# Index

Message from Management · · · · · · · 3	For Your Dreams - Daiwa Securities Group Children's
	Smile Project · · · · · · · 163
Our strategy for Sustainability	Contribution through Foundations and NPOs $\cdots$ 165
Sustainability Management · · · · · 4	Corporate Citizenship Initiatives · · · · · · · · 168
Stakeholder Engagement · · · · · · · · 11	
Statements · · · · · 14	Environment
	Environmental Management · · · · · · · · · · 175
Sustainability in Our Business	Initiatives for Environmental Load Reduction $\cdots178$
Role and Social Responsibilities of the Securities	Climate-related Disclosures 2025 (former TCFD) $\cdot\cdot$ 180
Business	1. Introduction · · · · · · 181
Support for Asset Building · · · · · 22	2. Overview of Sustainability Strategy · · · · · · · 185
Sustainable Finance · · · · · · · 31	3. Governance191
Sustainability-Fueled Business Expansion · · · · · 50	4. Strategy198
	5. Risk Management · · · · · · · · · · · · 216
Governance	6. Metrics and Targets · · · · · · · 222
Corporate Governance · · · · · · 62	7. Response as an Asset Manager · · · · · · · · 230
Compliance····· 81	8. Appendix · · · · · · 238
Tax Policy · · · · · 91	Green Finance · · · · · · · 247
Prevention of corruption · · · · · 93	Measures to achieve net zero GHG Emissions
Risk Management · · · · · 95	within Our Investment and Loan portfolios $\cdots\cdot$ 249
IT Strategy and Management of Systems Risk $\cdots$ 106	Addressing Natural Capital and Biodiversity:
Al Governance Mission Statement · · · · · · 108	Disclosure based on the TNFD Framework · · · · · · · 254
Social	Sustainability Library
Respect for Human Rights · · · · · 110	Sustainability Data Edition · · · · · · 275
Supply Chain Management · · · · · · 113	Sustainability Archive · · · · · · 277
Initiatives for Customer-First Services · · · · · · 118	
Hiring Initiatives · · · · · 122	ESG Information Index · · · · · · 283
Diversity and Inclusion · · · · · 123	Participation in Initiatives · · · · · · · · 291
Human Resource Development and Skill	Third-Party Evaluations · · · · · · 298
Enhancement · · · · · · · 135	GRI Content Index · · · · · · 307
Health Management · · · · · · · · · · · · 140	SASB Index321
Communication with Employees · · · · · 153	Editorial Policy · · · · · · 326
Social Contribution Activities	
Basic Policy for Social Contribution Activities · · · · 156	
Financial Education and Research · · · · · 158	

# Index

- \* This report is current as of November 30, 2025.
- \* Detailed data related to Sustainability and ESG are collected separately in Sustainability Data Edition.
  - > Sustainability Data Edition

 $\underline{\text{https://www.daiwa-grp.jp/sustainability/data/pdf/daiwa\_sustainability\_data\_2025.pdf}$ 

# Message from Management

Since April 2024, Daiwa Securities Group has launched its three-year Medium-Term Management Plan, "Passion for the Best" 2026, covering the period through fiscal year 2026. Under our basic group management policy of "Maximizing Customer Asset Value," we are committed to contributing to the long-term maximization of our customers' asset value and corporate value. To achieve this, we are promoting the development of a structure that enables us to provide the best and most optimal high-quality solutions tailored to customers' circumstances and the economic environment across all business domains of the Group.



For the first half of fiscal year 2025, the Group recorded consolidated net operating revenue of ¥327.8 billion, ordinary income of ¥97.9 billion, and net income attributable to owners of the parent of ¥78.9 billion. As a result of steadily advancing the shift to a business model less susceptible to external conditions, our base income\*, which we emphasize as a key indicator of stable earnings, reached ¥78.1 billion. Regarding shareholder returns, we have set the interim dividend for fiscal year 2025 at ¥29 per share. During the Medium-Term Management Plan period, we have pledged to pay an annual dividend of at least ¥44 per share, and this interim dividend marks the highest amount ever for a half-year period.

\* Base income: Total ordinary income from the Wealth Management Division, Securities Asset Management, and Real Estate Asset Management.

The Japanese economy is emerging from a prolonged slump and deflationary environment, entering a full-fledged "era of interest rates." Changes such as the acceleration of "the shift from savings to investment" and increased corporate actions are tailwinds for our Group's business, creating new growth opportunities. In this context, our initiatives toward the unwavering priority of "Maximizing Customer Asset Value" are steadily taking root step by step. Going forward, through the provision of high-quality consulting and solutions, we will continue to contribute to realizing Japan as a Leading Asset Management Center and to creating a prosperous future through financial and capital markets.

We would like to express our deepest appreciation to our shareholders for your continued support.

December 2025
Daiwa Securities Group Inc.
President and CEO,

A. Ogino

# Sustainability Management

Message from the Head of Sustainability 💙

Daiwa Securities Group's Management Vision "Vision 2030"

Materiality

Sustainability Promotion Structure

# Message from the Head of Sustainability



Keiko Tashiro
Director, Deputy President
Head of Asset Management,
Securities Asset Management,
Sustainability and Financial Education
Daiwa Securities Group Inc.

### **Enhancing Corporate Value**

The impact of the pandemic and the emergence of geopolitical risks have accelerated the imperative for companies to embrace sustainability-oriented business operations where they are not only expected to pursue economic returns, but also to minimize the negative impacts and maximize the positive impacts of their operations on the environment and society. As an integrated securities group, it is our pivotal mission to support fundraising symbolized by transition finance, which has gained significant attention as a financing mechanism for the transition to a carbon-neutral society.

The promotion of sustainable finance is the key for companies to ensure that contributing to sustainability through business is not just as a temporary movement, but a medium- to long-term strategy to increase their own resilience. Recognizing this, Daiwa Securities Group will enhance its system to promote sustainable finance in line with our "Vision 2030". We will engage with both investors and issuers to help them understand its significance, and support the enhancement of corporate value that brings positive outcomes.

Companies are expected to assume the role of facilitators in addressing social issues. To meet this expectation, all employees will make a collaborative effort to establish a new cycle of funds that contribute to the realization of a sustainable society.

## Daiwa Securities Group's Management Vision "Vision 2030"

"Creating a prosperous future through financial and capital markets" is the concept underlying our Group management vision. In the era of 100-year lifespans, as professionals in the financial and capital markets we will provide high-quality solutions while

Message from Management Our strategy for Sustainability Sustainability in Our Business

Governance /

Social /

Social Contribution

Environment

Others

promoting innovation both inside and outside the Company, and contributing to carbon-free initiatives in order to achieve a prosperous future for society.



- > Corporate Principles
- > The Daiwa Spirit

# Materiality

## Materiality in Vision 2030

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



#### 100 years of life

In preparation for achieving a society where anybody can live comfortably in the area of 100-year lifespans, we will help to maximize the value of assets to meet the diversifying needs of customers.



#### Innovation

In addition to aiming to generate innovation for a prosperous society through cooperation with our partners both in Japan and overseas, we will expand the number of new business opportunities and take on the challenge of self-transformation.





#### **Green & Social**

In order to achieve a sustainable and carbon-free society, we will focus on providing financial products and services that help resolve social issues.



#### **Diversity & Inclusion**

In order to strengthen our competitiveness, we aim to become an organization in which employees can express their individuality and demonstrate their expertise, and achieve personal growth and job satisfaction.

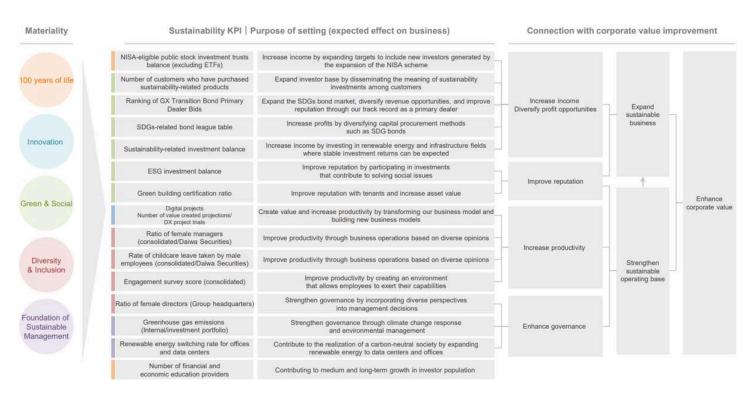


#### Foundation of sustainable management

In order to achieve these themes of 100 years of life, Innovation, Green & Social, and Diversity & Inclusion, we will make the base that supports sustainable corporate management even more robust.

## Sustainability 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.



# **Sustainability Promotion Structure**

Sustainability-related operations and the Group policies are regularly discussed at the Sustainability Promotion Committee chaired by the President and CEO, and are disseminated throughout the Group through the Sustainability Promotion Dept.

Message from Management

Our strategy for Sustainability in Our Business

Sustainability in Our Business

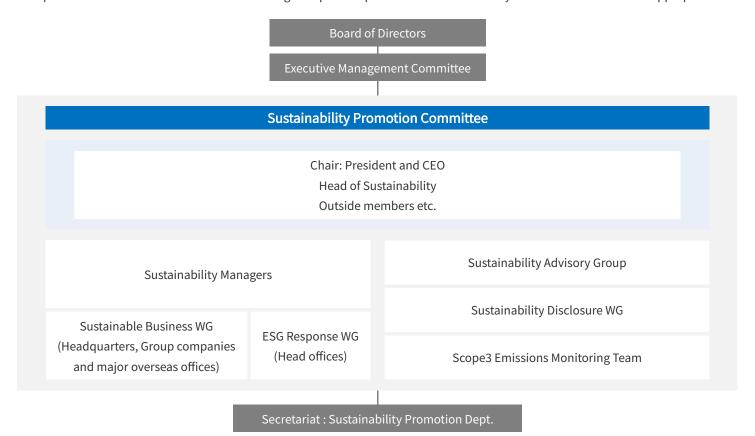
Our strategy for Sustainability in Our Business

Social Contribution Activities

Environment Others

The details of discussions are reported to the Board of Directors and the Executive Management Committee as necessary, and important matters defined as core management matters in the Regulations of the Board of Directors are decided by the Board.

In addition, as a system to promote sustainability across the Group, we appoint Sustainability Managers at each division and major Group company, and promote sustainability-related businesses and manage the progress of sustainability KPIs through Working Groups. The details of discussions in these Working Groups are reported to the Sustainability Promotion Committee as appropriate.



Head of Sustainability	Promotes sustainability-related businesses across the Group and oversees initiatives that enhance the foundation of sustainable management	Sustainability Advisory Group	Internal experts with expertise in sustainability make recommendations on issues and future action
Sustainability Managers	Promote sustainability-related businesses and manage the progress of KPI at each division and Group company	Sustainability Disclosure WG	Cross-departmental organizations that aim to expand sustainability-related disclosures from the perspective of integrated reporting
Sustainable	Monitor KPIs, grasp the progress of sustainability-related		of integrated reporting
Business WG	businesses, identify issues, and implement measures under sustainability managers		
ESG Response WG	Enhance ESG response in reference to external ESG evaluations(investors and evaluation organizations)	Scope3 Emissions Monitoring Team	Monitors emissions relating to the investment and loan portfolios, and sets targets

## Members of the Sustainability Promotion Committee

### Chairperson



Akihiko Ogino President and CEO

#### **Internal Members**



Shinsuke Niizuma **Deputy President** COO, Head of Wealth Management



Keiko Tashiro **Deputy President** Head of Asset Management, Securities Asset Management, Sustainability and Financial Education



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



Junichi Serizawa Senior Executive Managing Director Deputy Head of Wealth Management \*Daiwa Securities Co. Ltd. Head of Wealth Management Division



Tsutomu Kobayashi Senior Executive Managing Director CRO



Kotaro Yoshida **Executive Managing Director** CFO



Atsushi Mochizuki \*Daiwa Institute of Research Ltd. President



Kei Sano \*Daiwa Asset Management Co. Ltd. President



Kenichi Tazawa Senior Managing Director Head of Global Markets \*Daiwa Securities Co. Ltd. **Head of Global Markets** Division



Tomohide Wakayama \*Daiwa Securities Co. Ltd. **Head of Corporate Business** Division



Christina Ahmadjian \*Daiwa Securities Co. Ltd. **Outside Director** 



Toru Yamamoto Senior Managing Director Head of Global Investment Banking \*Daiwa Securities Co. Ltd. Head of Global Investment **Banking Division** 

Our strategy for Sustainability Sustainability in Our Business

Governance

Social Social Contribution
Activities

Environment

Others



Hiromasa Kawashima Senior Managing Director Deputy Head of Corporate Planning, Head of Human Resources, CHO and Legal, and Deputy Head of Sustainability



Tomonori Tsuji Senior Managing Director Head of Real Estate Asset Management



Masahiro Kobayashi Senior Managing Director Head of Alternative Asset Management

#### **Outside Members**



Toshihide Arimura
Professor, School of Political
Science and Economics,
Waseda University
Faculty Fellow, The Research
Institute of Economy, Trade
and Industry



Arisa Kishigami Independent consultant, En-CycleS (Engagement Cycle for Sustainability) Trustee, Japan Sustainable Investment Forum (JSIF)



Daisuke Takahashi Partner Attorney at Shinwa Law

# 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, investees, 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, investees, 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.



Stake	holders	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.	Wealth Management Division Contact Center Customer Support Center Global Markets & Investment Banking Division	<ul> <li>Initiatives for Customer- First Services</li> <li>Support for Asset Building: Maximizing the Value of Customer Assets</li> <li>Environmental and Social Policy Framework</li> </ul>
	Issuers	We propose optimal financing methods among from a wide range of methods to corporations, public organizations, and others seeking to raise funds through the issuance of stocks and bonds, and provide total support for their financing from formulation of plans to execution.		

Message from Management

Our strategy for Sustainability

Sustainability in Our Business

Governance Social

Social Contribution Activities

Environment Others

Stake	eholders	Method of Engagement	Main Contact Points	Relevant Web Pages
Society	Investees	As an institutional investor, we strive to maintain active communication, including engagement with investee companies.	Asset Management Division Wealth Management Division Retail Division Global Markets & Investment	<ul> <li>Role and Social         Responsibilities of the         Securities Business     </li> <li>Supply Chain Management</li> </ul>
	Business partners We maintain fair relationships with all our business partners, including suppliers, and collaborate with them in order to create a sustainable society.  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.  When making political contributions, we comply with internal regulations and all relevant laws and regulations, and we properly disclose the amount of contributions.	Risk Management Department General Affairs Department Sustainability Promotion Department	<ul> <li>Environmental and Social Policy Framework</li> <li>Tax Policy</li> <li>Political Contributions (Sustainability Data Edition)</li> </ul>	
		Daiwa Anglo-Japanese Foundation Corporate Communication Department  Securities Group Chi Smile Project  Contribution throug Foundations and NP Corporate Citizenshi Initiatives	<ul> <li>&gt; Financial Education and Research</li> <li>&gt; For Your Dreams - Daiwa Securities Group Children's Smile Project</li> <li>&gt; Contribution through Foundations and NPOs</li> <li>&gt; Corporate Citizenship</li> </ul>	
	NPOs/NGOs	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.		120th Anniversary Children's 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.		
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 Department Corporate communication Department Sustainability Promotion Department	> Communication with Employees

Message from Management

Our strategy for Sustainability in Our Business

Sustainability in Our Social Social Social Social Contribution Activities

Environment Others

Stakeh	olders	Method of Engagement	Main Contact Points	Relevant Web Pages
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	> Shareholder and investor information

# **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

Message from Sustainability in Our Social Contribution Governance Social Environment / Others Management **Business** Activities **Statements** Introducing Daiwa Securities Group's various statements. Management > Daiwa Spirit [PDF: 80 KB] (Japanese) > Corporate Principles > Management Policy > Daiwa Securities Group's Management Vision "Vision2030" · Materiality

# Sustainability in general

> Basic Policy on Stakeholder Engagement

> Sustainability Management	<ul> <li>Daiwa Asset Management Co. Ltd. "Sustainability Policy" (including "Environmental Policy" and "Human Rights Policy") (Japanese) □</li> </ul>
> Daiwa Asset Management Co. Ltd. "ESG Investment Policy" 🗇	➤ Daiwa Real Estate Asset Management Co.Ltd. "Sustainability Policy" □
➤ Daiwa Capital Markets America Inc. "Corporate Social Responsibility" □	➤ 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
- > Climate-related Disclosures 2025 (former TCFD)

# 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) □
> Daiwa Connect Securities Co., Ltd. (Japanese)

## **Human Capital**

- > Guidelines for Fair Hiring
- > Health Management (Approaches and Policy, Promotion System, Targets, and, Examples of Major Initiatives and Results, etc.)
- > Daiwa Capital Markets Europe Ltd. "Modern Slavery Act 2015"
- > Human Rights Policy
- > Daiwa Capital Markets Europe Ltd. "Equity, Diversity & Inclusion"  $\square$
- > Daiwa Capital Markets America Inc. "WORK FOR US" > "Culture" 🗇

## **Investment and Financing Policy**

- > Environmental and Social Policy Framework
- > Daiwa Asset Management "Investment Related to Specified Weapon Manufacturing Companies" (Japanese) 🗇
- > Daiwa Asset Management Co. Ltd. "ESG Investment Policy" □

### Daiwa Securities Group Suppliers' Code of Conduct

## **Basic Policy for Social Contribution Activities**

## 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 Combating the Financing	of Terrorism (AML/CFT)
Securing the Fairness and Transparency of the Market ~Prevention of unfair transactions such as insider trace	ling~
Basic Policy on Avoiding Involvement with Anti-Social I	Forces
Al Governance Mission Statement	

## Management Policy for Conflict of Interest

- > Daiwa Securities Group
- > Daiwa Securities Co. Ltd. (Japanese) □
- ➤ Daiwa Asset Management Co. Ltd. (Japanese) □

## Information disclosure

> Disclosure Policy

> Daiwa Asset Management Co. Ltd. "Stewardship" □

Our strategy for Sustainability Social Contribution Message from Sustainability in Our Governance Social Environment / Others Activities Management Business **Risk Management** > Risk Appetite Framework [PDF: 3,342 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)  $\square$ 

Others

Environment

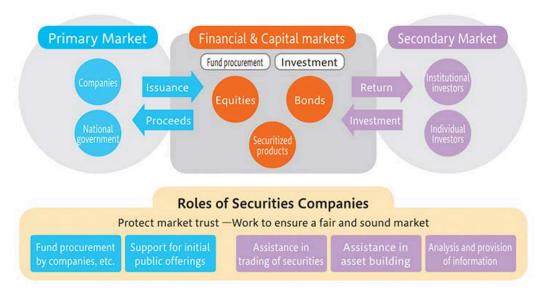
# Role and Social Responsibilities of the Securities Business

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 and the social impacts of the investment 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 an environment in which innovation is easy to occur, and the creation of a more active and stable financial market.



#### > Global Network

Role 1: Fund procurement by companies, Role 2: Support for initial public offerings Role 3: Assistance in trading of securities etc.

Role 4: Assistance in asset building Role 5: Analysis and provision of Role 6: Protect market trust information

Others

## **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 needs to procure funds.

## Responsibility as a Securities Company

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 continually striving to build the best structure for ensuring 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 by assigning to the position personnel with a wide range of knowledge and expertise to quickly grasp the situation and respond appropriately in the event of an irregularity.

Also, in order to continue its settlement operations for the maintenance of the financial system even in the event of contingencies such as natural disasters, Daiwa Securities is working to enhance its operational resilience.

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

Message from Management Our strategy for Sustainability Business Governance Social Social Contribution Activities Environment Others

## 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 three times, encourages institutional investors to fulfill their responsibilities of enhancing the medium- to long-term investment returns for their clients and beneficiaries by improving and fostering the investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, based on consideration of medium- to long-term sustainability including ESG factors consistent with their investment management strategies. In our Group, Daiwa Securities and Daiwa Asset Management have announced their adoption of the Code.

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

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

## System at Daiwa Asset Management

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

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. The report's name has been changed to Sustainability Report starting from the April 2023 issue. In addition to the existing contents, the report introduces the sustainability-oriented management that we are working on as a corporation.

>	ESG Investment Policy $\ \Box$	
>	Stewardship Policy $\ \square$	
>	Sustainability Report 2024	٨

### Sustainability-Related 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.

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

### **Education and Training for Executives and Employees**

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 sustainability. As sustainability, 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 January 2024, we newly established an in-house certification system for achieving the titles of "Sustainability Associate" and "Sustainability Leader" and have been encouraging employees to obtain the certification as part of our effort to develop sustainability-oriented personnel.

#### **Lingagement and Information Exchange Meetings**

Lingagement is a term coined by Daiwa Asset Management by combining "Linkage" with "Engagement" and refers to its activities conducted to provide investee companies with opportunities to discuss issues faced by them with the personnel in charge and executive managers of best practice companies, thereby gaining insights to increase their corporate value going forward.

In November 2024, the company held the fourth information exchange meeting, which is one of its core Lingagement activities. Held on the theme of human capital, the meeting provided participants with an opportunity to share knowledge between companies and to listen to the speeches made by external experts as well as by personnel in charge of human capital at best practice companies and companies embracing challenges in a proactive manner.

> Report on the fourth information exchange meeting (Japanese only)

# Support for Asset Building: Maximizing the Value of Customer Assets

In each of its business domains, Daiwa Securities Group is contributing to maximizing the value of customer assets as well as the corporate value of customers on a medium- to long-term basis by providing them with high-quality solutions that are both optimal to meet their needs and suited to the current economic environment.

# Products offered to pursue shared value

> Sustainable Finance

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

Daiwa Securities Group is promoting sustainable finance to support measures intended for global decarbonization and the solution of various social issues. A vast amount of funding is needed to address climate change and other social issues existing in this modern society, and public-private collaboration is essential to meet this requirement. Based on this recognition, we are promoting sustainable finance toward the realization of a sustainable society.

Adding SDGs elements to our core fundraising support business will help us find new business opportunities and provide more value to our customers. As a pioneer for SDG bonds in Japan (including conventional Impact Investment bonds), we are providing customers with opportunities to invest in bonds issued by a range of entities for the purpose of solving social issues. We will continue to advance sustainable finance and offer more diverse products for sustainability going forward.

### SDG Bonds for Retail Investors Sold by Daiwa Securities (FY2024)

Issuers	Use of funds	Sales amount (estimate)
Tokyo Tatemono	Sustainability bond	¥10 billion
City of Kobe⁺	SDG bond	¥500 million
Hyogo Prefecture*	Green bond	¥200 million
Saitama Prefecture*	Sustainability bond	¥660 million
Yamaguchi Financial Group*	Green bond	¥11 billion
Sendai City*	Green bond	¥250 million

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

Issuers	Use of funds	Sales amount (estimate)
Kitakyushu City*	Sustainability bond	¥190 million
Nagoya City*	SDG bond	¥400 million
Tokyu*	Green bond	¥1.5 billion
Kawasaki City*	Green bond	¥300 million
Japan International Cooperation Agency*	Sustainability bond	¥1.5 billion

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

## **Comprehensive Asset Consulting Service**

In the advent of the 100-year lifespan era, people's life plans are becoming more diversified and complex. In order to support each customer in achieving their respective life targets and making their dreams come true, Daiwa Securities has introduced the "Asset Inheritance Planning" and "Asset Management Planning" comprehensive asset consultation service, which will be provided from a medium- to long-term viewpoint.

- Asset Inheritance Planning Service
   Based on the size of each customer's assets and their wishes regarding estate planning, Daiwa Securities conducts inheritance tax simulations to identify issues to be solved and propose solutions for smooth inheritance.
- Asset Management Planning Service
   By using highly reputed asset management tools with a proven track record, Daiwa Securities proposes optimal solutions to assist customers in all aspects of asset management, including analyzing their financial assets and helping them make investment decisions.

Moreover, Daiwa Securities in March 2024 was the first in Japan to introduce ESG- and SDGs-orientated analysis in the Asset Management Planning Service. Users can use this tool to analyze companies in light of the following four sustainability-related perspectives to make better investment decisions and improve their medium- to long-term investment performance.

