governance > Risk Mamagement
102-31	Review of economic, environmental, and social topics	> Corporate Governance
102-32	Highest governance body's role in sustainability reporting	> Structure of SDGs Promotion
102-33	Communicating critical concerns	> Compliance
102-34	Nature and total number of critical concerns	> Compliance

Our strategy for | Initiatives through | Corporate | Addressing | Social Contribution | Environmental achieving SDGs | Business Activities | Governance | social issues | Activities | Others

Number	Disclosures	Applicable web page
102-35	Remuneration policies	> Corporate Governance
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 Engagement
102-41	Collective bargaining agreements	> Communication with Employees
		> SDGs Data Edition 2022
102-42	Identifying and selecting stakeholders	> Stakeholder Engagement
102-43	Approach to stakeholder engagement	> Stakeholder Engagement
102-44	Key topics and concerns raised	 Daiwa Securities Group's Management Vision "Vision 2030" and Materiality Stakeholder Engagement

Reporting Practice

Number	Disclosures	Applicable web page
102-45	Entities included in the consolidated financial statements	> Securities Reports (Japanese only)> Global Network
102-46	Defining report content and topic Boundaries	> Editorial Policy
102-47	List of material topics	Daiwa Securities Group's Management Vision "Vision 2030" and Materiality
102-48	Restatements of information	Not Applicable
102-49	Changes in reporting	> Our strategy for achieving SDGs

Our strategy for | Initiatives through | Corporate | Addressing | Social Contribution | Environmental achieving SDGs | Business Activities | Governance | social issues | Activities | Initiatives

Number	Disclosures	Applicable web page
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 2022 🔼

103: Management Approach

Number	Disclosures	Applicable web page
103-1	Explanation of the material topic and its Boundary	 Our strategy for achieving SDGs Daiwa Securities Group's Management Vision "Vision 2030" and Materiality
103-2	The management approach and its components	 Our strategy for achieving SDGs Daiwa Securities Group's Management Vision "Vision 2030" and Materiality
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)
201-2	Financial implications and other risks and opportunities due to climate change	 Response to Climate Change (Disclosure Based on the TCFD Recommendations 2022) Environmental Management / Initiatives for 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
		> Contribution through Foundations and NPOs
		> SDGs Finance
		> Corporate Citizenship Initiatives

0,	Addressing / Social Contribution / Social issues / Activities	Environmental Others Initiatives
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Number	Disclosures	Applicable web page
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	Tax PolicyRisk Management
207-2	Tax governance, control, and risk management	> Tax Policy > Risk Management
207-3	Stakeholder engagement and management of concerns related to tax	> Tax Policy
207-4	Country-by-country reporting	> Tax Policy

300: Environment

Materials

Number	Disclosures	Applicable web page
301-1	Materials used by weight or volume	Not applicable
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 2022 🔼
302-2	Energy consumption outside of the organization	> SDGs Data Edition 2022 🕒
302-3	Energy intensity	> SDGs Data Edition 2022 🔼
302-4	Reduction of energy consumption	> SDGs Data Edition 2022 🔼
302-5	Reductions in energy requirements of products and services	> SDGs Data Edition 2022 ▲



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 2022 🔼
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
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 2022
305-2	Energy indirect GHG emissions	> SDGs Data Edition 2022
305-3	Other indirect GHG emissions	> SDGs Data Edition 2022
305-4	GHG emissions intensity	> SDGs Data Edition 2022
305-5	Reduction of GHG emissions	> SDGs Data Edition 2022

Our strategy for Initiatives through Corporate Addressing Social Contribution Environmental achieving SDGs Business Activities Governance social issues Activities Initiatives
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Number	Disclosures	Applicable web page
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 2022 🔼
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 2022 🔼
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 2022

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

Our strategy for | Initiatives through | Corporate | Addressing | Social Contribution | Environmental achieving SDGs | Business Activities | Governance | social issues | Activities | Others

Number	Disclosures	Applicable web page
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 2022 🔼
405-2	Ratio of basic salary and remuneration of women to men	> SDGs Data Edition 2022 🔼

Non-discrimination

Number	Disclosures	Applicable web page
406-1	Incidents of discrimination and corrective actions taken	> Respect for Human Rights> Environmental and Social Policy Framework

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	> Respect for Human Rights
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 2022 🔼

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

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



Editorial Policy

Daiwa Securities Group discloses sustainability information related to its business and other activities on the SDGs pages of the company's website, and posts updated information as required.

We also release the SDGs Data Edition (a compilation of quantitative data), the SDGs Report (a PDF version of the information posted as of September 30 each year, for printing and archival purposes), and the SDGs Booklet (a digest version of the report). These documents and their back numbers can be found on the SDGs 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	FY2021 (April 1, 2021, to March 31, 2022) The report, however, also includes some information on events and activities carried out prior to the beginning of or after the end of FY2020, or scheduled to take place during FY2022.	
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E-mail	daiwa sustainability@daiwa.co.jp	
URL	https://www.daiwa-grp.jp/english/sdgs/	
Reference Guidelines	GRI Sustainability Reporting Standards (GRI: Global Reporting Initiative) ISO 26000: Guidance on social responsibility SASB Standards (SASB: Sustainability Accounting Standards Board) Environmental Reporting Guidelines 2018 and Environmental Accounting Guidelines 2005, Ministry of the Environment, Japan	

For Deeper Understanding of Corporate Activities of Daiwa Securities Group

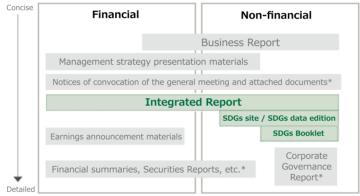
At Daiwa Securities Group, we issue an Integrated Report, referring to the International Integrated Reporting Framework published by the Value Reporting Foundation (VRF) and the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry. The Integrated Report is aimed at 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.