ESG rating	Analysis and rating of ESG measures and risk management on a seven-point scale (AAA to CCC)
Global warming stress test	Analysis of how the portfolio asset value may change if the global average temperature rises by 2°C
Prediction of temperature rise	Analysis to show the rise in temperature if global carbon emissions matched those produced by the investment portfolio
SDGs-related measures	Evaluation of each brand against the 17 Sustainable Development Goals

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

## **ESG Funds**

ESG funds are investment trusts that place an emphasis on environment, social and governance (ESG) factors and sustainability factors when selecting companies to invest in, including companies that are working to achieve ESG and SDG targets toward a sustainable society.

By investing in these trust funds in the financial market, investors can indirectly supply funds to companies and others that are actively working on sustainability, thereby contributing to the realization of a sustainable society on a long-term basis.

We are expanding our product lineup to meet diverse customer needs.

## Initiatives in Funds for Decarbonization (Daiwa Asset Management)

Daiwa Asset Management has established and manages a carbon neutral technology equity fund (nicknamed "Carbon ZERO"). The fund invests primarily in solution companies that contribute to a decarbonized society from among global equities. Candriam S.C.A., which provides investment advice, aims to achieve zero carbon as a fund by contributing a portion of the fees earned from fund advice to green projects aimed at reducing CO<sub>2</sub>. The fund's ESG information is disclosed in its Impact Report.

Daiwa Asset Management and some of its sales companies, including Daiwa Securities, donate a portion of trust fees to tree-planting activities in Japan through NPOs. In 2024, a total of 5,425 trees were planted at three locations in Japan through the activities, and the cumulative total number of trees planted reached 21,529. Also, the number of tree planting locations has been increased to six In this way, we create opportunities to walk together with the beneficiaries toward a decarbonized society.

Further, in 2022, the fund received the Governor's Special Prize for Green Finance in the ESG Investment Category of Tokyo Financial Award 2021.

Subsequently in February 2024, Daiwa Asset Management became a co-recipient with Candriam of the bronze prize at the fifth ESG Finance Awards Japan (investors division).

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

## **Initiatives of Fund Wrap Services**

In the era of living 100 years, managing assets for the medium to long term is critical. Daiwa Fund Wrap is a service that enables customers with no investment experience or too busy to make investment decisions themselves to start long-term diversified investment by having Daiwa Securities invest in and manage assets on their behalf under a discretionary investment agreement. In providing our services, we strive to communicate closely with our customers to build a relationship of trust.

To make its know-how available to a broader base of customers, Daiwa Securities' fund wrap products are also sold by its business partners, including Japan Post Bank, Shinkin banks and local banks.

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: ¥21,336.9 billion (As of March 31, 2025)
  - \* Source: Data released by the Japan Investment Advisers Association
- Balance of Wrap accounts at Daiwa Securities: ¥4,686.4 billion (As of March 31, 2025)
  - \* Source: Data released by the Japan Investment Advisers Association

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

- Daiwa Social Contribution Wrap Daiwa Fund Wrap with a donation service
   Amount donated in FY2024: ¥42.17 million (cumulative donations in the last 3 years: ¥77.07 million yen)
  - \* Total donated amount from customers and from Daiwa Securities
  - \* Donated to: Food aid (UN WFP), medical care (Doctors Without Borders Japan), child support (Japan Committee for UNICEF), environment (WWF Japan), and disaster recovery (Japan Platform)

## **Initiatives for Solutions Business**

Recently, in order to meet the needs of customers who are faced with more diverse and difficult issues, we have been increasingly required to conduct solutions business beyond the provision of conventional financial products and services, Specifically, for SMEs and other corporate customers, we need to make comprehensive proposals that help them increase their corporate value, including proposals related to business succession, M&A and management support in addition to those on fundraising and financial strategies. Also, for individual customers, we need to meet their demand for attentive consulting services, including for inheritance and lifetime gifting. Going forward, we will continue to respond appropriately to changes in the business environment to deliver customer-oriented solutions.

# Workplace Business Initiative (Effective Use of DAIWA LIFEPLAN and D-Port)

In the workplace business, DAIWA LIFEPLAN 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.

Moreover, we have introduced the D-Port asset management & investment support app, which users can easily and safely log in to by biometric authentication to check their assets. Users can also smoothly access DAIWA LIFEPLAN through the app. We are thus providing them with more convenience and are planning to enhance the provision of education on investment through the app, thereby helping users improve their financial literacy.

# Expansion of Services for Asset-Building Customers through Smartphone-only Securities Company, "Daiwa Connect Securities"

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.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

Daiwa Connect Securities, which launched its services in July 2020, is a new type of securities company established by the Daiwa Securities Group. It features services that allow everything from account opening to securities trading and asset management to be completed via smartphone and allows beginners to start investing with small amounts easily.

Daiwa Connect Securities also partners with external companies to provide a game app that allows people to learn about investing in a fun way, a reward point investment service that allows people to use the reward points they earn from other services to invest, and a credit card regular investment service where cardmembers pay for their investments by credit card, allowing them to earn reward points from card use. These services provide opportunities to easily learn financial literacy with a small amount of money and diversify access to financial services. The company also provides teenagers with educational support for autonomous asset formation by offering "teen accounts" (for minors only).

In September 2024 Daiwa Connect Securities adopted Cinnamoroll of Sanrio Company, Ltd. as its mascot, expecting that it will help raise the awareness of the company's financial services among people, and has since been using the mascot on its website and trading app.

Daiwa Connect Securities will continue to develop and provide its services so that all people will be able to access better financial services



## Initiatives Using REITs, Funds and Other Structures to Solve Social Issues

### **Investment in Healthcare Facilities**

Daiwa Real Estate Asset Management managed Nippon Healthcare Investment Corporation, which was Japan's first REIT focusing on healthcare facilities. On April 1, 2020, that REIT was merged with Japan Rental Housing Investments Inc., a REIT focusing on housing that was also managed by Daiwa Real Estate Asset Management, and Daiwa Securities Living Investment Corporation ("DLI"), the J-REIT with the largest amount of healthcare facility assets under management in Japan, was established. DLI invests in prime healthcare facilities that are likely to see stronger demand from society over the medium to long term as the population continues to age. Through such investment, it will contribute to the "Achievement of Good Health and Longevity," a priority 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 has borrowed ¥10.92 billion through a social loan as of March 2025 and issued ¥2.0 billion of social bonds in January 2022, using the funds raised to acquire healthcare facilities.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

#### Total amount of investment in healthcare facilities

• Approximately ¥110.1 billion (as of March 31, 2025)

## **Investment in Renewable Energy**

With regard to infrastructure assets, Daiwa Real Estate Asset Management has been entrusted with the operation of photovoltaic power stations since FY2014, and since FY2017, the company has also been entrusted with the management of a biomass power generation plant invested in by Daiwa Energy & Infrastructure. Moreover, 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. Further, in January 2025, the company was entrusted with the management of an energy storage facility, which is expected to help stabilize the supply of renewable energy on a long-term basis. 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.

#### **Investment in Data Centers**

Since May 2025, Daiwa Real Estate Asset Management has been entrusted with the management of data centers. Recently, AI- and cloud-based services have been widely used by a range of industries and governmental agencies, and the company is contributing to the solution of social issues by supporting DX infrastructure. It is responding to a range of social needs, such as those for remote medical services, online education and flexible work styles, for the elimination of regional disparities and higher productivity. The company will continue to work for the improvement of data centers, which support the digitalization of the entire society, through the management of funds and others.



Outer appearance of a data center

#### Management results of renewable energy power plants

- Number of deals: 31
   (Hokkaido, Tohoku, Hokuriku, Kanto, Chubu, Kansai, Chugoku, and Shikoku regions)
- Output: Approximately 294 MW from solar power plants (excluding output from assets on land with leasehold interest), 20 MW from biomass power plants

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

- Annual energy output (April 2024 to March 2025):
   329,054 kWh at solar power generation facilities and 133,947 kWh at biomass power generation facilities
   (Assumed CO<sub>2</sub> reduction of 179,722 t-CO<sub>2</sub>, calculated using emission factors of each regional electric utility)
- Balance of assets under management: Approximately ¥108.7 billion

#### Management results of energy storage facilities

- Number of deals: 2 (Hokkaido and Kyushu)
- Output, capacity (planned): Output of 63 MW and capacity of 260MWh
- Balance of assets under management (planned): ¥12.8 billion for total assets such as energy storage equipment

## FY2024 Initiatives Taken by the Group's Overseas Offices

# Daiwa Capital Markets Europe Limited (DCMA) Underwrites the International Finance Corporation's AUD 700 Million Benchmark Bond for Biodiversity Conservation

In November 2024, DCME helped the International Finance Corporation (IFC) issue an AUD 700 million 10-year benchmark bond for biodiversity conservation as the lead manager for the issuance of the bond. The IFC is a member of the World Bank Group and the world's largest international organization that specializes in the development of the private sectors of developing countries. The IFC is contributing to economic development and higher living standards of people by investing in and giving advice to companies in the private sector. The funds raised by the issuance of the bond will be utilized for biodiversity conservation initiatives, including BTG Pactual Timberland Investment Group's Latin American reforestation strategy (that focuses on reforestation and forest conservation in selected areas) and the world's first biodiversity bond (issued for the purpose of restoring natural forests in Colombia) by BBVA Colombia.

### Holding Japan-Australia Deep Tech Forum Jointly with the Australian Embassy in Japan

In December 2024 Daiwa Securities held the Japan-Australia Deep Tech Forum jointly with the Australian Embassy in Japan on the premises of the Embassy. About 100 people participated in the event, including from Main Sequence Ventures, which is the Australian government's VC fund in which Daiwa Securities Group invested in 2023 and its investee startups, as well as the Australian Ambassador to Japan, officials of the Japanese Ministry of Economy, Trade and Industry, and representatives from JAFCO, Incubate Fund and SPARX, which are leading Japanese VC funds. Staff from UTokyo Innovation Platform (UTokyo IPC), Kyoto University Innovation Capital (Kyoto iCAP) and WASEDA University Ventures (WUV) also participated in the forum. They discussed the trends of Japanese and Australian startups and innovations and the possibilities of Japan-Australia collaboration in the fields of decarbonization, medial treatment, food and space. Daiwa Capital Markets Australia is promoting Japan-Australia collaboration in the field of innovation, which can contribute to the solution of social issues.

Message from Management Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others







Japan-Australia Deep Tech Forum held in December 2024

# 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.

## 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 the SDGs and the Paris Agreement, have gained much attention in recent years. Driven by this trend, 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, the ESG Research Section, which specializes in handling ESG information, within the Equity Research Department has put 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.

Message from Management Our strategy for Sustainability In Our Business Governance Social Social Environment Others

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).

The Fixed Income, Currency and Commodities (FICC) Research Dept. is working to meet the information needs of institutional investors, including trends in the SDG bond market, climate change and bond markets, and ESG investment performance, with a focus on bonds and interest rates.

## 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 indepth 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 also actively deliver sustainability-related information, with the ESG Research Section of the Financial Research Department playing a central role in researching, analyzing, and disseminating related information. In recent years, sustainability disclosure frameworks have evolved rapidly worldwide, with growing interest from both issuers and investors. In FY2024, the Section published 50 reports related to the SDGs and ESG and visited 169 financial companies and business companies to provide SDG/ESG information.

#### Provision of information by DIR through diverse media

- Number of reports posted on the website: 476 reports (Results for FY2024)
- Full texts of reports available on the website
- Number of recent hits on the research division's page: 2.34million hits (Results for FY2024)

The DIR Research Division conducts a wide range of information dissemination activities, including reports, media appearances, and book publications. The Research Division provides clear explanations of complex economic and social issues and produces high-quality reports, which has increased opportunities to communicate with clients.

Others

## Sustainable Finance

In recent years, Sustainable finance markets have expanded globally.

Daiwa Securities started to work on Sustainable 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 Sustainable 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) and were consecutively selected in 2024 and 2025.

In 2020, Daiwa Securities Group established a team specialized in Sustainable finance within Daiwa Securities to further enhance the company's underwriting system. We provide Sustainable finance\* products, services and proposals that meet the needs for Sustainable finance from issuers and investors who are our customers. In 2023, we served as an advisor, providing advice and support, as well as conducting trend research towards the issuance of the world's first Climate Transition Bond in Japan.

We will continue to contribute to the spread and expansion of Sustainable finance.

\* Sustainable finance refers to financial instruments that contribute to addressing environmental and social issues. We are promoting various types of sustainable finance such as debt (bonds and loans) and equity (IPOs, POs and convertible bonds).

## **Promotion of Sustainable Finance**



Mami Negishi
Managing Director
Sustainability Solutions Dept.
Daiwa Securities Co. Ltd.

The Sustainability Solutions Department is committed to supporting sustainable finance, which seeks economic outcomes while considering the aspects of Environment, Social, and Governance (ESG). While traditional finance has focused on profitability and risk, addressing social issues as climate change is imperative in sustainable finance.

Solving climate change and other social issues requires substantial funding and collaboration between the public and private sectors. By promoting the vitality of sustainable finance, we can enhance the functioning of the private financial market and support businesses in their ESG initiatives.

Moreover, by linking a company's significant corporate actions, such as fundraising, to its materiality regarding social issues, we envision the integration of ESG into the core of corporate management, bringing us closer to realizing a sustainable society.

As stated in the Daiwa Securities Group's 2030 Vision "Creating a prosperous future through financial and capital markets", we will continue to make concerted efforts to contribute to a sustainable future as a bridge connecting market participants such as issuers and investors.

〈 Japanese only 〉 July 18, 2025 **NEC Corporation** 〈 Japanese only 〉

Fukuoka Prefecture

**Hyogo Prefecture** 〈 Japanese only 〉

Sustainability May 16, 2025 **Fukuoka Prefecture** 〈 Japanese only 〉

September 5, 2025 ITOCHU Corporation **4** July 23, 2025 Rakuten Group, Inc. 〈 Japanese only 〉 🚣

FY2024

Green March 6, 2025 **TOKYU CORPORATION** ( Japanese only ) 🚣

Green

Sagamihara City

( Japanese only ) 🚣

December 6, 2024

Kyoto City ( Japanese only ) 🚣 December 6, 2024 Sustainability

The University of Tokyo

( Japanese only ) 🚣

February 7, 2025

Green

Sustainability January 10, 2025 East Japan Railway Company ( Japanese only ) 🚣 November 29, 2024 Green

**TOKYU CORPORATION** 

〈 Japanese only 〉

November 29, 2024 Sustainability **KDDI CORPORATION** 〈 Japanese only 〉

October 31, 2024 Green Sony Bank Incorporated ( Japanese only ) 🚣

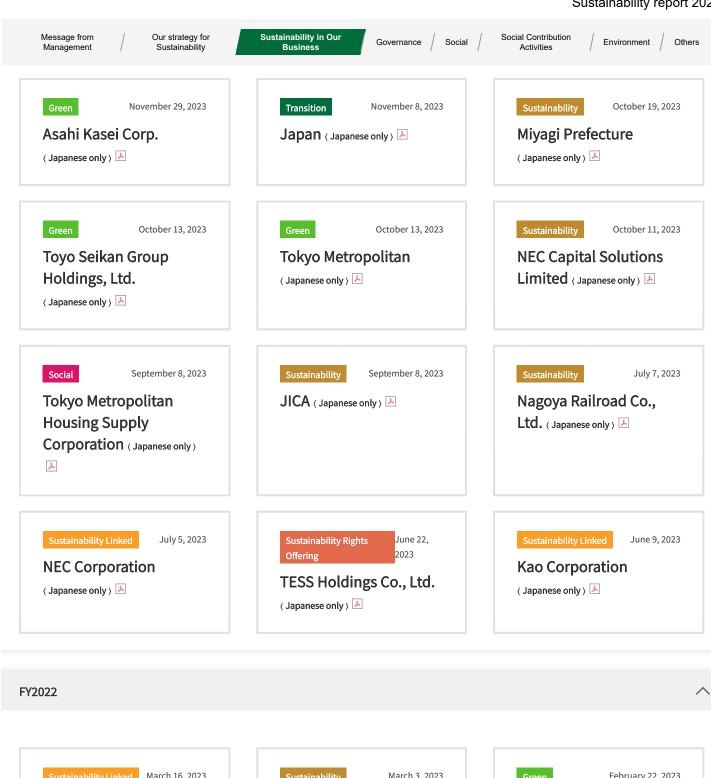
October 4, 2024 Green **Sumitomo Metal Mining** Co., Ltd. ( Japanese only ) 🕒

Sustainability in Our Business Message from Our strategy for Social Contribution Governance / Social / Environment / Others Management Sustainability Activities September 13, 2024 September 4, Sustainability August 23, 2024 2024 **Tokushima Prefecture KUREHA CORPORATION KAJIMA CORPORATION** ( Japanese only ) 🚣 ( Japanese only ) 🚣 ( Japanese only ) 🚣 August 9, 2024 July 12, 2024 July 3, 2024 Transition Social Development Bank of **FUJIFILM Holdings NEC Corporation** Japan Inc. ( Japanese only ) 🚣 Corporation (Japanese only) 〈 Japanese only 〉 人 Social June 26, 2024 Green May 23, 2024 **Tokyo Metropolitan Central Nippon Expressway Company** 〈 Japanese only 〉 Limited ( Japanese only )

FY2023 March 22, 2024 March 1, 2024 February 22, 2024 Social Green Green **Central Nippon Hitachi Construction** Hankyu Hanshin **Expressway Company** Machinery Co., Ltd. Holdings, Inc. Limited ( Japanese only ) ( Japanese only ) 🚣 ( Japanese only ) 🚣 Green February 20, 2024 Blue January 19, 2024 Sustainability January 19, 2024 **Daiwa Securities Group Keihan Holdings** Mitsui O.S.K. Lines, Ltd. Inc. ( Japanese only ) 🛂 Co.,Ltd. ( Japanese only ) 🚣 ( Japanese only ) 🚣 December 8, 2023 Green December 7, 2023 Green November 30, 2023 Social Alfresa Holdings Mitsubishi Electric DAIBIRU CORPORATION Corporation ( Japanese only )

J.

入





Sustainability in Our Business Message from Our strategy for Social Contribution Governance / Social / Environment / Others Management Sustainability Activities January 18, 2023 December 9, 2022 December 9, 2022 Sustainability Green TOKYU REIT, Inc. **National University** Samty Residential **Corporation Tokyo Investment Corporation** 〈 Japanese only 〉 **Institute of Technology** 〈 Japanese only 〉 〈 Japanese only 〉 Green December 9, 2022 December 2, November 30, 2022 Sustainability 2022 Kyoto City ( Japanese only ) 🚣 Shiseido Company, TOKYU RAILWAYS Co., Limited ( Japanese only ) Ltd. ( Japanese only ) 🚣 Transition November 17, 2022 Sustainability October 21, 2022 Green October 14, 2022 TOHO GAS Co., Ltd. KDDI CORPORATION Tokyo Metropolitan 〈 Japanese only 〉 ( Japanese only ) 🚣 Government ( Japanese only ) ٦, October 7, 2022 Sustainability September 16, 2022 Green September 8, 2022 Green **Sumitomo Metal Mining** The Gunma Bank, Ltd. **INFRONEER Holdings** Co., Ltd. ( Japanese only ) 🔼 ( Japanese only ) 🚣 Inc. ( Japanese only ) 🚣 Green June 10, 2022 Social August 5, 2022 July 6, 2022 **New Kansai NEC Corporation** Sanken Electric Co., Ltd. **International Airport** 〈 Japanese only 〉 〈 Japanese only 〉 Company, Ltd. 〈 Japanese only 〉

Green June 9, 2022 Sotetsu Holdings, Inc. 〈 Japanese only 〉

June 3, 2022 Sustainability Air Water Inc. ( Japanese only ) ٦,

Green May 18, 2022 **Sumitomo Corporation** 〈 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 ).
- [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)

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Ontribution Activities Environment Others

- [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) (

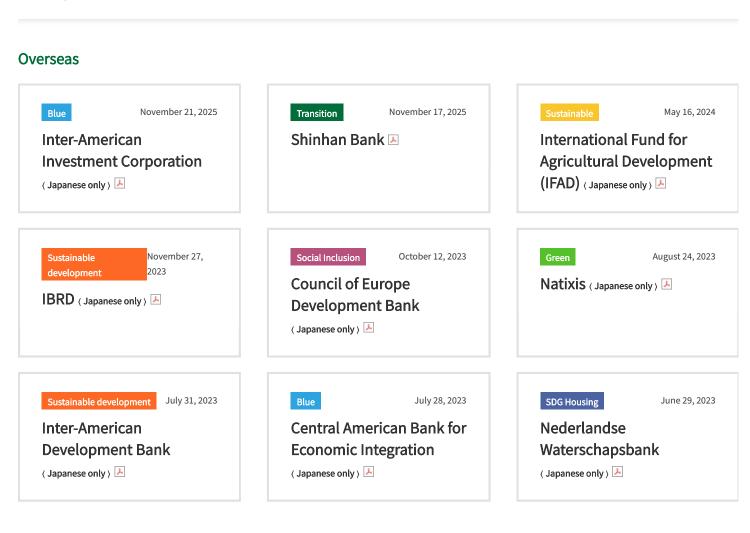
  Japanese only)

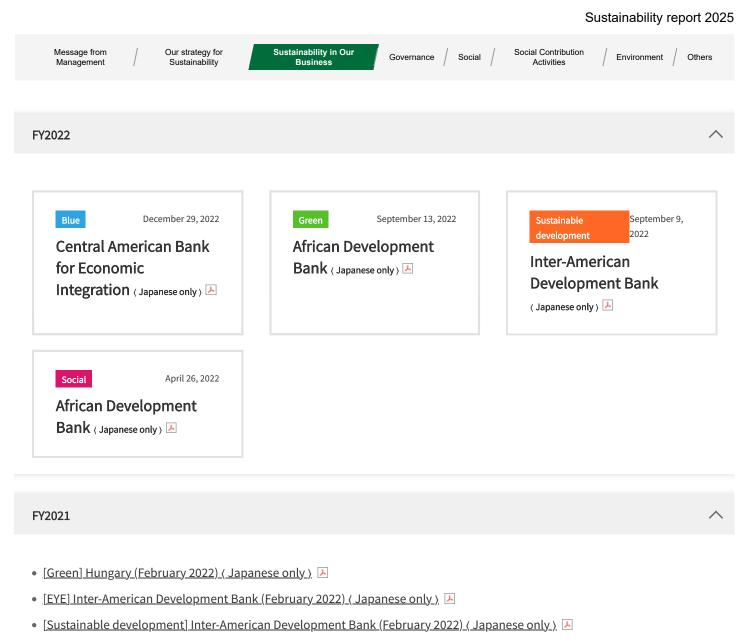
  A
- [Sustainability] Mitsui O.S.K. Lines, Ltd. First issuance of sustainability bonds for individual investors in Japan (July 12, 2019) (

  Japanese only)
- [Green] ORIX JREIT Inc. (July 11, 2019)

### FY2018 ^

- [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)





- [Gender] Asian Development Bank (February 2022)
- [Water] Asian Development Bank (October 2021) 🔼
- [Decarbonization] Inter-American Investment Corporation (October 2021) ( Japanese only ).
- [Climate resilience] European Bank for Reconstruction and Development (EBRD) (July 2021) ( Japanese only ). [A. ]
- [Nutrition] Corporación Andina de Fomento (July 2021)

### FY2020 ^

- [Sustainable development] Inter-American Development Bank (IDB) (March 2021) ( Japanese only ). 🔼
- [Green transition] European Bank for Reconstruction and Development (EBRD) (January 2021) ( Japanese only ). 🕒
- [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) 🕒

Message from Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

• [Social] International Finance Corporation (IFC) (April 2020)

### **Activity**

# Winning the Minister of the Environment Awards (Silver Prize) in the 6th ESG Finance Awards Japan hosted by the Ministry of the Environment

Daiwa Securities Group Inc. today announced that its subsidiary, Daiwa Securities Co., Ltd., has won the Minister of the Environment Awards (Silver Prize) in the financial services category (securities category) of the 6th ESG Finance Awards Japan hosted by the Ministry of the Environment. It is our second consecutive win in the Awards.



> For details, click here 👃

# Consecutive election to the International Capital Market Association "Advisory Council" for the second year

Daiwa Securities Co. Ltd., has been selected as a member of the Advisory Council of the International Capital Market Association (ICMA). Following our selection in 2024, this marks our third nomination and the second consecutive year of being elected.

> For details, click here 🔼

#### Japan has formulated the world's first Climate Transition Bond Framework.

The Japanese government plans to implement more than 150 trillion yen in public and private GX (Green Transformation) investments over the next 10 years. As part of this, the Japanese government plans to issue "Climate Transition Bonds" on the scale of about 20 trillion yen, with the aim of supporting preliminary investments.

Climate Transition Bonds will not only be issued as the same financial products as the current government bonds (construction bonds, special deficit-financing bonds, reconstruction bonds, etc.), but also issued based on a framework describing the use of proceeds, reporting methods, etc. In addition, they have obtained verification (second party opinion) from external reviewers regarding the alignment with international standards.

Daiwa Securities served as an advisor to provide advice and support in relation to trend research, framework formulation, and the acquisition of second party opinion for the issuance of these Climate Transition Bonds.

#### Classification of the use of proceeds

Our strategy for Sustainability

Sustainability in Our Business

Governance Social

Social Contribution Activities

Environment Others

	n Category een category)	Sub-category Eligibility criteria	Typical use of proceeds (eligible projects)
1	Energy efficiency	Promotion of thorough energy efficiency improvement	Promote the spread of energy-efficient appliances
		Houses and buildings	<ul> <li>Support for building new houses and buildings with high energy efficiency and retrofitting to improve energy efficiency</li> <li>Replacing windows with thermal insulated models with higher energy efficiency</li> </ul>
		Digital investment aimed at decarbonization	Facilitating the development of and investment in energy efficient semiconductors, photonics electronics convergence technologies
		Battery industry	Investments in plants manufacturing batteries     together with their material and components
2	Renewable energy	Making renewable energy a major power source	<ul> <li>Floating offshore wind</li> <li>Next-generation solar cells (perovskite)</li> </ul>
		Infrastructure	Development of cities and communities contributing to decarbonization
3	Low-carbon and decarbonized	Utilization of nuclear power	Next-generation advanced reactors with built-in new safety mechanisms
	energy	Establishing electricity and gas markets to achieve carbon neutrality	<ul> <li>Promoting zero-emission thermal power</li> <li>Development of submarine DC transmission systems</li> </ul>
4	Clean transportaition	GX in transport sector	<ul> <li>Support for the introduction of next-generation vehicles</li> <li>Developing demonstration aircraft by 2030s and spreading the use of zero-emissions ships</li> </ul>
		Infrastructure (repost)	Development of cities and communities contributing to decarbonization

Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment

Others

	n Category een category)	Sub-category Eligibility criteria	Typical use of proceeds (eligible projects)
5	Circular economy adapted products, production technologies and processes	Restructuring the manufacturing industry (fuel and feedstocks transition)	<ul> <li>Development and introduction of innovative technologies such as hydrogen reduction steelmaking</li> <li>Conversion to Carbon-Recycling production systems</li> </ul>
	processes	Facilitating introduction of hydrogen and ammonia	<ul> <li>Building supply chain both domestically and internationally</li> <li>Research and development as well as the introduction support of production and usage of hydrogen derived from excess renewable energy sources</li> </ul>
		Carbon Recycling and CCS	Support for research and development of Carbon Recycling fuel
6	Environmentally sustainable management of	Food, agriculture, forestry, and fisheries industry	Decarbonization of agriculture, forestry and fisheries
	living natural resources and land use, Circular economy	Resource circulation	<ul> <li>Investment to accelerate resource circulation including plastics, metals, sustainable aviation fuel (SAF)</li> </ul>

Winning the Minister of the Environment Awards (Silver Prize) in the 5th ESG Finance Awards Japan hosted by the Ministry of the Environment

^

Daiwa Securities Group Inc. today announced that its subsidiary, Daiwa Securities Co., Ltd., has won the Minister of the Environment Awards (Silver Prize) in the financial services category (securities category) of the 5th ESG Finance Awards Japan (hereinafter, "the Awards") hosted by the Ministry of the Environment. It is our first winning in the Awards.

> For details, click here 🔼



#### Election to the International Capital Market Association "Advisory Council"



Daiwa Securities Co. Ltd., a subsidiary of Daiwa Securities Group Inc. was selected as a member of the Advisory Council of the International Capital Market Association (hereinafter, "ICMA"). It is our second nomination since 2020.

> For details, click here 🔼

Winning the Award for Excellence in the 9th Sustainable Finance Award hosted by Research Institute for Environmental Finance (RIEF)

^

Daiwa Securities Group Inc. today announced that its subsidiary, Daiwa Securities Co., Ltd., has won the award for excellence in the 9th Sustainable Finance Award hosted by Research Institute for Environmental Finance (hereinafter, "RIEF"). It is the only one securities company to win the award of excellence in this year.

> For details, click here -

Report on Media Appearance: Economic education program "Manabiya-17"



### Report on Media Appearance

#### Economic education program "Manabiya-17"

Yukino Yamada, the Equity Research Department of Daiwa Securities, appeared on BS-TBS' economic educational program "Manabiya-17 (Seventeen)," which conveys ESG investment in an easy-to-understand manner.

This program was supervised by the Public Institutions Dept., the Debt Capital Market Dept. (II), and Sustainability Solutions Dept. of Daiwa Securities. It was planned for SDGs beginners, and introduced companies' efforts to achieve SDGs.



#### 〈 Issuers Introduced in the Program \*in order of appearance 〉

- Fuji Film Co., Ltd.
- Japan Railway Construction, Transport and Technology Agency

Our strategy for Sustainability Sustainability in Our Business

Governance

Social Contribution

Environment

Others

Report on Media Appearance: Economic Education Program "Sustainable Every Day-What Economy Can Do for the Future"



### 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. (I) to (III) 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.

> For details, click here. ( Japanese only )

#### 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.

Our strategy for Sustainability

Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment / Others

#### Major check points

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

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

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

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

### **Holding of Seminars**

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



November 4, 2025

20th Seminar: **Investing in Human Rights** and Gender Equality to **Foster Economic** Opportunities



June 4, 2025

19th Seminar: Turning "Decarbonization" into a **Growth Opportunity: Enhancing Corporate** Value in light of the GX and Energy Policies



January 22, 2025

18th Seminar: **Unique Integrated Reports** 

Our strategy for Sustainability

Sustainability in Our Business

Governance Social

Social Contribution Activities

Environment / Others

企業と投資家のための ネイチャーポジティブ 実践ガイド

December 20, 2024

17th Seminar: A Practical Guide to **Nature-Positive Practices** for Companies and **Investors** 



June 28, 2024

16th Seminar: **Engagement with the** Market through ESG

加速すべき脱炭素化 トランジションに乗り遅れないための ファイナンス実践

March 25, 2024

15th Seminar: Decarbonization to be accelerated -Financial practices to keep up with the transition-

大和証券SDGsセミナー 世界を変える インパクト投資

September 25, 2023

14th Seminar: Impact Investing to Change the World

トランジションボンドの 可能性 ~今とこれから~

June 7, 2023

13th Seminar: Possibilities of transition bonds - now and in the future -



February 3, 2023

12th Seminar: Roadmap for achieving carbon neutrality

## ソーシャルボンドが 切り拓く未来

November 25, 2022

11th Seminar: The future opened up by social bonds

今球められる ESG開示とその活用

August 30, 2022

10th Seminar: **ESG Disclosure Required** Now and Its Utilization

欧州企業から見た SDGs債市場と 評価手法

June 22, 2022

9th Seminar: SDGs Bond Market and Valuation Methodology from the Perspective of European Companies **A** 

Our strategy for Sustainability

Sustainability in Our Business

Governance Social

Social Contribution Activities

Environment / Others

# **Passion for ZERO Carbon**

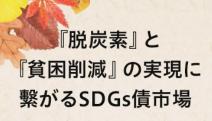
June 7, 2022

8th Seminar: **Passion for ZERO Carbon** 

# SDGs債市場の 新たな潮流

February 24, 2022

7th Seminar: New Trends in the SDGs **Bond Market** 



November 25, 2021

6th Seminar: **SDGs Bond Market** Leading to Realization of **Decarbonization and** Poverty Reduction **A** 



August 5, 2021

5th Seminar: **ESG Investment in Post** COVID-19 Era with a View to Zero Emissions in 2050



May 28, 2021

4th Seminar: Disaster and Climate **Change Measures and SDGs Bonds** 



February 4, 2021

3rd Seminar: Japan's Roadmap to **Becoming a Major Power** in SDGs Bonds



November 10, 2020

2nd Seminar: **Basics of SDGs Investment** for Beginners



August 4, 2020

1st Seminar: **ESG Investment Strategy** in the COVID-19 Era

more

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

#### **Holding of Engagement Meetings**

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

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

#### Follow-Up Meeting on Japan Climate Transition Bonds (March 24, 2025)

> For details, click here. ( Japanese only )

On March 24, 2025, "Follow-Up Meeting on Japan Climate Transition Bonds" was cohosted by the Ministry of Finance (MOF), the Ministry of Economy, Trade and Industry (METI), and Daiwa Securities. It has been about a year since the issuance of Japan Climate Transition Bonds began, and Daiwa Securities has supported the holding of the first follow-up meeting.

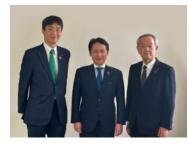


Photo of the meeting

### Japan Railway Construction, Transport and Technology Agency × Kitakyushu City (November 28, 2023)

- > For details, click here. ( Japanese only )
- > Engagement discussion at Kitakyushu City Hall ( Japanese only )

On November 28, 2023, an engagement meeting was held between the Japan Railway Construction, Transport and Technology Agency and Kitakyushu City, the issuer of sustainability bonds.



Engagement discussion at Kitakyushu City Hall

#### Japan Automobile Recycling Promotion Center imes Kitakyushu City

- Japan Automobile Recycling Promotion Center  $\times$  Kitakyushu City (November 30, 2022)
- > For details, click here. ( Japanese only )
- > Engagement discussion at Kitakyushu City Hall ( Japanese only )

On November 30, 2022, an engagement meeting was held between the Japan Automobile Recycling Promotion Center and Kitakyushu City, the issuer of sustainability bonds.



Engagement discussion at Kitakyushu City Hall

### Realization of a green society through regional revitalization and development of transportation infrastructure

- JRTT×Kiraboshi Bank, Ltd. (April 2021)
- > For details, click here. ( Japanese only )



### Support for students being required now



- Japan Student Services Organization  $\times$  Japanese Red Cross Toyota College of Nursing (January 2021)
- > For details, click here. 〈 Japanese only 〉 🕒



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



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

For details, <a href="click here">click here</a>. <a href="Japanese only">Japanese only</a>)

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

### Sustainability-Fueled Business Expansion

While maintaining the core securities business that has been valued since its foundation, Daiwa Securities Group has started solution businesses for social problems in various fields, such as FinTech, healthcare, energy infrastructure, and agriculture, leveraging the knowledge of various securities and financial businesses cultivated by the Group.



### Daiwa Institute of Research Ltd.

### Provision of Human Capital Management Support Solutions

Daiwa Institute of Research (DIR) is committed to solving social issues, such as those related to the environment, education, economic growth and technological innovation, and to contributing to the sustainable development of society and the economy. To this end, our specialists in the research, consulting and system fields are collaborating to provide customers with solutions that support their human capital management.

> Daiwa Institute of Research Ltd. □

### Dissemination of Information and Policy Recommendation

DIR disseminates a wide range of information and offers policy recommendations about the financial and capital markets and the real economy. Human capital investment by the national government and companies is essential for Japan's economic growth and the sustainable enhancement of corporate value. In Japan, which is faced with a decrease in population, it is also important for companies to provide individuals with workplaces where they can work with high productivity while maintaining their health. DIR has many experts on the economy and the financial and capital markets as well as specialists in the field of human capital. These professionals disseminate information and offer policy recommendations from various perspectives.

> Research |

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

### Consulting on Human Capital Management

DIR provides solutions to help corporate managers foster human capital management, specifically solutions to support them in examining and formulating their human resource portfolio and in holding seminars to develop the next generation of talent.

> Consulting on Human Capital Management ( Japanese only ) 🗇

### **Enabling All Companies to Conduct Strategic Well-Being Management**

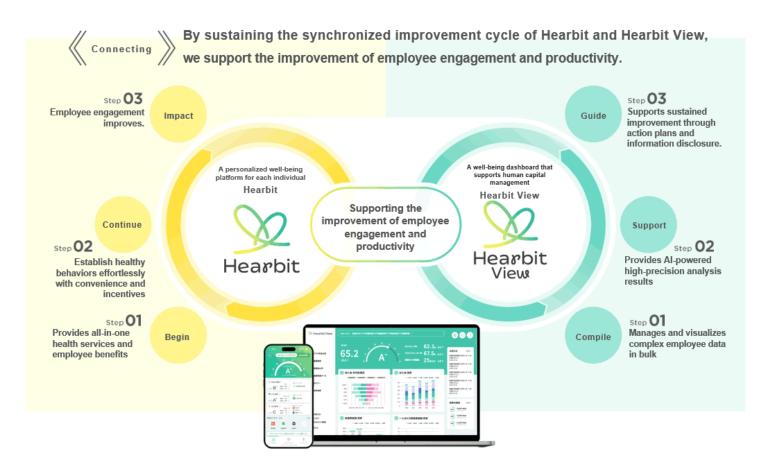
Based on its extensive expertise in the medical insurance system cultivated over many years in the social insurance field, DIR provides customers with solutions tailored to their needs, such as services to support them in making and implementing Data Health Plans and consulting on health management. The company also offers standard platform-type services for core business operations with flexible scalability and high security to health insurance associations and boasts the industry's top market share in this field. Going forward, based on these solutions, DIR will deliver a range of health-tech services in one package to support its corporate customers in promoting well-being management.

In 2025, DIR launched the Hearbit app, enabling employees to access well-being support services more smoothly. They will be able to pursue their health and happiness on a daily basis via this smartphone app. For the management side, the app will help increase the productivity of the company by increasing the well-being of employees, which will in turn help the employees work with more motivation. Also, the central management and visualization of the dispersed data about employees will help companies show their human capital information to investors and job-hunting students and workers. The app thus helps increase employee engagement while also maximizing the return on human capital investment.

Based on its secure system, DIR will analyze accumulated service data to enhance employees' daily lives and increase the corporate value.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

### How Hearbit and HearbitView Address the Human Capital Management Cycle



> Well-Being Platform "Hearbit" 〈 Japanese only 〉 🗇

### Measures to support market development in Asia

The Daiwa Institute of Research has been proactively participating in the capital market development support implemented by ASEAN and the Japan International Cooperation Agency (JICA) since around 2010, thereby contributing to the sustainable economic growth of Vietnam, the Philippines, Indonesia, Myanmar, Mongolia and others as well as to the enhancement of global partnership.

In particular, in the Project for Capacity Building on Improving Fairness and Transparency of Vietnamese Equity Market, which was implemented by JICA in Vietnam during the period from 2019 to 2023 and the three-year follow-up project launched in April 2024 for capacity building to increase the efficiency of the Vietnamese stock market, DIR regards sustainable finance and sustainability-related disclosure as important themes and is collaborating with international organizations and others to support the Vietnamese authorities in building the necessary legal system and enhancing its market oversight, while conducting market awareness-raising activities through seminars.

### Fintertech Co., Ltd.

### **Creation of Next Generation Financial Services**

Established in April 2018, Fintertech Co., Ltd. is funded by Credit Saison, the leading company in the credit card industry and its capital partner. By making effective use of the financial know-how, networks and leading-edge technology possessed by Credit Saison and Daiwa Securities Group, Fintertech is providing next-generation financial services.

> Fintertech Co., Ltd. ( Japanese only )

### Outline of the business

### Loans backed by digital assets ( Japanese only )

Fintertech provides loans backed by cryptocurrency assets (Bit Coin and Ethereum), which were not conventionally utilized as collateral in Japan. These loans enable holders of cryptocurrency assets to raise fund without selling the assets.

### Digital Asset Stake (Lending for Income) ( Japanese only )

Fintertech borrows cryptocurrency (Ethereum) from customers and pays rental fees for it, thereby providing customers with an option to make effective use of their cryptocurrency to generate income.

### Loan-Type Crowdfunding Service "Funvest" ( Japanese only )

Funvest is a loan-type crowdfunding service to provide customers with strictly selected investment opportunities on the Internet. Investors can receive dividends by making online investments in the fund structured by Fintertech.

### Cloud-Based Service "KASSSAI" for the Creation of Tipping Websites ( Japanese only )

This cloud-based service for the creation of tipping websites helps corporations and organizations launch a tipping website easily without programming and other professional knowledge or initial cost.

#### Real Estate Investment Prime Loan ( Japanese only )

This loan service is offered to individuals and asset management companies investing in real estate by using the real estate to be purchased as collateral.

\* In principle, this service targets existing customers who have been continuously dealing with Daiwa Securities Co., Ltd. and meet the criteria set by the company.

Others

### Daiwa Energy & Infrastructure Co., Ltd.

### Promotion of Investment and Financing in 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 the SDGs through investment and financing in the 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 eight owned solar photovoltaic power plants whose construction has been completed as of May 2024 are all operating stably.

In the biomass power generation field, DEI has been steadily promoting the development of wood biomass power generation plants that use tree trimmings in Japan as their primary source of fuel. The development is underway with Green Thermal Co., Ltd., with which DEI has formed a capital and business alliance. The commercial operation of a plant in Yonezawa, Yamagata began in January 2018 as the first alliance project, and a plant in Kamitonda, Wakayama as the second project also began operation in June 2020. The plant in Kai, Yamanashi, was completed in 2023.

#### Stations developed/invested in by DEI

	Photovoltaic power stations	Biomass power generation plant
Output	Stations in operation: Approx. 115 MW (total for 9 stations)	Stations in operation: Approx. 20 MW (total for 3 stations)
Total	Approx. 115 MW	Approx. 20 MW
Projected amount of electricity generated annually:  * Total generation from operating power plants	Equivalent to the amount for approximately 28,000 households	Equivalent to the amount for approximately 4,800 households

#### Initiatives for the Woody Biomass Power Generation Field

DEI has formed a capital and business alliance with Green Thermal, a leader in the development and operation of woody biomass power generation plants, and Biomass Fuel Co., Ltd., a biomass fuel supplier. It has been actively promoting the construction of power plants and biomass-related businesses, including the fuel supply 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

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

is expected to generate new industries and employment and contribute to local economies in Japan as well as the development of industry in developing countries.

#### **Private Core Solar Fund**

DEI offers DSREF Core Amaterasu Fund, Investment Limited Partnership (hereinafter, "Amaterasu") as a vehicle to invest in brownfield solar power projects in Japan. The fund was originally established by Daiwa Real Estate Asset Management. DEI plans to provide stable-operating solar power plants to Amaterasu.

The Group will develop a capital recycling model in the renewable energy sector by combining DEI's investment and financing function with Daiwa Real Estate Asset Management's infrastructure asset management function. The Group will continue these initiatives to meet the needs of investors in alternative assets.

### 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.

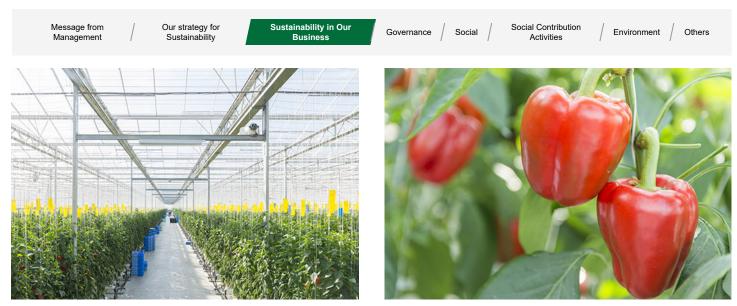
Daiwa Food & Agriculture Co., Ltd. (DFA), which was established in November 2018, will contribute to solving various issues faced by Japan's agriculture and food-related businesses through the expansion of scale, increase in efficiency of the agricultural production business and the introduction of leading-edge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

> Daiwa Food & Agriculture Co., Ltd. ⟨ Japanese only ⟩ □

#### Agricultural Production Initiatives Using Large-scale Horticultural Facilities

DFA has been producing and selling tomatoes and paprikas at its large-scale horticultural facilities. In March 2024, it started to a new operation to produce paprikas in Hokkaido for the establishment of an independent year-round paprika supply system, which is rare in Japan.

By taking advantage of cultivation using large-scale horticultural facilities and its 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

### **Agricultural Consulting for Accompanying Support**

DFA provides an agricultural consulting service for accompanying support, leveraging its agricultural management know-how. Based on its own experience of entering the agricultural market from another industry, the company offers effective advice on agricultural production, marketing, investment and management. It mainly supports Japanese companies and governmental agencies in conducting examinations about a potential agricultural business, launching and operating the business, and making improvements and formulating relevant measures for agricultural management.

### Good Time Living Co., Ltd.

Securing nursing care services of high quality is an important social issue to be addressed in Japan's super-aging society. Good Time Living is implementing a range of measures for sustainable business management, including making effective use of ICT, responding to diversified customer needs, improving the workplace comfort for its staff and promoting diversity.

# Improving Service Quality and Increasing Operational Efficiency through Effective Use of ICT

By fostering the sharing of information and knowledge and facilitating communication among its staff, Good Time Living is improving its service quality and increasing its operational efficiency. Its staff input and share records on the health and daily life of residents of the company's care facilities on the mobile terminals that they carry with them to enhance the residents' living environment and the company's care services, thereby meeting the individual needs of the residents.

### Response to Diversified Needs

It is predicted that the number of elderly people who need both nursing and medical care will rapidly increase. In response, Good Time Living opened its first visiting nurse station as an annex to its care facilities for the elderly in FY2023. As of June 2025, it operates a total

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

of five such stations in the Tokyo metropolitan region and the Kansai region. These stations operate around the clock, with nurses available to respond to calls from users and make home visits as necessary. The company is thereby offering peace of mind to those who need 24/7 medical support.

### Increasing Workplace Comfort for Staff

Attributing importance to ensuring and increasing workplace comfort for its staff, Good Time Living is increasing its operational efficiency through the use of ICT and also enhancing its training system and supporting the staff in obtaining qualifications. Also, the company has established a mental healthcare system to provide its staff with workplaces where they can work with ease of mind for many years.

### **Promotion of Diversity**

Good Time Living started to accept non-Japanese staff in FY2019, and have accepted a total of 35 people\* from outside Japan, including from Vietnam, the Philippines, Indonesia and Myanmar. The company is supporting these staff in improving their Japanese language ability, obtaining national qualification to work as a certified care worker and developing and establishing their careers, while respecting their respective culture and values.

- \* Cumulative total number of specified skilled workers for care giving and technical intern trainees employed by the company (as of June 2025)
- ➤ Good Time Living Co., Ltd. 〈 Japanese only 〉

### Specific Case of IT Use



Example of [Notes] screen of LINE WORKS business chat tool

Communication and information sharing about residents between staff members, traditionally done verbally or in writing, is digitized. The tool can convey information more quickly and reliably. It also facilitates active communication across job boundaries, including caregivers and nurses. Important points to consider when giving care to each resident and other various knowledge is also accumulated and shared between



CareWiz Toruto, an AI service for analyzing physical functions

We utilize CareWiz Toruto, a physical function analysis AI service, to measure the effectiveness of rehabilitation programs.

When a person is video recorded walking a distance of about 5 meters, the video is analyzed in about 2 minutes. The walking



Example of Monitoring Assistance system display on PC screen

Body motion sensors are placed under the bed mattress to detect body movements (such as rolling over, heartbeat, breathing) of residents in bed. We have begun to create an environment where residents' conditions (measurement results) can be monitored using mobile devices and other devices. In addition to strengthened monitoring via remote confirmation, the Monitoring Assistance system allows its staff to provide better services to residents by

Our strategy for Sustainability Sustainability in Our Business

Governance Social

Social Contribution

Environment

Others

different professions, leading to more attentive services.

condition is scored in four indicators: speed, rhythm, reeling, and left-right difference. Measurement results are output on a single sheet, enabling specific and timely feedback to residents and their families.

#### Feedback from residents and staff

- It is specific, easy to understand, and easy to compare with previous results. (Resident)
- I was surprised to find that I could walk straighter than I thought I could. (Resident)
- Toruto analysis with and without a cane showed that the resident could walk more stably with a cane, leading to more personalized care. (Caregiving staff member)

understanding and monitoring changes in the residents' physical conditions based on the measurement results.



Management of resident data with mobile devices carried by staff

Data on residents' health and lives, which used to be handwritten by care-giving staff members, is now entered into the care-giving record system. 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 and reduced work.

#### 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.



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

Good Time Living established this portal site to facilitate the convenient provision of information to residents and their families. The site has enabled the timely sharing of information regarding invoices and payment receipts, various notices, and crisis management information. Such materials and information used to be provided via notices posted in the building or individually addressed letters. The opening of the portal site has led to a substantial reduction in printing and



Photo Gallery service screenshot

A new Photo Gallery service was also added. The families (and only the families) of residents can freely view photos not only of special events but also of the daily life and activities of their loved one taken by on-site staff. The service thus helps to foster a sense of security among residents' families.

# Feedback from residents' families (Photo Gallery service)

- I can seldom visit the facilities, so viewing the photos provides me with a sense of relief.
- I was happy to see the residents enjoying their time with the staff members.

	Message from Management	/	Our strategy for Sustainability	Sustainability in Our Business	Governance	Social /	Social Contribution Activities	Environment	Others
requ to in		ding da	d the time ata, enabling us versation with	postal mail and incre convenience of resid- families due to the sr information.	ents and their	ı of			

### 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. In recent years, Daiwa Corporate Investment has been especially strengthening efforts to relate its activities to the SDGs due in part to an increase in the number of entrepreneurs who have a strong awareness of solving social issues.

> Daiwa Corporate Investment Co., Ltd. □

### Investing in Ventures That Solve Social Issues (FY2024)

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

- Rhelixa 🗖 (DVGF2): Omics analysis service, consulting, and development and management of cloud-based research support service
- TechDoctor 🗇 (DVGF2): Development of digital biomarkers that give insights into health

#### **CECEP Environmental Fund**

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. In 2022, the fund received an investment from the China National Green Development Fund, a joint fund established by the Chinese central government (Ministry of Finance, and Ministry of Ecology and Environment) and the Shanghai Municipal Government, bringing the current total investment fund to approximately 10 billion yen as of May 31, 2025. The fund mainly invests in Chinese blue chips in the fields of energy conservation, the environment, circular economy, new energy, new materials, and equipment manufacturing. It invested in the following companies in FY2024:

- Jiangsu Cnano Technology Ltd. 🗖 (Zhenjiang, Jiangsu Province): Manufacture of carbon nanotube materials (conductive additives)
- Shenzhen Qingyi Photomask Limited 🗇 (Shenzhen, Guangdong Province): Manufacture of photomasks

At the same time, it has been continuing to provide post-investment support to investee companies operating in the fields of solar cells, battery materials and drainpipe inspection. Through investment in these companies, among the 17 SDGs, Daiwa Corporate

Message from Management	Our strategy for Sustainability	Sustainability in Our Business	Governance / Social /	Social Contribution Activities	Environment	Others

Investment aims to make concrete contributions to Goal 6 Clean Water and Sanitation, Goal 7 Affordable and Clean Energy, and Goal 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation."

> CECEP (Hubei) SDG Industry Equity Investment Fund Limited Partnership 2024 Sustainability Report 🗵

# 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. Industry-government-academia cooperation (including venture capital) has recently been promoted for the establishment of a drug discovery ecosystem. Funding of as much as roughly 350 billion yen has also been allocated by the government to a project to support companies in developing practical applications of new drugs in cooperation with approved venture capital firms, in which we were also approved to participate. Moreover, governmental agencies are making growth investments to speed up measures to enhance drug discovery and reduce lead times. This field is expected to flourish greatly in the future.. The majority of new drugs developed in recent years have been developed by bio-ventures. 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, Fund II was established in December 2020 with a capital commitment of ¥15.3billion.

### DCI Partners' Major Investees

• PRISM Biolab [ (listed on Tokyo Stock Exchange Growth Market in July 2024): Research and development of pharmaceuticals using its proprietary PepMetics technology

### The Great East Japan Earthquake SME Reconstruction Support Fund

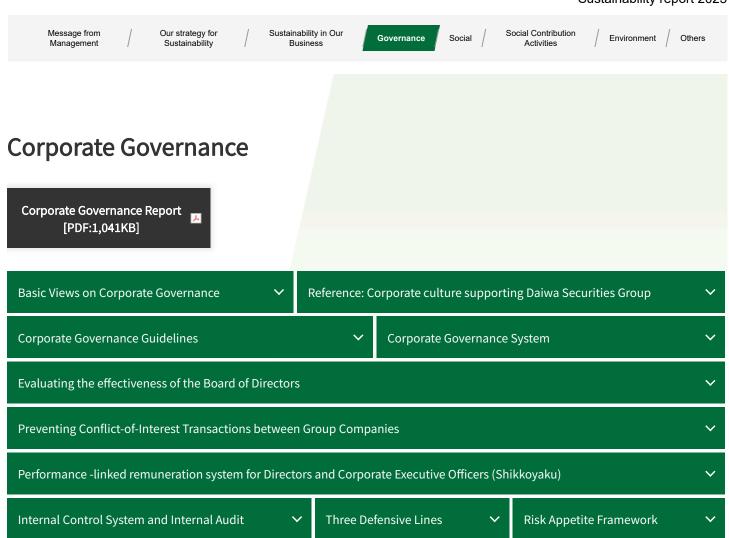
Daiwa Corporate Investment Co., Ltd. operates the Great East Japan Earthquake SME Reconstruction Support Fund, receiving investment from the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME Support, Japan), The Aomori Bank, Ltd., The Bank of Iwate, Ltd., The 77 Bank, Ltd., The Toho Bank, Ltd., and other institutions. Targeting unlisted private companies

strategy for Sustainability in Our stainability Business	Governance	Social /	Social Contribution Activities	Environment	Others

in the disaster-affected areas, the fund aims to expeditiously provide risk finance. The goal is to actively support companies in their efforts to secure renewed growth and development by supplying finance for a variety of purposes. These include restoration and reconstruction following the 2011 earthquake disaster, new business development, the shift to a new industry or line of business, business reorganization and succession, and business incubation. The fund thereby aims to contribute to the early restoration and sustainable development of the disaster-affected areas.

Daiwa FGC Healthcare Co., Ltd. ( Japanese only )

Daiwa ACA Business Succession ( Japanese only ) 
¬



### **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 (Shikkoyaku) and clarifying the division of the duties among Corporate Executive Officers (Shikkoyaku)
- (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

Message from Our strategy for Sustainability in Our Business Governance Social Social Environment	Others
---	--------

Furthermore, the Company positively 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.

### Reference: Corporate culture supporting Daiwa Securities Group

- > Corporate Principles of the Daiwa Securities Group
- > Daiwa Spirit 🔼

Our strategy for Sustainability Sustainability in Our

Governance

Social Social

Social Contribution Environment

Others

### **Corporate Governance Guidelines**

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

### **Key Points of the Corporate Governance Guidelines**

#### ■ Composition of the Board of Directors

- 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 the Directors shall not concurrently serve as Corporate Executive Officers (Shikkoyaku).
- In principle, the Company shall keep the ratio of female Directors at 30% or more.

#### ■ Composition of the Committee

- The Committees (which refers to the Nominating, Compensation, and Audit Committees) are composed of three or more members selected by the Board of Directors from among the Directors, and the majority of the members are Outside Directors.
- The Chairpersons of the Committees are determined by the Committees from among the Outside Directors who are members of the Committees

#### ■ The role of the Board of Directors

- To decide on core management matters, such as basic management policies, the election and dismissal of Corporate Executive Officers (Shikkoyaku), the development of internal control systems and risk management environments, and matters related to the division of duties and command system among Corporate Executive Officers (Shikkoyaku).
- To ensure the flexibility of decision-making, in principle, delegated decision-making authority regarding business execution to the Corporate Executive Officers (Shikkoyaku) except for the matters that are to be decided by the Board of Directors under laws and regulations.
- To oversee the execution of duties by Directors and Corporate Executive Officers (Shikkoyaku).

#### ■ The role of Outside Directors

- As directors, Outside Directors oversee the execution of duties by Corporate Executive Officers (Shikkoyaku) from an independent and neutral standpoint, while providing appropriate opinions, or making appropriate determination as members of each committee.
- Outside Directors are expected to provide advice on management, based on their knowledge and experience.

#### ■ The tenure of the Outside Directors

• In principle, the total tenure of Outside Directors shall not exceed 8 years, with a maximum of 10 years.

#### ■ The Outside Directors' Committee

 The Committee shall be composed of Outside Directors, with the chairperson determined from among the members.

#### ■ Support Systems for Directors

- To support director training and the acquisition of information and knowledge
- Sharing internal information with Outside Directors
- Bearing necessary costs for Outside Directors to fulfill their roles
- Establishment of the Board Members' Office

#### ■ Succession Plans for the position of CEO

- The CEO establishes a succession plan for the CEO based on management strategy, business strategy, and other matters, and reports it to the Nominating Committee.
- The Nominating Committee appropriately oversees the details of the plan.
- The Board of Directors resolves the election and dismissal of the CEO based on deliberations of the nominating Committee.
- The Board of Directors dismisses the CEO if they determine that the CEO cannot fully fulfill the roles of the CEO and conclude that it is appropriate to dismiss the CEO.
- Succession plans are also formulated in preparation for the unexpected that may happen to the CEO.

#### ■ Evaluating the effectiveness of the Board of Directors

- The Board of Directors conducts a survey once every year with each
  of the Directors.
- The Board of Directors examines and discusses the results of the survey and evaluates the effectiveness of the Board of Directors.
   They urge improvement for issues recognized as a result of such discussions and endeavor to maintain and improve the effectiveness.

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others

### 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

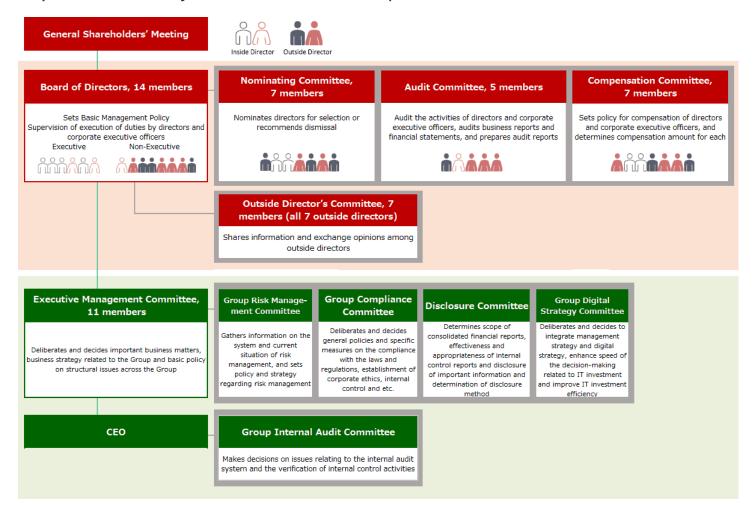
Corporate Governance Guidelines (as of June 1, 2023) Complete Text

### **Corporate Governance System**

The corporate governance system of the Company consists of the Board of Directors and the following Three Committees (Nominating Committee, Audit Committee, and Compensation Committee) as a supervising body, Outside Directors' 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 Digital Strategy Committee, and Group Internal Audit Committee), which is in direct control of the CEO as an internal audit body.

Message from Management Our strategy for Sustainability Sustainability Our Business Social Social Social Environment Others

### Corporate Governance System at Daiwa Securities Group



### Board of Directors and Committees: Roles, Duties, Composition and Activities

For roles, duties, composition and activities of the Board of Directors and the Committees, refer to:

- > Corporate Governance Report 🔼
- > Securities Reports
- > Daiwa Securities Group Integrated Reports
- > Sustainability Data Edition

Our strategy for Sustainability

Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment Others

List c	of Items	Corporate Governance Report	Securities Report
Board of Directors	Role and responsibility	•	● (including agenda)
	Members and their status of attendance	•	•
	Evaluating the effectiveness of the Board of Directors	•	
Nominating Committee	Role and responsibility	•	● (including agenda)
	Composition	•	•
	Members and their status of attendance	•	•
	Nomination policies, etc.	•	•
Audit Committee	Role and responsibility	•	● (including agenda)
	Composition	•	•
	Members and their status of attendance	•	•
	Audit Committee's activities	•	•
Compensation Committee	Role and responsibility	•	● (including agenda)
	Composition	•	•
	Members and their status of attendance	•	•
Outside Directors' Committee	Role and responsibility	● (including agenda)	● (including agenda)
Executive Management	Role and responsibility	•	•
Committee	Composition	•	•
	Subcommittees	•	•
Group Internal Audit	Role and responsibility	•	•
Committee	Composition	•	•

Message from Management Our strategy for Sustainability Sustainability Our Business Social Social Social Network Activities Environment Others

#### The Skill Matrices of Internal Directors

	Role and	Responsibilities in the Compan	у		Years on Board	Corporate management	Finance / Accounting	Legal / Compliance	DX / ICT	Global business	Sustainability *
Seiji Nakata	Chairperson of the Board and Corporate Executive Officer	Nominating Committee		Compensation Committee	10 years						•
Akihiko Ogino	Member of the Board, Representative Corporate Executive Officer, President and CEO	Nominating Committee		Compensation Committee	5 years					•	
Shinsuke Niizuma	Member of the Board, Representative Corporate Executive Officer, Deputy President, COO and Head of Wealth Management				1 year						
Keiko Tashiro	Member of the Board, Deputy President, Corporate Executive Officer, Head of Asset Management, Securities Asset Management, Sustainability and Financial Education				11 years		They have expertise and experience to execute adequately the management and control of the Group.			•	•
Eiji Sato	Member of the Board, Senior Executive Managing Director, Corporate Executive Officer, Head of Corporate Planning and Deputy Head of Overseas Operations				1 year						
Hiroko Sakurai	Senior Executive Managing Director, Corporate Executive Officer, Head of Compliance				-						
Sachiko Hanaoka	Member of the Board		Audit Committee		6 years						

#### The Skill Matrices of Outside Directors

	Role and Responsibilities in the Company (★ indicates a Chairperson of the committee)				Years on Board	Corporate management	Finance / Accounting	Legal / Compliance	DX / ICT	Global business	Sustainability *1
Eriko Kawai	Outside Director	Nominating Committee		Compensation Committee★	7 years		•			•	•
Katsuyuki Nishikawa	Outside Director	Nominating Committee	Audit Committee★		6 years			•			•
Toshio Iwamoto	Outside Director	Nominating Committee★		Compensation Committee	5 years	•			•	•	•
Yumiko Murakami	Outside Director		Audit Committee	Compensation Committee	4 years	•				•	•
Noriko Iki	Outside Director	Nominating Committee	Audit Committee		2 years			•		•	•
Mami Yunoki *2	Outside Director		Audit Committee	Compensation Committee	1 year		•				•
Akira Ichikawa	Outside Director	Nominating Committee		Compensation Committee	-	•				•	•

<sup>\*1.</sup> Criteria: People with experience in sustainability-related work (including experience in promoting the Group's sustainability strategy)

### **Evaluating the Effectiveness of the Board of Directors**

Since FY 2014, Daiwa Securities Group Inc. has conducted annual evaluations of the effectiveness of the Board of Directors with the aim of identifying issues and implementing improvements to enhance its effectiveness. For details, please refer to the Corporate Governance Report. The summary of findings and responses from past effectiveness evaluations is shown in the table below.

### Reference: Suggestions and responses in past evaluations of Board of Directors' effectiveness

Evaluation FY	Points identified in evaluation of Board of Directors' effectiveness	Main responses to points identified			
FY2014	Diversification of Board of Directors' members	Financial accounting expert is appointed to outside directors			
	Strategy/plan discussion enhancements	Established Outside Directors' Committee, attended by executive team, to discuss the Medium-Term Management Plan			

<sup>\*2.</sup> Ms. Mami Yuzuki's name in her family register is Mami Kato.

Our strategy for Sustainability

Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment Others

Evaluation FY	Points identified in evaluation of Board of Directors' effectiveness	Main responses to points identified
FY2015	Sharing of fiscal year plans, etc., with executive team	At Outside Directors' Committee, executive team explains outside director-selected themes and discusses them among outside directors
	Enhanced explanations of risk- related agenda items	Increased number of issues to discuss and expanded reports at Board of Directors' meetings, enhanced prior explanations, glossaries distributed
FY2016	Strategy/plan discussion enhancements	More exchanges of opinion and discussions with outside directors when formulating the new Medium-Term Management Plan
	Clarification of role of Board of Directors' meetings	Executive training by external instructors/Training at Outside Directors' Committee
	Diversification of Board of Directors' members	Appointed new outside director with extensive international experience/wealth of experience and achievements in financial field
	Improving understanding of agenda items (financial expertise)	Glossary creation, preliminary explanation of risk-/regulatory-related matters by officers/managers in charge
FY2017	Sharing requests from institutional investors, etc.	Requests/discussions from investors/analysts reported at Board of Directors' meetings
	Discussion of potential future risks, etc.	Business continuity plans (BCPs) discussed with outside directors
	Oversight of medium-term/annual plans	Status reports on Group numerical targets (quarterly) and departmental KPIs (half-yearly)
	Arrangement of succession plans	Status of development of successor candidates reported at Board of Directors' meetings
	Clarification of issues in meeting materials	Improved documentation, including composition of materials
FY2018	Sharing requests from institutional investors, etc.	In addition to reporting at the Board of Directors' meetings, sharing of external evaluations on a quarterly basis
	Discussion of potential future risks, etc.	Sharing awareness of outside directors' role about compliance
	Discussions on the SDGs	Development of the SDGs promotion system and progress status reported at Board of Directors' meetings
	Governance system expansion	Establishment of official regulations for regular reviews of future CEO candidates and expansion of reporting from affiliated subsidiaries

Our strategy for Sustainability

Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment Others

Evaluation FY	Points identified in evaluation of Board of Directors' effectiveness	Main responses to points identified
FY2019	Enhanced support for outside directors	Establishment of Corporate Secretariat Office Established Corporate Governance Guidelines and reconfirmed roles Outside directors Outside directors' participation in discussions on new Medium-Term Management Plan from outset Increased opportunities for exchanges of opinions at Outside Directors' Committee and between outside directors and internal directors and responsible officers
	Strengthening of Group governance	Strengthening of reporting on important risk-taking by Group companies and governance of overseas bases
	Expansion of discussions on important issues	Confirmed customer-centric business operations, SDGs/ESG initiatives, and COVID-19 response, actively discussed DX and potential future risks
FY2020	Strengthening Monitoring of Medium-Term Management Plan	Formulated the Board of Directors' annual agenda plan, held discussions based on reports by presidents of the Group's major companies, and secured more time for discussion
	Strengthening Risk Monitoring	Held interviews with all directors regarding Top Risks, revised the scope and definition of Top Risks (included climate change and geopolitical risk starting with the FY2022 Risk Appetite Statement), monitored important investment projects, and discussed cybersecurity
	Continue discussions regarding the SDGs/ESG, etc.	Formulated and revised the Environmental and Social Policy Framework, finalized the Daiwa Securities Group Net Zero Carbon Declaration, and discussed human capital

Our strategy for Sustainability

Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment / Others

Evaluation FY	Points identified in evaluation of Board of Directors' effectiveness	Main responses to points identified
FY2021	Monitoring the Medium-Term Management Plan	Continued to formulate the annual agenda plan for the Board of Directors and monitor the Medium-Term Management Plan, including reports from presidents of the major subsidiaries owing to positive assessment by directors
	Strengthening risk monitoring	Continued to hold interviews with all directors regarding Top Risks (including climate change and geopolitical risks, as before)  Discussed geopolitical risks at the Outside Directors' Committee and at off-site meetings, and discussed cybersecurity at the Board of Directors
	Continue discussions regarding sustainability	Held question and answer sessions regarding revisions to the environmental and social policy framework, ESG evaluation response, and TCFD disclosure content plan
	Others	Determined the human rights policy and discussed the human capital disclosure plan Reduced and streamlined time spent on explanations at the Board of Directors using prior explanations and videos

Our strategy for Sustainability Sustainability in Our Business Governance

Social

Social Contribution Activities

Environment

Others

Evaluation FY	Points identified in evaluation of Board of Directors' effectiveness	Main responses to points identified
FY2022	Discussion toward the formulation of the Medium-term management plan (including further deliberation on management that is conscious of capital cost and stock price)	Formulated following preliminary discussions on the Group's Basic Management Policy—"Maximize Customer Asset Value"—and human resources strategy at the Outside Directors' Committee, and five rounds of deliberation at the Board of Directors. "Vision 2030" was also revised. Deeper discussions were held regarding management practices that are conscious of capital cost and stock price.
	Strengthening risk monitoring	Continued to hold interviews of all directors regarding Top Risks (including climate change, geopolitical risks, and the addition of Alrelated misinformation and disinformation as top risks).  Report to the Board of Directors on the formulation of Al Governance Mission Statement, the establishment of an Al Governance Committee, and the enhancement of cybersecurity control and management framework.  Discussion at the Outside Directors' Committee on "Geopolitical Risks and Crisis Management in Financial Capital Markets."  Discussion at the Offsite Meeting on Al risk management.
	Continue discussions regarding sustainability	In addition to discussions toward the formulation of the Mediumterm management plan, the following actions were carried out: Revision of the environmental and social policy framework, Establishment of interim targets for GHG emissions in the investment and loan portfolio, and Reporting on ESG rating responses and proposed disclosures under TCFD.
	Others	Continue to use prior explanations and videos to reduce explanation time during Board of Directors meetings and ensure more time for the discussion of important agenda items.

Note: Please refer to the Corporate Governance Report for the comments and responses from the FY2023 evaluation, as well as the comments from the FY2024 evaluation

### **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.

# Performance -linked remuneration system for Directors and Corporate Executive Officers (Shikkoyaku)

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

### Policies for 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.
- 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.
- Performance-linked remuneration
  - Determined depending on the level of individual contribution, mainly on the basis of consolidated ROE, consolidated ordinary income
    and base income, which are settled 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 other relevant factors, and paid
    annually at a fixed time in the form of cash and restricted stocks.
  - A certain limit is set for the cash payment regarding performance-linked remuneration based on business performance. If performance-linked remuneration exceeds the limit, the part exceeding the limit will be replaced from cash to restricted stock.
  - It does not apply to Directors who do not serve as Corporate Executive Officers.

(Note) Base Income: Total ordinary income from wealth management, securities asset management, and real estate asset management.

Regarding remuneration, etc. of Directors and Corporate Executive Officers (Shikkoyaku) for the current fiscal year, the Compensation Committee has determined that the remuneration, etc. conforms with "Policies for Determination of Remuneration of Directors and Corporate Executive Officers" because such remuneration, etc. was decided by the Compensation Committee only after confirming its consistency with such policies.

Message from Management	Our strategy for Sustainability	/	Sustainability in Our Business	Governance	Social	Social Contribution Activities	/ Environment /	Others
management	, Justianius mity	,	Business		,	71001100	,	

#### < 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" 2026 to calculate Performance-linked remuneration.

The performance assessments used in calculating Performance-linked remuneration reflect the financial performance evaluation, which is based on the Performance KPIs using the financial information and the quality evaluation, which is a comprehensive assessment of the KPIs other than the Performance KPI. 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 by the performance evaluation, and reflecting the degree of individual contribution. The same calculation formula is applied to all positions for performance evaluation.

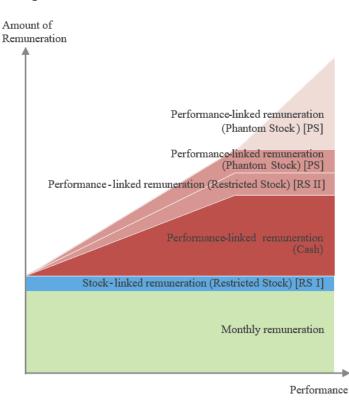
The indicators pertaining to Performance-linked remuneration are as shown below.

Message from Our strategy for Sustainability in Our Social Contribution Governance Environment Others Social Management Sustainability **Business** Activities Financial Performance Evaluation **Quality Evaluation**  $\pm$ (100) (-20 - +20)Reference Actual Reference Category KPI Points KPI Value Value value Consolidated ROE 40 10% 9.8% Consolidated 40 240 billion 224.7 Ordinary Income yen billion Performance yen 150 billion Base income 20 137.5 billion yen yen AUM 120 trillion 90.2 trillion yen yen Stock-related asset 13.6 trillion 9.8 Customer yen trillion asset yen **AUM in AM Division** 44 trillion 34.9 trillion yen yen Number of digital value 10 2 creation projects Digital Number of trial digital 50 45 projects SDG-related bond league In top 2 1st 80% or 81% **Engagement Survey** score higher Sustainability GHG emissions produced FY2030 Net by the Company zero GHG emissions from 186~255ginvestment and loan CO<sub>2</sub>/kWh portfolio

(Note) The standard value is determined at the Compensation Committee, based on the target of the Medium-term Management Plan.

Message from Management Our strategy for Sustainability in Our Business Social Social Environment Others

#### < Image of Remuneration >



- Restricted stocks and phantom stocks in a value corresponding to a certain ratio of performance-linked remuneration (cash) are paid to foster a system that increases incentivizes for longterm performance improvement and sustainable growth.
- In order to foster a system that increases incentivizes for longterm performance improvement and sustainable growth, if Performance-linked remuneration exceeds a certain limit, the excess amount will be paid in the form of phantom stocks.

### < Stock Compensation Plan >

The Company introduced the Stock Compensation Plan to increase incentives for the Company and its subsidiaries' Directors, Corporate Executive Officers (Shikkoyaku), and Executive Officers (Shikkoyakuin), etc., to enhance performance in the medium and long term and strengthen values shared among the Eligible Officers, etc. and shareholders.

Stock-linked remuneration (RS I)	It is intended to provide restricted stock (RS I) for amount which equals to fixed ratio of the Base remuneration, and to function effectively as an incentive for long-term performance improvement, restriction will be released when he/she resigns his/her position as director, officers etc., of the Company and its subsidiaries and affiliates.
Performance-linked remuneration (RS II)	Performance-linked remuneration is paid in the form of restricted stocks (RS II) of a value corresponding to a certain percentage of performance-linked remuneration (cash). The restricted transfer period is approximately three years, which functions both as an incentive to boost long-term performance and to defer actual compensation.
Performance-linked remuneration (PS)	Performance-linked remuneration is paid in the form of phantom stocks (PS) of a value corresponding to a certain percentage of performance-linked remuneration (cash). Additionally, if the performance-linked remuneration exceeds a certain limit, the excess amount will be paid in the form of phantom stocks. Phantom stocks are a cash-settled remuneration system linked to the Company's stock price. The holding period is approximately three years, which functions both as an incentive to boost long-term performance and to defer actual compensation.

(Note 1) RS II is calculated by multiplying the ratios established by position by performance-linked remuneration (cash).

(Note 2) PS is calculated by applying a uniform percentage to performance-linked remuneration (cash), regardless of position. Regarding the President and CEO, a structure is in place to decide the ratio of performance-linked remuneration based on the Company's TSR (total shareholder return)

3   3, 1	Governance Governance	Social /	Social Contribution / Activities /	Environment /	Others
----------	-----------------------	----------	------------------------------------	---------------	--------

during the results evaluation period, the rate of change of the TOPIX, and a comparative valuation with the TSR of competitors.

- (Note 3) Where serious compliance violations are discovered within the Group, in addition to the forfeiture of unpaid stock remuneration (malus), based on deliberation by the Compensation Committee, a clawback scheme is being introduced to allow the Company to demand the return of all or part of the stock remuneration that has already been paid.
- < Procedures on decision of remuneration for Directors >
  For details on the procedures on decision of remuneration for Directors, etc., please see below.
- < Consolidated Compensation, etc. by officer >
  For details on Consolidated Compensation, etc. by officer, please see below.
- > Securities Reports

### **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 the effectiveness and efficiency of operations, the reliability of the finance report, compliance with the laws and regulations concerning 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.

Based on the recognition that the establishment of a sound and efficient internal audit system enhances the value of the 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 an Internal Audit Department, which is independent from other sections, verify the internal control system.

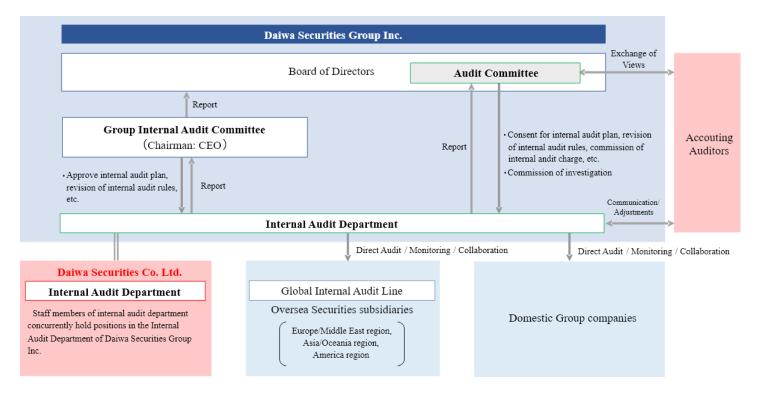
By conducting risk-based audits, the Department strives to enhance the Group's corporate value.

### Focus items in the internal audits of the Group's

- The state of internal control at Daiwa Securities and overseas locations as a global financial instruments business operator
- The state of businesses at Group companies, and the state of control from the Company

Message from Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Cothers

### Diagram of Daiwa Securities Group's Internal Auditing System



### **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 to by the Audit Committee or the Selected Audit Committee Members who has been given certain authority from the Audit Committee, and the results of the audits are also reported directly to the Audit Committee.

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

The Company's Internal Audit Department collaborates with the internal auditing divisions of major Group companies in Japan and overseas through regular meetings, monitoring, and audit activities.

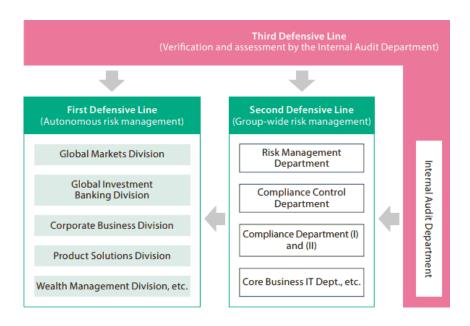
The Company's Internal Audit Department is in close liaison with the Audit Committee and Accounting Auditors and make adjustments with them in order to carry out auditing efficiently. The Department may also be delegated investigative duties from the Audit Committee. The degree to which these internal auditing activities satisfy the "International Standards for the Professional Practice of Internal Auditing," established by the Institute of Internal Auditors, is routinely evaluated by independent outside third parties. The Group thus strives to constantly improve its system.

### **Three Defensive Lines**

In order to establish an effective risk governance system, the Group has created guidelines for Three Defensive Lines and a comprehensive structure for risk management. The First Defensive Line is front offices, where various operational risks are identified and managed autonomously. The Second Defensive Line is Group-wide risk management, which is conducted mainly by the risk

Message from Management Our strategy for Sustainability Governance Social Social Contribution Activities Environment Others

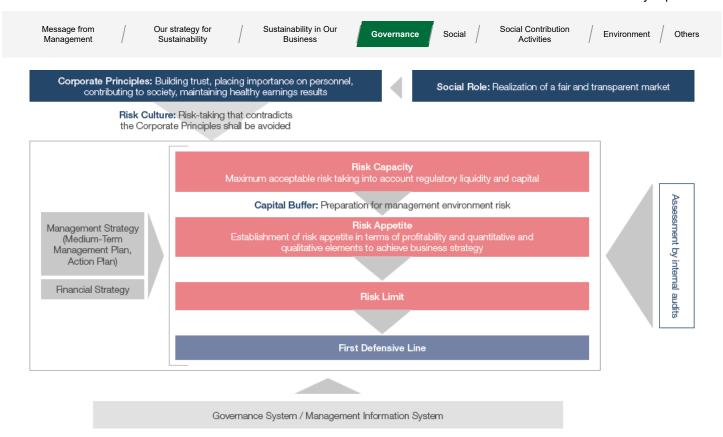
management and compliance departments. The Internal Audit Department constitutes the Third Defensive Line by verifying and evaluating whether or not the other two lines of defense are functioning effectively.



## **Risk Appetite Framework**

Globally operating financial institutions are required to ensure that they are sound enough to adequately perform their financial intermediation function even in times of economic or market stress. Additionally, to be well prepared for stress, they need to secure sufficient liquidity and capital for risks even in ordinary times.

Under these circumstances, the Group has introduced the Risk Appetite Framework (RAF). The Group's RAF is documented as the Risk Appetite Statement and deliberated and decided at the Board of Directors. The Group is making efforts to instill it within the Group and improve the management structure.



Quantitative indicators of risk appetite are deliberated and decided as part of the Risk Appetite Statement and reviewed twice a year at the Board of Directors. The Audit Committee audits RAF-related execution of duties by the Board of Directors and the management.

Message from Management Our strategy for Sustainability Sustainability Our Business Social Social Social Environment 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 as well as the Group's basic management policy, "Maximizing the value of customer assets," as described in the Mediumterm Management Plan. 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 

Information Security

### **Compliance System**

For the improvement and enhancement of the compliance system, the Compliance Control Department and Compliance Departments 1 and 2 collaborate to improve and strengthen Group-wide compliance systems. The former is responsible for overall compliance planning and formulation and serves as a market gatekeeper while the latter are tasked with providing direction and support to the sales branches and corporate departments and divisions. These compliance departments also work with the internal administrators assigned at each department to ensure appropriate operational management and prevent noncompliance through monitoring, guidance and education. Furthermore, they cooperate closely with the compliance departments of overseas bases to build a global compliance system.

Decisions on general policies and specific measures related to legal compliance, corporate ethics and internal control for Daiwa Securities Group as a whole are deliberated and made at meetings of the Group Compliance Committee.

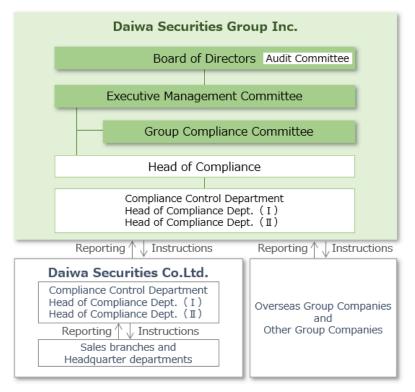
For compliance risk management, we focus on the following three as important items: ensuring market fairness and transparency; avoidance of any kind of relationship with anti-social forces (including by implementing anti-money laundering and anti-terrorism financing measures); and information security.

At Daiwa Securities, Compliance Departments 1 and 2 monitor transactions and solicitation by sales branches, identify challenges and issues, and help the branches solve the identified issues. The Departments also regularly conduct on-site inspections. Moreover, they help the headquarters departments and divisions identify issues and provide them with training support. The Customer Counseling Center, established within Compliance Department 1, comprehensively handles customer feedback and complaints and reflects them in the business to improve customer satisfaction.

Daiwa Securities stations full-time internal administrators at its sales branches. These internal administrators serve as Compliance Managers and work to build a solid compliance system.

They also work on product governance to build an appropriate sales and management system for the delivery of products to customers.

Message from Management Our strategy for Sustainability in Our Business Social Social Social Environment Others



### Full Implementation of "Customer-First"

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

- 1. Maintenance and enhancement of the foundation to repay the trust of customers and society
- 2. Reinforcement of internal control systems for "Maximizing the value of customer assets"
- 3. Support for the Group's business reforms
- 4. Shift to DX-based business flow and organizational management
- 5. Optimized assignment of functions and resources for robust and efficient organizational management

Daiwa Securities deals with 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 Combating the Financing of Terrorism (AML/CFT)

The importance of anti-money laundering and combating 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

Message from Management Our strategy for Sustainability Sustainability Sustainability Social Social Social Social Environment Others

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," which constitute 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.



- \*1. Provide AML/CFT Domestic Group Policy
- \*2. Provide AML/CFT Global Policy

#### <Overview of the AML/CFT Domestic Group Policy and the AML/CFT Global Policy>

- Appointment of Chief AML/CFT Officers
- · 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

#### <Specific policies and procedures for AML/CFT>

Daiwa Securities and Daiwa Next Bank, Ltd. conduct customer due diligence on all new customers before they can open an account with us. We confirm identity information, such as name, place of residence and date of birth, for individual customers and name and place of business for corporate customers (including identity information of the beneficial owners) in addition to confirming financial assets and the purpose of transactions. The identity information so obtained is then screened using Daiwa Securities Group's own database, public institutions' databases and overseas information provided by information vendors. As to existing customers, we regularly check for any matters of concern and conduct investigations if considered necessary. If we cannot resolve concerns by

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

investigations, we may immediately suspend transactions or take other measures. As a way to reduce risks, we conduct additional identification checks for customers who apply to open an account online or via other non-face-to-face means.

The abovementioned screening includes cross-checking the applicant against sanction lists furnished by Japanese and foreign government bodies as a measure to counter financing of terrorism. As for foreign politically exposed persons (PEPs), we confirm whether or not a person opening an account is regarded as a foreign PEP, and regularly verify that existing customers are not foreign PEPs using lists of foreign PEPs. If a person is determined to be a foreign PEP, we perform enhanced customer due diligence, such as confirming the person's asset and income status before each transaction, in addition to regular identity confirmation. We require that an approval be given by the AML/CFT manager for any transaction with a foreign PEP or with a customer residing in a high-risk country.

Documents related to AML/CFT such as evidence of identity are properly retained in accordance with laws and regulations of relevant countries and rules and manuals of each business site. (Such documents are retained for seven years at offices in Japan pursuant to the laws of Japan.)

The Internal Audit Department conducts risk-based audits and evaluates the appropriateness and effectiveness of the management system for AML/CFT measures. The department has conducted such audits annually for the past three years.

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

Daiwa Securities Group thoroughly complies with related laws and regulations, including insider trading regulations, 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 by means of preventing illicit transactions by customers and by Daiwa Securities itself.

To prevent illegal transactions by customers, Daiwa Securities identifies inappropriate deals that may have an excessive impact on the market, conducts screening procedures for such deals according to certain criteria, and issues an alert if necessary. Moreover, in order to prevent insider trading from occurring, we ask about customers' place of employment and positions within their companies before opening an account for them. 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 retroactively when disclosure is made of important information.

To prevent illicit transactions by Daiwa Securities itself, we may impose restrictions on or require reviews of both proprietary trading and trading by executives and employees that do not meet prescribed criteria. We also strictly manage corporate-related information, including material facts of listed companies, to prevent insider trading. In addition, all executives and employees make an annual pledge to comply with relevant laws and regulations.

### **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 conduct training programs for new graduates when they join the Group, and continue through regularly scheduled training sessions throughout their careers, thus ensuring that every 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

Message from Management Our strategy for Sustainability in Our Business Social Social Social Network Private Network Others

sense, and maintain strong self-discipline and legal awareness.

As the basic standards in areas that should be fulfilled at a bare minimum, the Group has formulated Group Minimum Standards, and based on these standers, the Group aims to achieve a level of compliance awareness that exceeds the boundaries of business lines.

#### **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. At Daiwa Securities, we post a daily "Compliance Test" 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, and the branch chief 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)

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.

In operating the system, the Group strives to protect whistleblowers and ensure their anonymity, clearly stating that it will protect whistleblowers in Group regulations. 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 prohibit people who have information on whistleblowers from being asked to disclose such information, and prohibiting inquiries into the identify of whistleblowers.

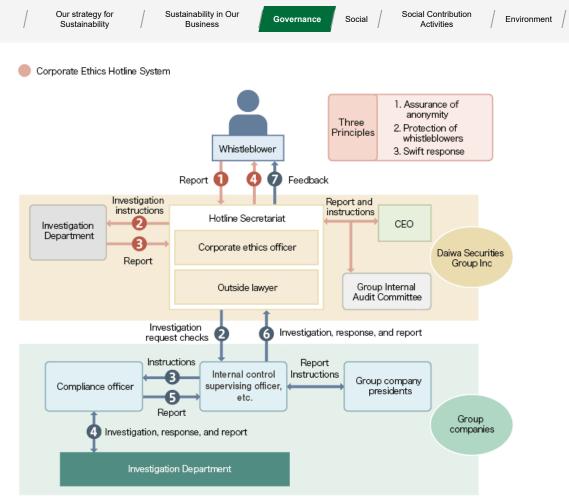
In terms of reporting methods, in addition to telephone, information can also be reported via the incident reporting page on the intranet and via email and others, allowing for reports to be made 24 hours a day, 365 days a year. Such reports can be made not only through the internal contact point but also through the law firm that serves as an external contact point.

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 FY2024, 111 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.

We seek to ensure that anyone can use the Corporate Ethics Hotline without hesitation. To this end, we are working to raise employees' awareness of the hotline via the Group newsletter, intranet and various training sessions, and making efforts to respond quickly when reports are received. We are also taking steps to improve the hotline so that it functions not just as a means to solve problems, but also as an effective method to prevent problems.

Others



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

### Reports Made to Corporate Ethics Hotline

Message from

Management

		FY2020	FY2021	FY2022	FY2023	FY2024
No. of reports*1		97	87	82	120	111
Harassment and other	Workplace bullying	40	37	35	55	48
human rights violations	Sexual harassment	2	6	4	8	11
	Maternity harassment	0	2	5	2	3
Compliance violations*2	Violation of laws and regulations	6	1	2	5	2
	Information management	0	1	0	1	1
	Violation of internal rules	14	4	10	3	5
Workplace environment	23	26	19	20	34	

Message from Management	Our strategy for Sustainability	Sustainability in Our Business	Governance	Social	Social Contribution Activities	Environment	Others

	FY2020	FY2021	FY2022	FY2023	FY2024
Etiquette and civility	12	4	3	1	2
Expenses and costs	1	1	3	2	1
Labor management (time management)	2	0	3	7	3
Personnel and conditions	0	2	1	6	4
Other	1	14	9	16	2

<sup>\*1.</sup> The total number of reports received does not match the number of reports made on each of the report items, as issues on several items might be reported in one single report.

## **Information Security**

We at Daiwa Securities Group have established basic standards (the Group Minimum Standards) for information security measures to protect personal information entrusted to us by customers in a safe and precise manner. In line with the Standards, each of the Group companies has formulated rules on the protection and handling of personal information and has established its own privacy policy.

To protect customers' information including their Individual Numbers, Daiwa Securities take appropriate security measures such as isolating such information physically, controlling access and applying encryption technology, depending on the type of information. We also in principle bans employees from taking personal information out of the company. When it is absolutely necessary to take information out of the workplace for business purposes, we require employees to obtain the prior approval of an internal administrator or other superior and to keep records of removal and return, thereby ensuring the strict management of such information. Similarly, we strictly manage the removal of personal information via email and external storage media while also monitoring for any unauthorized use. We also take information security measures for contractors. At the time of and after signing an outsourcing contract with a third party, we thoroughly check the information management structure of the contractor and conduct on-site visits to examine its practices, depending on the situation.

No matter how much information is systematized, however, a human element always remains. We therefore focus on providing training on information management to executives and employees to eliminate human error.

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. We deal resolutely with employees who have been involved in divulging information, such as by taking disciplinary action as determined by the Company, depending on the magnitude and maliciousness of the incident.

<sup>\*2.</sup> Internal rule violations, information management violations, corruption and bribery including excessive rewards or entertainments, violation of the Financial Instruments and Exchange Act and other laws, rules, and regulations

Message from Management Our strategy for Sustainability in Our Business Social Social Social Environment Others



- \*3. Provide Group minimum standards for Information Security
- \*4. Provide Global Information Security Policy

### 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 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

Message from Management Our strategy for Sustainability Governance Social Social Contribution Activities Environment Others

initiatives function properly. Checks on the information security system of Daiwa Securities' sales branches are conducted by 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.

### **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. For example, we have programs for sales managers, internal administrators, and employees in their first to fifth year at the Group.

We handle a broad range of topics in training. Major topics include "Daiwa Securities Group's Information Security System,"

"Occurrence Trends of Information Leakage Incidents," "Disciplinary Action against Unauthorized Removal of Information," "Prohibited Matters in Use of Information Devices for Business Purposes," "Important Points When Using Emails," "Use of Social Media," and "Developing Awareness of Information Security." Through such training, we appropriately inform and raise the awareness of all executives and employees about the importance of building an information management structure and implementing initiatives for the protection of personal information.

### Policy on Incident Investigations and Responses

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

Message from Management Our strategy for Sustainability Sustainability Our Business Social Social Social Environment Others

recurrence. We deal resolutely with employees who have been involved in divulging information, such as by taking disciplinary action as determined by the Company, depending on the magnitude and maliciousness of the incident.

Message from / Our strategy for / Sustainability in Our Business | Governance | Social | Social Contribution | Environment | Others

## **Tax Policy**

In order to enhance tax corporate governance, Daiwa Securities Group has established "Daiwa Securities Group Tax Policy" which serves as a code of conduct and decision-making standards for taxation, and all Daiwa Securities Group companies in Japan and overseas shall comply with it.

## **Daiwa Securities Group Tax Policy**

#### 1. Compliance

Daiwa Securities Group fulfils its social responsibility by complying with laws and regulations (including their intent or spirit) of every country and region, and through appropriate tax payments with high ethical standards.

### 2. Tax Planning

Daiwa Securities Group eliminates tax risks by eliminating double taxation through tax treaties and other means, optimizing tax expenses through appropriate use of preferential tax treatment, and conducting appropriate tax treatment in light of the tax regulations of each country and region.

In addition, Daiwa Securities Group does not engage in any inappropriate transactions without commercial substance for the purpose of tax avoidance. We do not transfer profits to low-tax countries or regions, or use tax havens for the purpose of tax avoidance.

### 3. Transfer Pricing Taxation

For cross-border intragroup transactions, Daiwa Securities Group sets appropriate prices which comply with arm's length principles in accordance with the OECD Transfer Pricing Guidelines as well as tax laws and ordinances in each country and region.

#### 4. Appropriate Disclosure

Daiwa Securities Group provides transparent and appropriate disclosure of its tax policy and other tax-related information.

#### 5. Responsibility

Daiwa Securities Group regards tax risks as key management issues and its Chief Financial Officer (CFO) is responsible for all tax issues of the group. In addition, the CFO, executive officer in charge of Finance, and Head of Finance Department of Daiwa Securities Group Inc. from time to time provide guidance and advice to subsidiaries and other departments within the group as necessary, so that corporate governance over tax matters is shared and implemented throughout Daiwa Securities Group.

### 6. Relationship to Tax Authority

Daiwa Securities Group maintains a relationship of trust with tax authorities by responding to them in a cooperative and honest manner.

## Taxes Paid by Country (FY2022)

	Revenues (*1)		Profit (Loss) before Income Tax (*1)		Income Tax Acci	rued (*1)	Income Tax Paid (*1, 2)	
	(100 million yen)	(%)	(100 million yen)	(%)	(100 million yen)	(%)	(100 million yen)	(%)
Japan	8,087.7	70.4%	1,711.2	94.8%	167.5	86.4%	209.1	84.8%
United States	2,574.6	22.4%	78.2	4.3%	18.6	9.6%	31.7	12.8%
United Kingdom	300.6	2.6%	13.1	0.7%	0.5	0.3%	-0.3	-0.1%
Singapore	163.0	1.4%	21.2	1.2%	4.1	2.1%	3.6	1.4%
Others	355.8	3.1%	-19.2	-1.1%	3.1	1.6%	2.6	1.0%
Total	11,481.6	100.0%	1,804.5	100.0%	193.7	100.0%	246.6	100.0%

<sup>(\*1)</sup> Revenues, Profit (loss) before income tax, Income tax accrued and Income tax paid are based on the Country-by-Country Report submitted to tax authorities in each country.

<sup>(\*2)</sup> The amount of income tax paid is the actually paid (on a cash basis) during FY2022.

## 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 as well as excessive entertainment and provision of gifts. 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. The use status of entertainment expenses is appropriately monitored by voluntary self-inspection of each department and office and inspection by the Compliance Department. For officers, the corporate auditor checks at the annual interview with them the status of undertakings regarding the prevention of corruption.

Moreover, we do not provide financial contributions relating to political activities to those other than political parties or political investment groups. In providing support for activities of a political organization, we do so appropriately in compliance with the Political Funds Control Act, the Public Offices Election Act, and other relating laws and regulations. The total value of political contributions provided by Daiwa Securities Group Inc. was 32 million yen in FY2022, in FY2023 and also in FY2024.

In order to thoroughly prevent corruption, we regularly carry out ethics training for all employees based on the Code of Ethics and Conduct. Each department and office emphasizes risk management by periodically implementing annual risk control self-assessment (RCSA) including the viewpoints of bribery and corruption.

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. Employees who conducted corruptions or violated the Code of Ethics and Conduct are subject to disciplinary action stipulated by Daiwa Securities Group Inc. depending on the scale and maliciousness of such act. In FY2024, 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.

Prevention of corruption
 The Group prohibits receiving and giving of any form of bribery. Also, the Group prohibits the receiving and giving of

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

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

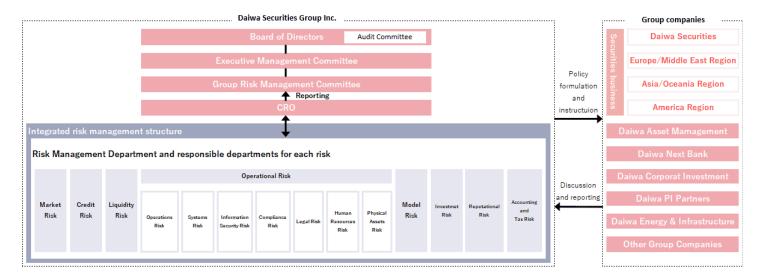
All management and employees of the Group fully understand this policy and make annual attestation.

Message from Our strategy for Sustainability in Our Business Social Social Social Environment Others

## **Risk Management**

Daiwa Securities Group recognize the importance of identifying and evaluating the various risks associated with our business operations accurately, and controlling them effectively, while we pursue 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 may appear in the medium- to long-term, such as climate-related risk. By doing so, we seek to achieve sustainable improvement in corporate value.

## Risk management system



For the Risk Appetite Framework, see Corporate Governance.

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

- 1. Management's proactive involvement 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, and 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

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

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 sub-committee 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.

### **Integrated Risk Management**

Integrated risk management refers to a risk management method that grasps the overall risks that the Group is facing and compares them with management strength for sustainable improvement of corporate value and securing of management safety. In performing integrated risk management, the Group strives to comprehensively understand risks by using stress tests\* and top risk management based on RAF and measuring the impact on capital and liquidity within the Group from a forward-looking perspective.

\* 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.

## **Environmental and Social Policy Framework**

Daiwa Securities Group Inc. formulated the "Environmental and Social Policy Framework" in June 2021 to strengthen its management and governance infrastructure for environmental and social risks on business. Based on the experience of its implementation and changes in the external environment, this framework will be regularly assessed to achieve stricter operations, with deliberations by the Board of Directors held at least once a year. 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.

Message from Management Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others

### 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" 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 Sustainability 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 Sustainability 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.

#### 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 child labor, forced labor or human trafficking

### (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.

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

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) Coal-fired power generation

We prohibit any financing where the use of proceeds is directed toward the new construction of coal-fired power generation and the expansion of existing facilities.

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/human trafficking, or whether appropriate measures are taken to prevent them. We will utilize these results in making decisions.

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 our clients to obtain certification. We will encourage our clients to make environmental and human rights policies such as NDPE (No Deforestation, No Peat and No Exploitation) or other compatible policies.

Regarding new investments and loans, we will encourage our clients to enhance their supply chain management and traceability to ensure that similar initiatives will also apply to their supply chain.

#### 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 our 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.

Regarding new investments and loans, we will encourage our clients to enhance their supply chain management and traceability to ensure that similar initiatives will also apply to their supply chain.

#### 7) Coal mining

We prohibit any financing where the use of proceeds is directed toward projects using the mountaintop removal (MTR) method, the new development of thermal coal mining, the expansion of existing thermal coal mining and the new development and expansion of infrastructure dedicated to thermal coal mining.

Regarding the underwriting of bonds and stocks issuance, however, issuers that announce a target for net zero GHG emissions by 2050 may be considered on a case-by-case basis.

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.

Message from / Our strategy for / Sustainability in Our Management / Sustainability / Business | Governance | Social / Social Contribution / Environment / Others

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 applicable 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.

In addition, even after new investments and loans have been provided, we will perform regular screenings to ensure that businesses do not involve child labor, forced labor or human trafficking. If we detect credible evidence of child labor, forced labor or human trafficking, we will engage in dialogue with our clients and request corrective and preventive measures. If no measures are taken, we will carefully consider whether or not to continue our investments and loans.

December 26, 2024

Please also refer to the following.

- > Stakeholder Engagement
- > Supply Chain Management

## **Top Risks**

The risk events that require particular attention in light of the Group's business characteristics are selected and managed as top risks. The management of Company "visualize" the risk events that are identified and sorted out by relevant departments based on risk events collected from both inside and outside the Company as candidates for top risks to enabling the management to understand and discuss extensive risks when selecting the top risks. Moreover, the Group's Directors and Corporate Executive Officers identify and extract such candidates for top risks by making a forward-looking evaluation of the level of impact on the Group's performance and the possibility that such risk events will occur.

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

### List of top risks

Risk events	Specific examples
Intensifying international disputes and conflicts	• With the withdrawal of the Taiwan defense policy by the new US administration, leading to real military conflict take place in the Taiwan Strait. The situation escalates to a wide-area naval blockade and full-scale Japanese involvement
	<ul> <li>The military conflict between Russia and Ukraine escalates to the threat of a nuclear attack by Russia and NATO joining the war, leading to a soaring commodities market and deterioration in the global economy centered on Europe</li> </ul>
Trump 2.0	• The trade policy of the new U.S. administration (stronger tariffs) invites retaliatory tariffs by China and other countries and led to a slowdown in global trade. The growing fiscal deficit caused by reduced labor driven by immigration policy (mass deportations of illegal immigrants) and tax-reduction policies invite progressing inflation and rising interest rates, leading to a sharp slowdown in the U.S. economy
China's economic crisis	Successive defaults stemming from the real estate sector with no end to the downturn in the real estate market. Drastic downturn in China's economy due to a credit crunch leading to deterioration of the global economy
Downgrading of JGBs and crash of yen assets caused by the instability of Japan's financial situation	<ul> <li>The Japanese government is reluctant on financial reform, and spending cuts and the issues of increased taxes and the social security burden are postponed. Japan's budgetary risk is expanding, leading to a credit downgrading of JGBs and sales of yen- denominated assets such as Japanese equities and government bonds by foreign investors. The downgrading of government bonds also leads to increased fundraising costs for the Company</li> </ul>
Japan's stagflation risk	<ul> <li>Structural inflation is progressing due to yen depreciation, soaring resource costs, and labor shortages (low birthrate and aging population, reduction in foreign workers). A positive cycle in wages and prices is not achieved, leading to slowed consumption and stagflation in the Japanese economy</li> </ul>
Recurrence of the financial crises	<ul> <li>Monetary instability rooted in rising long-term interest rates in the U.S., a sovereign debt crisis due to the expansion of populist fiscal policy against the backdrop of political instability in Europe, and a currency crisis in emerging countries all occur simultaneously</li> </ul>
Stagnation in sustainable growth due labor and personnel shortages	<ul> <li>Human resources are insufficient due to struggling hiring caused by the reduced working population, delayed development of specialized personnel, and human resource attrition due to intensifying hiring competition both inside and outside of financial institutions, and resulting stagnation in sustainable growth and improved corporate value</li> </ul>
Large-scale earthquakes	Huge effect on the Japanese economy caused by a large-scale earthquake (earthquake directly beneath Tokyo, Nankai Trough earthquake, etc.) Additionally, the Company experiences personal and property damage

Message from Management Our strategy for Sustainability in Our Business Social Social Social Notivities Environment Others

Risk events	Specific examples
Epidemic of a new infectious disease	The resurgence in infections in Japan and overseas due to an outbreak of an unknown infectious disease with long-term world-wide stagnation of economic activity
Cyberattack	Damage to the Company's reputation and lost business opportunities resulting from customer information leaks caused by cyberattacks
Inappropriate actions by officers and employees	<ul> <li>Imposition of fines by the authorities, the questioning of employer responsibility, damage to the Company's reputation, and lost business opportunities from actions by officers and employees that damage the soundness of the market (insider trading, market manipulation, etc.) or other criminal acts (stealing customer assets, etc.)</li> <li>Includes not only trading by the officers and employees themselves, but also their involvement in transactions</li> </ul>
Insufficient response to money laundering and terrorist financing	• Fines are paid due to the insufficient response and inability to prevent financial crimes such as money laundering and involvement in terrorist financing. Also, the Company's reputation is damaged and business opportunities are also lost
Information security risk	Damage to the Group's reputation due to officers and employees stealing customer information, etc. Disadvantages including damage compensation costs and legal sanctions and losses in business opportunities

## Types of Risks to Be Managed

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 classifies risks that occur in business into market risk, credit risk, liquidity risk, operational risk, model risk, and so on, and puts in place risk management systems that respond to respective risk types.

## **Management Systems of Major Risks**

### (1) Market risk management

Market risk refers to the risk of incurring losses due to market fluctuations, which affect the value of stock prices, interest rates, foreign exchange rates, and commodity prices. In terms of the Group's trading business, by providing market liquidity the Group acquires compensation while at the same time taking on market risk through the holding of a certain amount of financial assets. The Group implements suitable hedges to curtail fluctuations in profits and losses. However, as hedges may fail to function effectively in times of

Message from Management Our strategy for Sustainability Sustainability Governance Social Social Social Environment Others

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.

### (2) Credit risk management

Credit risk refers to the risk of losses caused in cases where a counterparty of a trade or the issuer of a financial product held by the Group suffers a default, or credibility deteriorates. The credit risks generated in the trading business of the Group consist of counterparty risk and issuer risk.

With regard to counterparty risk, the Group has established an upper limit on the credit-equivalent exposure that can be tolerated for each counterparty and periodically monitors such credit-equivalent exposure. The Group also monitors risk amount related to the issuer risk of financial instruments held for market making.

Because the Group provides financial instruments, manages assets and invests, the Group is exposed to the risk that various instrument and transaction exposures collect on a specific counterparty. If the counterparty's credit situation worsens, the Group may incur significant losses. Therefore, the Group has established the upper limit on total exposure to any counterparty and periodically monitors such limit.

### (3) Liquidity risk management

Liquidity risk refers to the risk of experiencing cash management difficulties or suffering losses due to 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.

Daiwa Securities Group Inc. has organized its 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.

Concerning unsecured fundraising, the repayment date of which arrives within a year and the prospective outflows in the case where some stress events occur in such period, we verify every day that enough liquidity is secured for such repayment and outflows even in various stress scenarios. The Group undertakes to make it possible to continue business even if unsecured fundraising is not available for one year.

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.

Message from Management Our strategy for Sustainability in Our Business Social Social Social Network Private Network Others

### (4) Operational risk management

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.

The Group classifies operational risks into the seven categories of operations risk, systems risk, information security risk, compliance risk (including conduct risk), legal risk, human resources risk and tangible assets risk 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 strive to appropriately manage operational risk by measures including risk control self-assessments (RCSAs), in accordance with rules on operational risk management set by Daiwa Securities Group Inc. Additionally, the Group has enacted the necessary policies including the tightening of authority, the machine automation of office functions to reduce human errors, and creating operational manuals, working to reduce operational risk in response to the business characteristics of each Group company.

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

### (5) Model risk management

Model risk refers to the risk of 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 system to manage models throughout their lifecycle. Specifically, the Group has model verification and approval processes before use or significant change, and conducts monitoring and regular checks to manage model risk.

### (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.

Message from Management Our strategy for Sustainability in Our Business Social Social Social Network Private Network Others

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

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

### (8) Accounting and tax risk management

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

The Group strives to reduce accounting risk by operating in accordance with fundamental regulations related to internal controls on financial reporting, and by establishing, putting into practice, and striving to improve its internal controls on financial reporting. In addition, by notifying principal Group companies of necessary reporting items related to tax risk management and receiving such items in a timely manner, the Group endeavors to appropriately determine the tax risk management status and risk conditions for the Group as a whole, thereby reducing its tax risk.

> 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 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)

Message from Management	/	Our strategy for Sustainability	/	Sustainability in Our Business	Governance	Social	Social Contribution Activities	Environment	Others
<ul><li>Japanese</li><li>Ordinary</li></ul>	Ü		or ind	lividual investors					

## 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.

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

## **IT Strategy and Management of Systems Risk**

Daiwa Securities Group has raised pursuing digital innovation as one of its core strategies in the Medium-Term Management Plan "Passion for the Best" 2026. Based on this core strategy, the Group will accelerate the enhancement of its existing businesses by making effective use of technologies and will promote the implementation of digital strategies. Such strategies include the use of AI, Web3.0\* and other current and future leading-edge technologies.

\* Web3.0 means the next-generation Internet, which is decentralized to enable users themselves to control their own data for value-based transactions.

## **IT Organization and Structure**

The Group Digital Strategy Committee is established at Daiwa Securities Group Inc. as a sub-committee of the Executive Management Committee, and the Digital 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. Furthermore, amid a rapidly changing and difficult-to-predict business environment, the Group is fostering the implementation of digital projects, thereby strengthening its digital transformation (DX) promotion system. The company is also putting effort into improving digital literacy of all employees by introducing "Digital IT Master Certification System" for developing human resources that can leverage advanced digital technologies to create business innovation as well as the "Daiwa Digital College," the aim of which is to acquire the basic skills for utilizing digital data and practical skills for actual business.

### IT investment

In order to achieve our Group's management policy of "maximizing the value of customer assets," we are making capital investments to pursue digital innovation using technologies such as generative AI and Web 3.0\*, develop infrastructure to ensure the efficiency and safety of our business, comply with laws, regulations and systems, and enhance risk management.

During FY2024, we worked to improve our total asset database and expand the consulting tools available to our sales staff, so that we can analyze and propose optimal portfolios based on a deeper understanding of our customers. Furthermore, with the aim of dramatically expanding the amount of time that sales staff spend with customers, we have introduced a system that automatically records and summarizes conversations during meetings with customers. Also, we have built an online sales platform that enables customers to place orders for a wide variety of products and securities in Daiwa's online trading. In addition, as an investment in cutting-edge technology, we developed and introduced the AI Operator Service in October 2024, which provides conversational responses to inquiries about market information and general administrative procedures using voice generated by generative AI, thereby improving customer convenience and providing a new customer experience. Additionally, in preparation against wide-area natural disasters, we have established data centers in remote locations to ensure our operational resilience\*.

Message from   Our strategy for   Sustainability in Our   Governance   Social	Social Contribution Environment Others
---	--

\* Operational resilience: Robustness and recoverability of business operations and the ability to ensure the continuity of minimum required operations and services even in the event of systems failures, cyberattacks or natural disasters.

## 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 implementing 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 are enhancing "technical measures," "operational resilience," and "governance" as in the previous fiscal year. Specifically, we are putting effort into managing Group companies appropriately based on their respective cyber risks; optimizing our cyber measures and the related costs; advancing and increasing the efficiency of Albased security measures; and enhancing education and training for officers and employees.

In addition, to prevent unauthorized accesses and improper trading, we are making use of external services and specialist companies for the constant monitoring and closing of phishing sites, introduction of multi-factor authentication for online trading logins, and enhance various other measures against improper trading.

Also, we are implementing measures to enhance and increase the effectiveness of our system to ensure the continuity of essential operations even in the event of wide-area natural disasters such as earthquakes and typhoons and large-scale system failures. We are thus working to make improvements so that we can continue to provide customers with services in a stable manner even in case of disasters.

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

### Al Governance Mission Statement

### <Daiwa Securities Group Al Governance Mission Statement>

Daiwa Securities Group is committed to social issues such as the environment, human rights, education, economic growth, and technological innovation, and contributing to the sustainable development of society and the economy. To achieve this, the use of cutting-edge technology, especially AI, has become essential. While the impact of AI on society and the economy is expected to expand further in the future, there are still developing aspects of AI technology.

Under careful consideration, Daiwa Securities Group has established the "Daiwa Securities Group AI Governance Mission Statement," which we encourage all employees to abide by in understanding that we are a company that uses AI extensively in research and development, prediction and analysis, together with providing services.

Daiwa Securities Group will continue to make every effort to become a trusted partner for all stakeholders and ensure that our services are used with peace of mind.

- 1. Contribution to Society and Economy through AI While using AI Daiwa Securities Group intends to contribute to a sustainable development of a society and economy by developing full utilization of AI, as well as through dialogue with our diverse stakeholders. Additionally, we will aim to achieve public benefit for a rich society through the utilization of AI Including a sound and sustainable development of finance and capital markets.
- 2. Human-Centered AI Daiwa Securities Group respects human rights and will ensure when using AI it does not violate this principle. We will intervene through our human judgement.
- 3. Transparency and Accountability of AI

  Daiwa Securities Group values accountability and transparency and will make sure when utilizing AI this value is achieved including a base use that is easy to understand. We will also document, in writing, a commitment to fulfilling this responsibility to the best of our ability.
- 4. Appropriate Use and Learning of Al

  Daiwa Securities Group uses Al in an appropriate range and manner and strives to ensure that Al is driven from high
  quality data sources that are pre checked and monitored.
- Compliance with Laws and Privacy Protection
  Daiwa Securities Group complies with regulatory requirements in the development and utilization of AI. This includes privacy protection.
- 6. Security and Monitoring of Al
  Daiwa Securities Group takes appropriate security measures and monitors Al systems to prevent malicious attacks such as data breaches.

Message from Our strategy for Sustainability in Our Business Social Social Social Environment Others

7. Governance and Literacy Improvement of AI

Daiwa Securities Group is establishing a governance and control system to check and manage AI appropriately, this includes affects by third parties. As a company that will use AI extensively, we strive to improve AI literacy, promote sound AI business and AI utilization throughout the organization.

Established June 23, 2023

Revised September 1, 2024

## **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 practices, 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.

Message from Management Our strategy for Sustainability Governance Social Social Contribution Activities Environment 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.

- 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 121 companies mostly headquartered in Tokyo with a combined total of 1.5 million employees (including those of group companies; as of April 2025). Federation members work together to further improve their employees' awareness of human rights issues through research and communication.

#### **Human Rights Awareness Promotion Committee**

Chair	Human Resources Officer at Daiwa Securities Group Inc.
Vice Chair	Daiwa Securities Group Inc.  Deputy Human Resources Officer & Head of the Human Resources Department
Committee Members	Heads of the Compliance Control Department, Sustainability Promotion Department, Corporate Planning Department, General Affairs Department, and Career Development Section of the Human Resources Department
Promoters	All Group managers at the head office or branch level

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

#### Initiatives in FY2024

#### **Human Rights Education**

In FY2024, we provided human rights education to consider human rights from multiple viewpoints for the Group's new employees in April, and for all employees of Daiwa Securities in August. Subsequently in February 2025, for all Group executives and employees, we organized a study meeting on human rights, in which participants watched several videos on human rights and discussed in groups set at the head office or branch level, how companies and individuals should understand responses with consideration for human rights and what responses they should make when there are any issues. The Human Rights Awareness Promotion Committee Secretariat has taken charge of all of these training courses.

#### Human rights education for employees for FY2024

Training participants	457 new Group 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	All employees of Daiwa Securities Co., Ltd. (7,959 persons)
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 on human rights awareness and hold discussions at each workplace regarding the content

## 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)

## **Supply Chain Management**

## Responses to ESG Issues in the Supply Chain

Daiwa Securities Group has established a "Suppliers' Code of Conduct" so that our suppliers can understand and cooperate with our ESG initiatives.

#### Daiwa Securities Group Suppliers' Code of Conduct

(Established on May 1, 2023)

#### I. Introduction

Daiwa Securities Group aims to contribute to the sustainable development of society with high ethical standards, raising "contributing to society" as one of its <u>Corporate Principles</u>. Based on this, our group conducts procurement activities that take into consideration social responsibilities such as human rights, labor standards, and the environment throughout the supply chain in order to contribute to the realization of a sustainable society. We expect our suppliers to do the same for ethical business and responsible procurement activities.

Daiwa Securities Group has recently established the Daiwa Securities Group Suppliers' Code of Conduct (hereinafter referred to as the "Code of Conduct") in order to further strengthen our relationships with suppliers. The Code of Conduct establishes basic guidelines with which all suppliers who provide products and services to our group must comply. Each item has been established based on the 10 Principles of the United Nations Global Compact, the Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

We would like to ask all of our suppliers for their understanding and cooperation regarding the items listed below. Note that "supplier" refers to third parties (including subcontractors from third parties) and their employees who provide products, services, and labor to our group.

#### II. Daiwa Securities Group Suppliers' Code of Conduct

- 1. Compliance
  - 1.1. Comply with the applicable laws and regulations in the countries and regions where business is conducted.
  - 1.2. Comply with the laws and regulations related to fair trade, such as the Antimonopoly Act and the Subcontract Act.
  - **1.3.** Comply with anti-corruption laws and regulations, and do not accept or provide bribes, unjustifiable entertainment, gifts, benefits, etc.
  - **1.4.** Do not engage in any transactions with anti-social forces.
  - 1.5. Never engage in money laundering or terrorist financing.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

- **1.6.** Do not engage in any acts that seek interests of yourself, business partners, or third parties against your company's interests.
- **1.7.** Establish a whistle-blowing system and thoroughly protect whistleblowers.
- 2. Information Security/Cyber Security
  - **2.1.** Strictly manage and protect confidential and important information (including personal information) entrusted by our Group, as well as confidential and important information, including the personal information of your own company, customers, and third parties.
  - **2.2.** Strictly manage confidential information and important information (including personal information) obtained through business with our Group and other customers, and do not divulge the information to third parties without permission.
  - **2.3.** Protect against and take measures against network risks and threats such as computer viruses and unauthorized access.

#### 3. Human rights

- **3.1.** Respect human rights in all business activities, including the supply chain.
- **3.2.** Do not engage in child labor, forced labor, or human trafficking.
- **3.3.** Pay salaries to employees in compliance with the minimum wages and other laws and regulations regarding salaries, etc.
- **3.4.** Comply with applicable laws and regulations of each country governing employee working hours (including overtime).
- 3.5. Provide employees with a healthy and safe working environment.
- **3.6.** Respect employees' right to freely associate or not to associate in accordance with laws and regulations, and the right to collective bargaining.
- **3.7.** Do not discriminate on the grounds of race, nationality, origin, creed, religion, politics, gender, sexual orientation, gender identity, social status, physical characteristics, disability, etc., in all aspects of work.
- 3.8. Do not engage in harassment such as sexual harassment or power harassment.
- **3.9.** Promote diversity and inclusion to ensure diversity in the workplace.
- 4. Quality and safety of products and services
  - **4.1.** Supply products that meet safety standards stipulated by laws and regulations.
  - **4.2.** Establish and strictly operate a quality assurance system.
  - **4.3.** Provide accurate information about products and services.

#### 5. Environment

- **5.1.** Establish environmentally friendly policies and goals with the aim of reducing the environmental impact of all business activities, including the supply chain.
- **5.2.** Work to reduce greenhouse gas emissions.
- **5.3.** Work on effective use of resources and energy.
- **5.4.** Comply with the laws and regulations of each country and region regarding proper treatment and recycling of waste, and work to reduce waste.
- 5.5. Comply with the relevant laws and regulations of each country and region and manage chemical substances.

Message from Management	Our strategy for Sustainability	Sustainability in Our Business	Governance	Social	Social Contribution Activities	Environment	Others
----------------------------	---------------------------------	--------------------------------	------------	--------	-----------------------------------	-------------	--------

- 6. Information disclosure
  - **6.1.** Disclose information such as financial status, performance, and details of business activities to stakeholders in a timely and appropriate manner.

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  $\ \Box$ 

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

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.

Message from Management Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution

Environment

Others

#### 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 the "Daiwa Securities Group Suppliers' Code of Conduct" 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.

#### (1) Price determination method

We will not make unreasonable cost reduction requests. When determining the transaction price, we will hold discussions with subcontractors at least once a year, ensuring that the subcontractor's fair profit is included and labor conditions can be improved, and we will decide after sufficient discussions. At that time, we will make decisions after taking appropriate actions as listed in the "Guidelines for Price Negotiations for Proper Transfer of Labor Costs."

Additionally, in the event of a surge in raw material costs or energy costs, we aim to fully pass on the appropriate cost increase. In addition, when entering into a contract, including determining the transaction price, we will provide explicit and written terms and conditions.

#### (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

Message from Our strategy for Sustainability in Our Business Governance Social Social Contribution Environment Others

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)
(Update due to change of representative April 1, 2024)
Daiwa Securities Group Inc.
President and CEO,
Akihiko Ogino

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

## **Initiatives for Customer-First Services**

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 sales approach, we are continuing to conduct customer service surveys. We survey customers regarding their degree of satisfaction with our services and sales approach, and solicit their feedback and requests. Based on the survey results, we have been strengthening our initiatives to improve the quality of consulting and enhance the convenience of 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. □
- ➤ Daiwa Connect Securities Co., Ltd. (Japanese) □

Message from Management Our strategy for Sustainability Governance Social Social Contribution Activities Environment Others

## Measuring NPS® (Net Promoter Score) for "Maximizing the Value of Customer Assets"

Daiwa Securities has been working to provide customers with high-quality consulting services based on a deep understanding of customer needs to increase the value of customer assets on a medium- to long-term. It has been measuring 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. 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 to improve NPS® for "Maximizing the value of customer assets."

\* 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 employees with service assistant\* 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.

\*. 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**

Daiwa Securities has placed Anshin (peace of mind) Planners and Inheritance Consultants as an initiative to provide each one of our elderly customers with optimum consulting and solutions.

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.

Message from Our strategy for Sustainability in Our Management Sustainability Business	Governance	Social Contribution Activities	on / Environment / Others
--	------------	--------------------------------	---------------------------

\* 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.

## **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, which was opened in July 2000, 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. We established a contact center function in Osaka in 2011 and then in Fukuoka in 2016 as our third service point. We also increased the number of people staffing these centers.

In addition, we started to handle incoming calls to sales branches in 2014 and, 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.

#### **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. 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.

## **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 Compliance Department 1 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

Message from | Our strategy for | Sustainability in Our | Governance | Social Contribution | Environment | Others

#### best quality."

To respond to customers' calls thoroughly, accurately, and promptly, Customer Support Center members work to improve the quality of their customer services.

#### Inquiries and Complaints Received at the Customer Support Center in FY2024

• Number of calls received: 4,161 calls (down 1,690 calls year on year)

Inquiries: 84% Complaints: 16% Message from / Our strategy for / Sustainability in Our Business / Governance Social Social Contribution / Environment / Others

## **Hiring Initiatives**

## **Approaches and Policy**

Daiwa Securities Group aims to achieve corporate growth by investing in its people and enhancing their value and views "hiring people" as the first step toward this objective. As we want all our employees to work with a high level of loyalty, motivation and engagement, all new college graduates recruited by the Group 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.

Moreover, in order to flexibly accommodate job-seekers, we hire year-round, and new employees may join the company even after April. We are actively recruiting people with diverse backgrounds, while strengthening our mid-career recruitment program, which recruits people with work experience in the industry or other job experience.

We also focus on attracting people capable of excelling globally in order to develop a global network and strengthen alliance strategies. Moreover, Daiwa Securities Group offers internship programs for prospective new graduate applicants to provide opportunities for gaining hands-on 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. Further, in line with our human rights policy and in recognition of the fact that discrimination based on sexual orientation or gender identity must never be tolerated, we do not mandate job applicants to enter their gender in their resumes and do not speak with them based on the assumption that they are sexual majority people in our employment interviews, while also avoiding using categorical expressions on such occasions.

#### **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

Message from | Our strategy for | Sustainability in Our | Governance | Social Contribution | Environment | Others

## **Diversity and Inclusion**

## **Approaches and Policy**

At Daiwa Securities Group, one of our Corporate Principles is "Placing importance on personnel," and we are actively working on "diversity and inclusion" as one of our material issues toward realizing our "Vision 2030". We have established the Diversity and Inclusion Promotion Committee and the Sustainability Promotion Committee (formerly SDGs Promotion Committee), both of which are chaired by President and CEO Akihiko Ogino and have a wide range of discussions.

Discussions at the Sustainability Promotion Committee are reported to the Executive Committee for deliberation and decision-making as appropriate. In order to monitor the degree of penetration and make improvements according to the progress of initiatives, evaluation items related to the promotion of diversity, such as on "creating an environment where subordinates can easily use support systems for balancing work and child care/nursing care and support systems for a better work-life balance" and "listening to the opinions and ideas of subordinates in a fair manner and ensuring their psychological safety in managing the organization" are introduced into multifaceted manager evaluations. In addition, we are checking the numerical value for the "Diversity and Respect for Individuals" category in engagement survey results.

# Initiatives to promote the dissemination of systems and the understanding of the approach

#### Use of Group newsletters and Group in-house broadcasting

Our in-house newsletter introduces the Group's systems and domestic and overseas initiatives for diversity and inclusion, as well as role models that are active in various careers. In addition, the Group facilitates the sharing of best practices in each department via Group in-house broadcasting.

#### Awareness raising activities for managers

The top management continuously communicate the initiatives and objectives of diversity and inclusion, including women's success, at meetings attended by all executives and managers, while training for managers, including all line section managers, is conducted to deepen understanding and instill the concept of a support system for a better work-life balance. In addition, a "multifaceted evaluation" is conducted for all management levels, including directors, department managers, and section managers, with the aim of improving their management skills and the productivity of the entire group by having subordinates evaluate their superiors' daily work activities and providing feedback to the managers. Efforts for diversity are also included as evaluation items, and the results are incorporated into manager evaluations.

Message from Management Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others

## **Encouraging Women to Succeed**

Daiwa Securities Group proactively appoints talented human resources regardless of gender. In particular, since the percentage of female employees is 40.4% (as of the end of FY2024 at the submitting company and all domestic consolidated subsidiaries), we regard the promotion of women's advancement as the most important issue in the promotion of diversity. In order to further incorporate more diverse perspectives into group management, four female executives were simultaneously appointed in 2009. Currently, Daiwa Securities Group Inc. has seven female directors (50.0%), and the Group as a whole has 21 female executives.

Although the business characteristics and personnel composition of each company differ, in order to promote initiatives groupwide, a "Women's Advancement Meeting" has been held every quarter since FY2014, where human resource officers from each company gather to strengthen cooperation by sharing information on progress and best practices regarding the goals of each company, set in accordance with their respective situations. The increase in the number of role models at each company has made it easier for female employees to envision their career paths. In recent years, the number of female employees seeking career advancement by switching to career-track, broad regional career-track, and regional career-track positions has increased significantly. We have 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.

## **Commitment by Top Management**

Daiwa Securities Group promotes diversity and inclusion initiatives within the company, while top management makes a commitment by endorsing social organizations and activities.

2015: We support the Declaration on Action by the Group of Male Leaders Who Will Create "A Society in which Women Shine\*" spearheaded by the Gender Equality Bureau of the Cabinet Office.

\* This is an initiative in which male leaders of leading companies that are actively engaged in promoting women's advancement share the Declaration of Action and expand the network of support in order for women to maximize their potential.

2019: Daiwa Securities Group Inc. has supported the activities of 30% Club Japan\* since its establishment and the President and CEO has participated as a member.

\* An initiative aimed at increasing 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.

2021: We support the "Challenge Initiative for 30% of Executives to be Women by 2030 #HereWeGo203030" proposed by the Japan Business Federation (Keidanren).





Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

## **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 the end of FY2026. 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 the end of FY2026 (Daiwa Securities)

- Women account for at least 25% of people managerial positions by FY2025, reaching 30% by 2029
- 100% or greater rate of childcare leave use by male employees and a childcare leave duration of 14 days or more

#### Support for Female Employees' Career Development

Since female employees are relatively more susceptible to the impact of life events on their careers, we provide various career development support programs focused on female employees. First, we have encouraged female employees to apply for the career track change system to assume broader job functions and responsibilities so that they can develop their careers more autonomously. As a result, the number of female employees seeking career advancement has increased significantly, with a total of more than 1,199 employees switching to career-track positions (including regional career-track positions) since FY2009. The Professional Return Plan, which rehires employees who left the company for reasons such as childcare or nursing care, has a certain number of users on a continuous basis, while the number of female employees right before being promoted to managerial positions has increased significantly.

We also launched a career support training initiative for female employees (Daiwa Woman's Forum) in FY2014, and from 2018, we have expanded the scope of this training to include managers. These programs have helped female employees to autonomously envision their career paths and contributed to building networks among them.

#### **Initiatives**

#### Appointment of Female Executives and Women in Managerial Positions

Daiwa Securities Group has a total of 21 women in top managerial positions. They include seven 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 975 as of the end of March 2025. The ratio of women in managerial positions has risen from 2.2% at the end of FY2004 to 20.4% at the end of FY2024 on a group-wide basis (up from 2.3% to 23.2% at Daiwa Securities).



Message from Management Our strategy for Sustainability Governance Social Social Contribution Activities Environment Others

## Formulation of an action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life

Since each company in Daiwa Securities Group has its own business operations and personnel structure, each company formulates and publishes its own action plan.

To promote the initiative, we hold a "Women's Advancement Meeting" on a quarterly basis, where human resource executives from each group company gather to engage in discussion. We are further accelerating our efforts to provide an environment in which employees with diverse values can fulfill their full potential.

[A general business owner action plan was formulated and submitted on April 1, 2021]

- > Daiwa Securities Action Plan [PDF:139.5KB] ⟨ Japanese only ⟩ ▶
- > Daiwa Asset Management Action Plan ( Japanese only )
- > Daiwa Institute of Research Action Plan ⟨ Japanese only ⟩ ■
- > Daiwa Securities Business Center ⟨ Japanese only ⟩ ▶

## Support for the Success of Senior Employees

As the careers of employees grow longer, we aim to provide our 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 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 70, provided that certain conditions are met.

We have created a Senior Fellow System and have established a personnel system for senior 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 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 the end of FY2024, 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

Message from | Our strategy for | Sustainability in Our | Governance | Social Contribution | Environment | Sustainability | Environment | Social Contribution | Social Contribut

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 June 2025, ACE has 35 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**

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
2.57%	2.58%	2.62%	2.59%	2.63%	2.62%

# Promoting increased understanding toward the LGBTQ+ community and related issues

As an opportunity to deepen understanding of LGBTQ+ issues, 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 LGBTQ+ issues. In addition, LGBTQ+ themes are taken up in training for new and young employees, as well as in training for those who have been promoted.

To create a work environment where individuals can work in a way that is more true to themselves, we are solving and eliminating all forms of discrimination in recruitment and employment and at work, expanding personnel systems to accommodate partnerships, establishing the 'Daiwa ALLY Network', an employee-led community to exchange opinions and raise awareness on LGBTQ+, and providing both internal and external consultation services to create an environment where it is easy to seek advice. Additionally, we provide support tailored to the circumstances of each individual, such as allowing employees transitioning genders to take leave. Starting in 2024, we are sponsoring Tokyo Rainbow Pride (renamed Tokyo Pride in 2025) and raising awareness of our initiatives both internally and externally. While developing a workplace environment where all employees can work to their full potential, we aim to nurture an inclusive culture.

#### **PRIDE Index**

The PRIDE Index was established in 2016 by work with Pride to encourage the creation in Japan of workplaces where LGBTQ+ and other sexual minorities can work with comfort and became the first LGBTQ+-related evaluation index established for companies and other organizations in Japan.

Message from Management Our strategy for Sustainability Governance Social Social Contribution Activities Environment Others

Four Group companies, namely, Daiwa Securities Group Inc., Daiwa Securities Group, Daiwa Securities, Daiwa Asset Management and Daiwa Institute of Research received Gold evaluation in the PRIDE Index 2024, in recognition of their workplace initiatives for LGBTQ+ and other sexual minorities.



## Declaration on Business Support for LGBT Equality in Japan

Daiwa Securities Group is endorsing Business Support for LGBT Equality in Japan and declares that it will prohibit any discrimination based on sexual orientation or gender identity and will work for the creation of an inclusive workplace and society where everyone is treated equally.



## Promoting Diverse Work Styles (Work-Life Balance)

## **Approaches and Policy**

Daiwa Securities Group is upholding "Diversity & inclusion" as one of its issues of materiality and set targets for the rate of female managers, rate of male employees taking childcare leave, engagement survey scores and rate of female directors as its sustainability KPIs. We are making efforts to promote work-life balance, aiming to increase our productivity by incorporating various opinions in our operational management and provide employees with a workplace where they can demonstrate their respective abilities to build a system that enables both men and women to work using a variety of work styles and achieve work styles in which work and life are in harmony.

Message from Management

Our strategy for Sustainability

Sustainability in Our Business

Governance



Social Contribution Activities

Environment Others

## 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 and bonus equivalent to the amount of wages for 10 business days are guaranteed (and fully paid by the company), 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 as mandatory.  An environment enabling men to actively participate in child rearing has been developed. (For women taking pre- and post-childbirth leave, their wages for the leave period are guaranteed by the company.)
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.
Short working hours system	A system that allows both male and female employees to shorten their working hours (in 10-minute units) until their children graduate from elementary school Under this system, employees can work shorter hours not only for childcare but also for the long-term nursing care of their family members and the treatment of cancer.
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 year per child until the child completes the third grade of elementary school (10 days per year for a child aged 0 to 1), up to 15 days per year if the employee has 2 or more children (The leave can be taken in a unit of hour).
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 a total of around 10,000 times since 2016.
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 500 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 100 employees.

Message from Management Our strategy for Sustainability Governance Social Social Contribution Activities Environment Others

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-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, in a unit of hour). A cumulative total of more than 3,050 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 520 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)
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
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	A flex time system was introduced to allow all officers and employees to work in a flexible and highly productive manner.  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 awareness such as e-learning training for managers; subsidies for specific fertility treatments; and a work-at-home system to balance work and fertility treatment.  Moreover, in FY 2024, the support measures were enhanced by the introduction of a Femtech program, review of the regular health checkup items and the provision of a wider range of gynecological treatment at the medical office.

The Group believes that it is important not only to have a system in place, but also to create a supportive environment. We conduct training on the work-life balance support system for balancing work with child care and nursing care responsibilities to deepen mutual understanding between employees who use the system and those in the same workplace.

In addition, we conduct a survey for all employees about the various systems. We survey the recognition, degree of use, and issues of

Message from | Our strategy for | Sustainability in Our | Governance | Social Contribution | Environment | Others

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 initiatives

#### 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."

#### 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, the Group held study sessions on long-term nursing care to raise employee awareness and foster a corporate culture that makes it easy to use the systems.

#### 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" for all officers and employees.

#### 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,

Message from | Our strategy for | Sustainability in Our | Governance | Social Contribution | Environment | Others

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.

The Group introduced a "System Usage Calendar" that allows all employees in a 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 the use of annual leave for all employees, and has become a system that allows each workplace to use the leave systems smoothly.

#### **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 "Daiwa WLB Station"

#### **Legal Compliance**

To protect and preserve each employee's rights, the Group regularly monitors the trends of minimum wages and living wages required by employees and their families to maintain an adequate standard of living and the status of compliance with laws and regulations related to labor management, including the Labor Standards Act "36 Agreement," which provides for overtime work and holiday work.

#### "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.

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others

## **External Ratings for Initiatives**

## Various recognition programs

Since April 2005, Daiwa Securities Group Inc. has formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and has been working to create a workplace environment where employees can work comfortably while balancing their work and family life.

In recognition of this initiative, as of June 9, 2008, the Daiwa Securities Group Inc. received the "Child Care Support Authorized Company Mark" (known as "Kurumin") from the Ministry of Health, Labour and Welfare as a "company actively working on support for the development of the next generation" based on the Act for Measures to Support the Development of the Next Generation. Furthermore, on March 11, 2016, Daiwa Securities received the "Platinum Kurumin Certification" as an excellent "parenting support company" that is working at a higher standard than companies that acquired "Kurumin."





## 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 as a listed company that excels in promoting women's advancement. The Company has been selected 10 times since the start of the initiative in 2012.

The Company has been making continued efforts to develop an environment where all employees can realize their full potential regardless of their gender, age, disability, nationality, or other attributes. Such efforts include aiming to raise the ratio of women in director's position to at least 30% ahead of the target year of 2030 and making it mandatory to take childcare support leave for male employees for at least two weeks, guaranteeing wages of four weeks during the leave (and guaranteeing wages for the pre- and post-childbirth leave for female employees).

We will continue to promote diversity and inclusion, including women's advancement, with the goal of improving sustainable corporate value through investment in human capital.



Others

Environment

Message from | Our strategy for | Sustainability in Our | Governance | Social Contribution | Activities |

# 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"!

Daiwa Securities 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"



## **Human Resource Development and Skill Enhancement**

## **Approaches and Policy**

The source of Daiwa Securities Group's competitiveness lies in our human assets (human capital). In the ever-changing business environment, individual employees are required to think what they as professionals need for the improvement of their performance and development of their careers and continue to learn autonomously. In business today where diversity directly links to competitiveness, a learning style in which everyone learns the same subject no longer works. Therefore, in order to provide learning optimized for each individual in addition to existing mandatory programs and elective programs, we introduced the online video learning platform named "Udemy Business\*" for all employees. Out of about 30,000 courses, employees can choose courses providing the up-to-date knowledge and skills they need, anytime, anywhere. For the creation of a culture and awareness of learning, the new elearning links to and works with one-on-one meetings and the Talent Management System, so that the Company or superiors can encourage employees to learn appropriate subjects.

\* Udemy Business is an online video learning platform that enables users to take, at a fixed cost, any of about 30,000 courses (as of the end of December 2024) that are selected from among some 250,000 courses provided by Udemy.

## **Education and Training System**

Daiwa Securities Group offers both mandatory and elective programs to encourage each employee to realize his or her autonomous career development. Defined as part of duties, the mandatory programs are designed to help employees acquire the skills and knowledge necessary for their current work, while the elective programs aim to help them acquire elements required for their future careers. Frontline departments and the relevant human resources division work together to provide training programs tailored to the needs of each division, enabling employees to acquire more practical skills.

We are also working on developing digital IT personnel by introducing the "Digital IT Master Certification System," for developing human resources that can leverage digital technologies to create innovation within our business, and opening Daiwa Digital College to improve the IT skills of all employees.



Daiwa Securities Group's Education System

Message from Our strategy for Management Sustainability	Sustainability in Our Governance	Social Contribution Activities   Environment   Others
---	----------------------------------	---

#### **Training Record in FY2024**

Average hours of mandatory and career development education per employee	51.5 hours
Cost for the Group's educational investment:	¥2.22 billion
Cost per employee	¥175,000

# Training for Young Employees (Daiwa Basic Program for employees in the first and second year of employment; Q-Road for those in the third to fifth year of employment)

Each headquarters defines the image of the employee to be achieved after five years of employment, and the skill set and standards required to achieve that image, based on which each headquarters implements a five-year training program that includes both input-and output-type training. When revision is necessary in line with business strategies, relevant divisions cooperate each other to review the content of the programs. Daiwa Securities Group believes that training new employees receive immediately after joining the company is the most critical and therefore the Group offers a wide range of training programs to new employees. We offer a full range of programs, from education for fostering the high ethical standards and professional mindset required of employees of our group, to specialized training that will enable them to quickly become a competent resource at their respective workplaces.

## **Elective Programs**

We have introduced and provided skills training and Udemy Business as elective programs.

Skills training has our original contents that allow employees to acquire skills related to securities business, such as finance and accounting, via e-learning and online courses.

As for skills for business management, data analysis, marketing and the like, employees can use Udemy Business to choose courses to gain practical and up-to-date knowledge, from about 30,000 courses on offer, according to their challenges and intended career path. We aim to nurture a culture in which individual employees autonomously continue to learn as they choose what they want to learn according to their challenges and intended career path by taking elective programs.

## Selective Program

The Daiwa Leadership Program is a two-and-a-half-month training program for developing next-generation leaders. Developed in cooperation with an external educational institution, the program is offered in an MBA-course format, taught by leading lecturers from outside the company. Participants systematically learn management theory through discussions with the lecturers and peers, and acquire practical knowledge and know-how. At the end of the training, participants make a presentation to our management team to output what they have learned. The program also serves as a good opportunity for group-wide networking among participants selected from each company in the Group.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

## Departmental Program

#### Risk Management Seminar for Officers and Employees

Daiwa Securities Group upholds "Contributing to society" as one of its Corporate Principles, and accordingly we are committed to maintaining a high sense of morality and duty, endeavoring to continue contributing to the sustainable growth of the societies in which we operate.

In order to fulfill this commitment, the departments in charge of risk management are leading the organization of seminars and other annual events to raise the awareness of both officers and employees about the risks to be addressed and risk management. Events that should be attended by all employees include those on compliance, ethics, sustainability (provided by Vision) and human rights.

## **Supporting Employees Trying to Earn Credentials**

With the aim of offering high-quality solution proposals to "maximizing the value of customer assets", we provide support for the acquisition by our employees of Certified Financial Planner (CFP®) and Certified Member Analyst (CMA) qualifications, which are closely related to securities business, subsidizing test-preparation courses and tests and supporting exchanges in the internal community. Consequently, the number of employees with CFP®, which is highly compatible with our "asset management-type business" and is a globally recognized hallmark of professional FP, has surpassed 1,000 for the first time among Japanese companies and organizations, making us the organization with the largest number of CFP®s among financial institutions. In addition, we support our employees in acquiring over 100 different certifications for business, such as those for legal and tax affairs and accounting; digital and IT; language; and other fields so that they can develop a high level of expertise and apply it to their respective jobs.

#### Number of Persons Earning Major Credentials (as of March 31, 2025)

Number of persons earning CFP® certifications:	1,677 people
Number of Certified Member Analyst of the Securities Analysts Association of Japan (CMA)®:	1,576 people

Others

## **Initiatives for Autonomous Career Development**

In order to nurture employees with a mindset that allows them to grow and develop themselves toward their next goals while working diligently on the tasks at hand, the Group encourages autonomous career development and creates an environment that maximizes employee performance.

#### Career Design Book

To support the career design of each and every employee, the Group posts "Career Design Book" on the internal portal site, making it available to all employees. The Book showcases a variety of career paths and career tracks, and describes various personnel systems, and education/training programs, as well as benefit programs.

#### Daiwa Securities Group Companies and Departments Introduction Website

This site introduces the businesses and culture of Daiwa Securities Group companies and their departments, and visually presents the employee image and skill requirements.

#### Self-Assessment System

We have established a self-assessment system as an opportunity for employees to talk about their careers with their superiors and convey to the Human Resources Department their needs. This system enables employees to share their career vision, strengths, and challenges with their supervisors at one-on-one meetings and communicate to the human resources department their degree of satisfaction with their jobs and also their opinions on the personnel and training systems, the workplace environment, and other matters.

Also, we have introduced the Talent Management System that allows the real-time visualization of the ideas, thoughts, skill levels, etc. of individual employees. Information input and updated in one-one-one meetings between employees and their superiors can be managed and taken over on an individual basis, so that even newly appointed immediate supervisors can share and develop career visions based on the information.

#### Intra-Group Job Posting System

We have instituted a system of intragroup job postings to help employees with skills and the desire to realize their potential to open new career paths in a range of job positions.

Since FY2021, a total of more than 100 employees have been demonstrating their abilities in new positions by being internally transferred under the system.

## **Evaluation System**

To ensure that all employees can continue working with a high level of motivation, it is important to have a fair and convincing evaluation system. For this reason, Daiwa Securities Group has implemented a multifaceted evaluation system for managers whereby subordinates conduct evaluation. This involves subordinates assessing each manager's job performance in carrying out daily duties and the results being fed back to the manager. The scheme aims to help managers to identify their challenges and improve their managerial skills through training programs and other means, thereby improving our overall productivity. The multifaceted evaluation system covers and evaluates all managers, including executives, the heads of departments, offices, and sales branches, and section chiefs.

Message from Management Our strategy for Sustainability Sustainability Our Business Governance Social Social Contribution Activities Environment Others

Also, we are using the Talent Management System for the management of half-year goals and the real-time visualization of progress toward the goals. Specifically, under the system, each employee and their direct manager set a measurable goal together and follow up the progress toward the goal at a one-on-one meeting held at least twice a year. Information input and updated in one-on-one meetings between employees and their superiors can be taken over on an individual basis, so that even newly appointed immediate supervisors can manage these goals and share the performance evaluation based on the information. This helps ensure the consistency of the evaluation criteria.

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 to their organizations and teams, and the achievement of the Medium-term Management Plan. Even while on childcare leave, employees are still eligible for promotions as we properly evaluate the contributions that they have made to date.

## **Health Management**

## Declaration on 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.

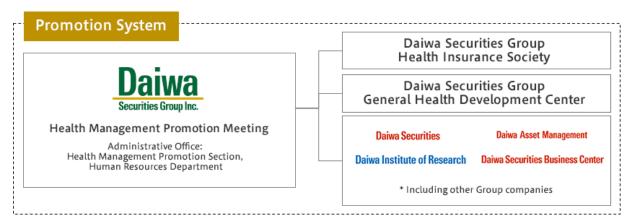
\* Well-being: good physical, mental, and social condition

## **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.

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 ten consecutive years since 2015 and selected as "Certified Health & Productivity Management Outstanding Organization (White 500)" by the Nippon Kenko Kaigi nine times.

\* Held with the participation of executives in charge of human resources at Group companies as well as the employee unions and the Health Insurance Society



Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

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)	
	<ul> <li>The Human Resources Department, General Health Development Center, and Human Resources Department started working together to promote health</li> </ul>	
FY2009	<ul> <li>Introduced a system for checking past health checkup results and various health information online</li> <li>Started following-up with persons with possible medical issues with the "yellow paper" system</li> </ul>	
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 > Press Release [PDF:85KB] 〈Japanese only〉

Message from Management

Our strategy for Sustainability

Sustainability in Our Business

Governance



Social Contribution Activities

Environment Others

	Main achievements	External Evaluations
FY2015	<ul> <li>Started point incentive *         <ul> <li>Points are given to self-help efforts for employee health promotion.</li></ul></li></ul>	健康経営銘柄  > Press Release [PDF:114KB] (Japanese only) I
FY2016	KA-RA-DA iki-iki Project Introduction  ➤ Press Release [PDF:91KB] ⟨Japanese only⟩  ►	全球を登録板 を
FY2017	Introduced Employment Support Plan for Employees with Cancer > Press Release [PDF:121KB] 〈Japanese only〉	全の18 健康経営後表入 トライト500 Press Release [PDF:141KB] 〈Japanese only〉 国 Received the Tokyo Metropolitan Government "Company Award for Excellent Initiatives for Balancing Treatment of Cancer Patients and Work" Press Release [PDF:78KB] 〈Japanese only〉 国

Message from Management

Our strategy for Sustainability

Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment Others

	Main achievements	External Evaluations
FY2018	Introduced Daiwa ELLE Plan > Press Release [PDF:191KB] 〈Japanese only〉 🕒	2019 健康経営後段法人 Health and productivity ホワイト500 > Press Release [PDF:98KB] 〈Japanese only〉 上
FY2019	<ul> <li>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)</li> <li>Started health promotion measures for young customers (fitness app, counseling guidance for people in their 20s and 30s)</li> </ul>	2020 健康経営優良法人 Preside and productivity 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 特別的 の対 productionly ホワイト500 > Press Release [PDF:155KB] 〈Japanese only〉 上
FY2021	<ul> <li>Mindfulness Training for New Employees in Cooperation with Keio University</li> <li>Introduced smoking cessation during working hours</li> <li>&gt; Press Release [PDF:62KB] (Japanese only)</li> </ul>	2022 健康経営優良法人 Health and productivity ホワイト500 > Press Release [PDF:165KB] 〈Japanese only〉 上
FY2022	<ul> <li>Launched Good Sleep Daiwa to improve sleep literacy and skills</li> <li>&gt; Press Release [PDF:164KB] (Japanese only)</li> <li>Started subsidizing the cost of dental checkups</li> </ul>	2023 健康營營保設法人 Havit and productive, ホワイト500
FY2023	<ul> <li>Assigned gynecologists to General Health         Development Centers         &gt; Press Release [PDF:118KB] (Japanese only)         A     </li> </ul>	# 全型 2024 健康経営優良法人 Health and protectively ホワイト500 ホワイト500 トラマミ Release [PDF:148KB] 〈Japanese only〉 上



	Main achievements	External Evaluations
FY2024	<ul> <li>Launched "Daiwa ELLE Plan+" to enhance measures to deal with health issues particular to women</li> <li>&gt; Press Release [PDF:263KB] (Japanese only)</li> </ul>	健康経営銀柄  Selected as "Health & Productivity Stock 2025" and "Certified Health and Productivity Management Outstanding Organization 2025 (White 500)"  > Press Release [PDF:162KB] 〈Japanese only〉

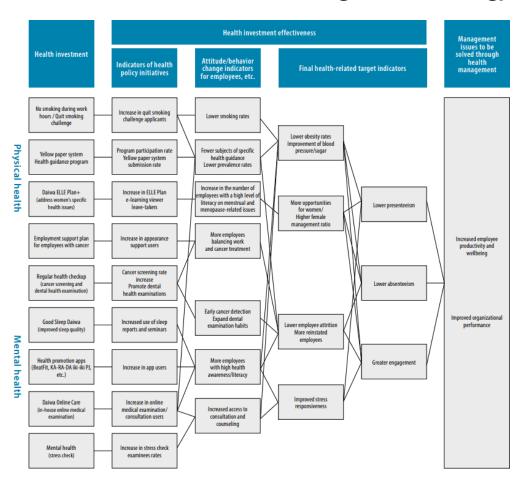
## **Targets**

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)



## 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.)



Key area	Health issue	
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 online consultations provided per year exceeded 1,000 with increasing use of the service particularly from branches across Japan.

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.) Gynecological care commenced in April 2023.

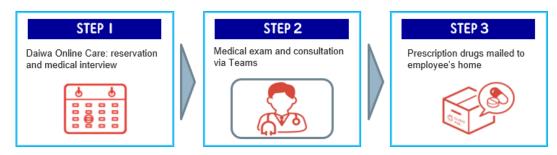
#### [Diseases eligible for the service]

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), sleep apnea testing, gynecological care/consultation, mental health consultation (psychiatrist/clinical psychologist), physical health consultation (industrial physician)

#### [Prescription drugs]

Mailed to employee's home (with the postal fee paid by the company)

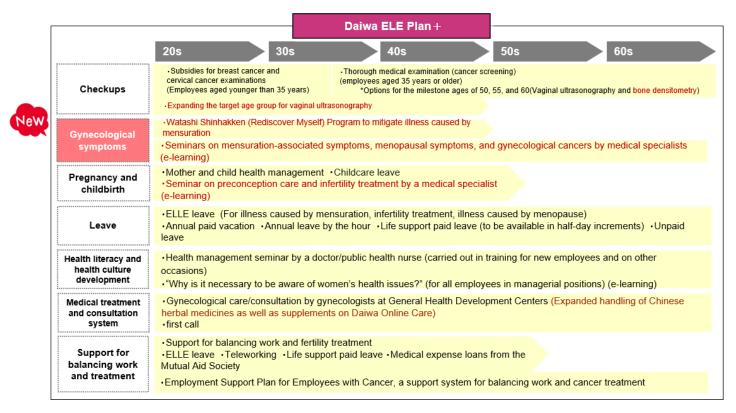
#### [Flow of usage]



Message from Management Our strategy for Sustainability Sustainability Governance Social Social Contribution Activities Environment 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.



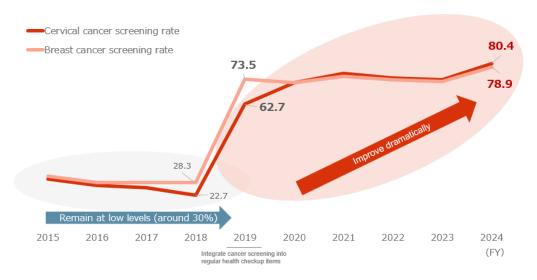
- \* Newly added measures are shown in red.
- \* The number of days off taken under the ELLE leave system totaled 5,174 in FY2024.
- \* In October 2024, we implemented a three-year Femtech program for the mitigation of disorder and stress caused by menstruation (by investing about ¥1.3 million,) and 225 female employees participated in the program. In the post-program questionnaire survey, 67.8% of respondents answered, "Could identify changes in my condition," 87.3%, "My health literacy improved," 73.8%, "Could take actions to maintain my performance level," and 86.1%, "Can now take actions and think more positively."

#### 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 is around 80% for both types of screening.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

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



(Source) Daiwa Institute of Research

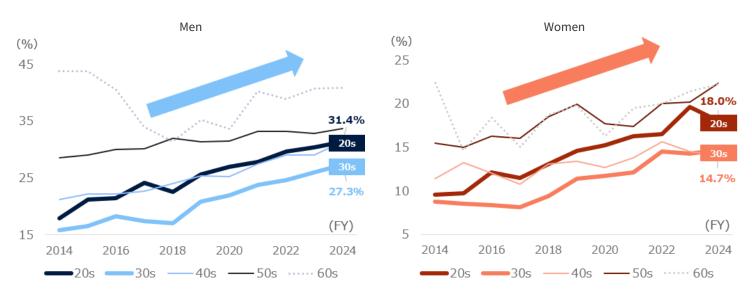
## **Upward Trend in Younger Generation with Exercise Habits**

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 who 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.

\* Users in their 20s and 30s account for nearly 50% of the accumulated total new users since the start of the service in FY2019.

#### Proportion of employees with exercise habits



(Source) Created by Daiwa Institute of Research by using the KOSMO information analysis system

Note: The percentage of respondents who answered in the regular health checkup interview sheet that they "are in the habit of exercising sufficiently to sweat lightly for over 30 minutes a time, at least 2 times a week, for over a year "

Note: We have been certified for six consecutive years as a 'Sports Yell Company,' a designation by the Japan Sports Agency for organizations that actively promote and support sports activities to improve employee health.

Message from | Our strategy for | Sustainability in Our | Governance | Social Contribution | Environment | Others |

#### **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 psychiatrists from Keio University School of Medicine and customized to the Group.

#### **Outline of Mindfulness Training**

#### Implementation method and objectives

- Conduct the MBCT program\*, which has been proven to ease anxiety symptoms, by inviting psychiatrists from Keio University School of Medicine as instructors.
- Conduct the practical program, in which participants repeat practice and interaction with the instructors, during the period of new employee training from April to June
- 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

#### Session themes

Lectures, raisin exercise, sitting meditation, nutritious activity plan

Cognitive exercise, sounds and thoughts meditation, overall review



#### Feedback from a participants

By understanding that my thoughts, body, emotions, and actions are connected, I have learned that I can control my own physical and mental condition to a certain extent. From now on, I will incorporate the "Being Mode" in my daily thoughts and consider that each event occurs independently so that I can accept my emotions as they arise and become aware of my own physical and mental states.

\* MBCT program: Mindfulness-based cognitive therapy

## **Support Activities**

The Group actively collaborate with universities and high schools in research related to health and productivity management. In addition, we engage in support activities by sharing our expertise in health management with partner companies and other organizations, and by jointly implementing related initiatives.

## Assisting Companies with Strategic Well-Being Management

Daiwa Institute of Research (DIR), which belongs to our Group, has expertise in the medical insurance system, which it has gained by operating in the social insurance field. Based on this expertise, the company provides customers with support for the implementation of their Data Health Plans, health management consulting service and solutions that meet the needs of individual customers. Also, it offers a standard platform-type core operational service with flexible scalability and advanced security to health insurance associations

Message from Management Our strategy for Sustainability Our Business Governance Social Social Contribution Activities Environment Others

and is taking the top spot in the market. Going forward, it will deliver a range of health-tech services in one package to assist corporate customers with well-being management.

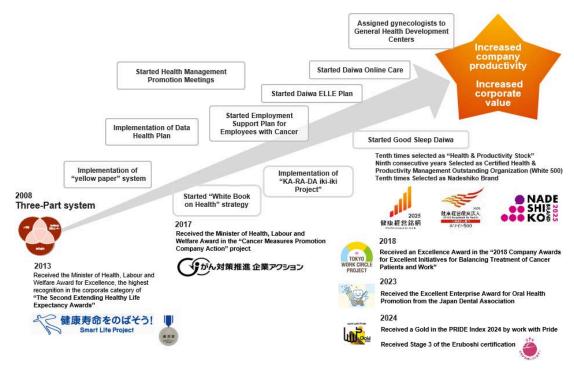
In 2025, DIR launched the Hearbit service to help employees access well-being support service more smoothly. Via the smartphone app., they will be able pursue their own health and happiness on a daily basis. For their companies, the well-being of employees and resulting workplace comfort will help boost the companies' productivity. Moreover, the central management and visualization of dispersed employees-linked data will make it possible for the companies to show their human capital information to investors and jobhunting students and workers. Companies can thus maximize their return on investment in human capital while raising employees' engagement.

Based on this secure system, DIR will contribute to the enrichment of employees' lives and enhancement of corporate value through the analysis of data accumulated in their service system.



> Well-being platform "Hearbit" (Japanese only)

#### **External Evaluations**



\* We explain the Group's health management initiatives to business partners who have made inquiries.

Others

## Other related data

			FY2022	FY2023	FY2024
Obesity rate (30s)*1		Men	25.7%	26.2%	27.6%
		Women	9.9%	9.6%	9.7%
Smoking rate		Men	27.1%	27.3%	27.2%
		Women	6.2%	6.2%	6.1%
Exercise habits rate	(20s)	Men	28.5%	29.9%	31.4%
		Women	16.9%	19.2%	18.0%
	(20-)	Men	23.8%	24.3%	27.3%
	(30s)	Women	13.7%	13.2%	14.7%
Proportion of employees taking enough rest through sleep		67.9%	65.8%	64.5%	
Percentage of loss from presenteeism*2		12.6%	13.9%	14.5%	
Average of absenteeism*2		3.1 days	3.9 days	4.0 days	
Engagement survey*3		79%	80%	81%	
Female ratio in managerial positions*4		(consolidated)	16.9%	18.4%	20.4%
		(Daiwa Securities alone)	19.9%	21.1%	23.2%
Stress check rate		91.3%	93.1%	93.6%	
Ratio of employees with high stress		11.2%	10.0%	9.4%	
Regular health checkup rate		100%	100%	100%	
Medical institution attendance rate for employees with problematic results in regular health checkups		82.9%	82.2%	81.4%	

<sup>\*1.</sup> Target: Reduce the obesity rate for employees in their 30s by 30% from FY2018 by 2027 (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.

<sup>\*2.</sup> A total of 12,795 employees responded to the survey for FY2024 (with the response rate reaching 100%). The average of absenteeism was calculated by including absence from illness and injuries in the target.

<sup>\*3.</sup> Sustainable engagement implies employees' great commitment to making contributions to the achievement of the organizational targets and strong sense of belonging to their organizations, which can be maintained in a productive working environment and on the precondition that the employees are healthy both physically and mentally. According to Towers Watson, companies with high scores in terms of sustainable engagement

Message from Management Our strategy for Sustainability Governance Social Contribution Activities Environment Others

tend to exceed the industry's average growth rate in their business. The awareness survey has been conducted on a group-wide basis since FY2022. (The figures are for the surveys conducted in the latter half of the fiscal year, respectively). To the survey conducted in FY2024, 12,169 employees replied, and the response rate reached 91%. The figures were provided by the survey partner Towers Watson.

#### \*4. 30% in the 2030s

- \* We hold safety and health committee meetings with the participation of the employee unions. For FY2024, we had a total of 35 occupational and commuting incidents (such as minor injuries).
- \* Kenko Keiei, which is often translated as "health & productivity management" in English, is a registered trademark of Non-Profit Organization Kenkokeiei.

Message from Our strategy for Sustainability in Our Business Governance Social Social Contribution Environment 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

#### Self-assessment system

We have established a self-assessment system as an 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. It is allowing each of the Group companies to better understand its strengths and issues and take improvement actions and carry out activities for the growth of individual employees and productivity improvement. 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 Human Resources Measures

We regularly conduct surveys on human resources measures for all employees. We incorporate employees' feedback, and have upgraded various support systems for D&I in general, and for child rearing and nursing care for family members. 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.

Message from | Our strategy for | Sustainability in Our | Governance | Social Contribution | Environment | Others

In addition to grasping the status of use of and requests for the systems, we revise the design and operation of the systems based on the feedback from employees.

#### Interviews with Superiors (Assessment and 1-on-1)

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. In addition, one-on-one meetings are held at least twice a year for each employee as opportunities for supervisors to understand their subordinates' problems, challenges, and aspirations, to share how to overcome them and how to achieve their goals, with the aim of guiding them toward fulfilling the expected functions in line with corporate strategies.

#### **Diversity and Inclusion Promotion Committee**

This committee, chaired by the President and CEO and composed of several executive managers as well as officers and employees appointed as theme-specific advisers from among those at the head office and branches across Japan, discusses a range of D&I-related themes. All officers and directors can listen online to the discussions held by the committee.

# Communication among Employees (internal online social network ANSWERS)

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. The network provides employees with opportunities to meet role models, broadening their perspectives regarding future career advancement, as well as to communicate with the management.

## **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 FY2024, 6,189 employees belong to employee unions, and the union membership ratio is 51.6%.

Message from Management Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others

#### **Initiatives with Families**

We work to ensure that members of employees' families share their pride in being part of the Group. Since FY2008, we welcome employees' families to the workplace on Family Visit Day to give family members a better understanding of our company and the employees' jobs. Other initiatives for supporting our employees' families include the new creation of Kid's Ceremony Leave, Family Day Leave, and Parents' Longevity Celebration Leave, as well as the extension of mental health support to employees' families.

#### **Family Visit Day**

Since 2008, the Group has been carrying out "Family Visit Day" events in which we thank the families who support our employees every day and invite them to the workplace.

Held at the head office and branches nationwide, these events are popular with employees and their families. In 2024, a total of about 7,100 family members participated in the events.







## **Financial Wellness**

If the financial condition (household finances) of employees deteriorates, not only will their stress and psychological burden increase, leading to decreased productivity and motivation, but also misconduct by employees will be more likely to occur, which may have a negative impact on the credibility of the Group. The Group strives to maintain and improve individual financial health by encouraging employees to manage their money appropriately. To this end, we support the financial independence of our employees by providing "scholarship repayment support loan" to reduce the burden of scholarship payments, and by granting incentives for the employee stock ownership association and workplace installment-type NISA. In addition, we offer a property accumulation savings plan, a stock option plan, and a loan plan for home acquisition, as well as a defined contribution pension plan (401K) for post-retirement asset building, with the aim of raising the level of employee happiness and satisfaction and boosting productivity.

## **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 Sustainability and will be revised regularly for the purpose of building a better society in partnership with our stakeholders.

#### 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

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.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment 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
- > Corporate citizenship initiatives

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

## **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.



## On-site Classes, Seminars, and Workplace Tours

Our group provides on-site classes, seminars, and workplace tours for local schools, the general public, and corporations, etc.



## Initiatives to Enhance People's Financial Literacy

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

## **Production of Our Group's Original Teaching Materials**

We produce teaching materials to improve the financial literacy of a wide range of people, such as a slide and supplementary material for classes, as well as materials for working adults to study easily.

Others

Environment

Social Contribution



Governance

Sustainability in Our

**Business** 

#### **Experience-Based Programs**

Message from

Management

#### Provision of Support for "Nikkei Denshiban for Education"

Our strategy for

Sustainability

We are providing support for "Nikkei Denshiban for Education," which is a service offered by Nikkei Inc. for junior and senior high school students to make effective use of the publisher's online newspaper website in their classes. By adding our long-accumulated know-how on financial and economic education to the service, we will create more opportunities for young people to deepen their learning about finance and economy.

> For details, please refer to the "Nikkei Denshiban for Education" website. ⟨Japanese only⟩ □



#### Sponsoring the Kidzania

We exhibit the "Securities Company" pavilions at "Kidzania Tokyo" and "Kidzania Koshien." Children aged 3 to 15 can experience various professions and society there. At the pavilion of "Kidzania Tokyo", as customers for the securities company, they experience stock investment using KidZania's exclusive currency, "KidZo". At the pavilion of "Kidzania Koshien", they conduct research on investees (pavilions) that meet the investors' needs and compile the results into a report as consultants for the securities company.

They will be able to understand about the significance of investment and the social role of securities companies.



Stock investment experience at "Kidzania Tokyo"

Message from Management Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution

Environment

Others

#### Finance Park (Experienced-Based Program of Financial Decisions for Life)

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, Iwaki, and Sendai.

Number of participants in Finance Parks for FY2023

Total: 13,162 people



Finance Park in Shinagawa

#### **Provision of Web Contents**

#### Official Daiwa Securities Group Channel (YouTube)

> Click here for the official Daiwa Securities Group Channel (YouTube) (Japanese only)

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 six times a day in a timely manner, while providing local market information from New York.

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.

#### **Educational Initiatives and research**

#### As a Starting Member of the Platform for Promoting STEAM Education

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.

Message from | Our strategy for | Sustainability in Our | Governance | Social Contribution | Environment | Others

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)

Daiwa Securities Group supports the University of Tokyo Hongo Tech Garage, which was established by the University of Tokyo in 2016 as a site to advance entrepreneurship education (a donation project by Daiwa Securities Group). To date, more than 500 students have participated in the project, leading to the launch of several companies each year. Among such companies, teTra aviation corp., has achieved success. Established in 2018, the company became the sole prize-winning team in the world competition for personal flying devices sponsored by Boeing in February 2020.





## Message from the Head of Financial Education



Keiko Tashiro
Director, Deputy President
Head of Financial Education
Daiwa Securities Group Inc.

It is never too late to start learning about the financial economy for a fulfilling 100-year life. Now is the time to begin!

Daiwa Securities Group provides financial education programs tailored to the needs of various generations, from children to adults.

We continue to work as a group to improve the financial literacy of a wide range of people, with a commitment to thinking together about how to fulfill their lives.

Message from Management

Our strategy for Sustainability

Sustainability in Our **Business** 

Governance

Social

**Social Contribution** 

Environment / Others

## Our Concept, KPI, and Promotion Structure

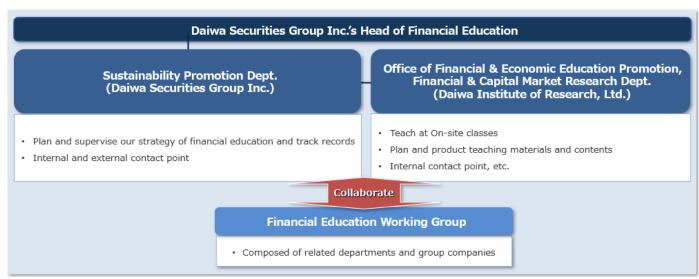
#### **Our Concept**

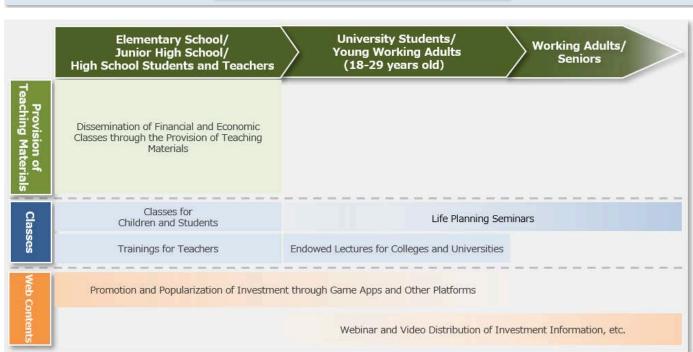
We improve the financial literacy of a wide range of people to enable them to fulfill their lives.

**KPI** 

We will provide 2.5 million people with financial education programs since 2005 to FY2030.

#### **Promotion Structure**





Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Environment Others

## 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.

View details

## Disparity in Children's Environment at Present

The following report from Daiwa Institute of Research shows the degree of severity of child poverty issues in Japan at present.

View details

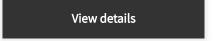
## Daiwa Securities Group Support Program for Children's Organizations: NPO Organizational Infrastructure Grant - Volunteer Promotion Program

Daiwa Securities Group and the NPO ETIC. jointly implemented a grant program specifically focused on promoting volunteer activities for organizations supporting children.



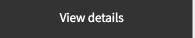
# Daiwa Securities Group Future Support Bonds Child Support Group Sustainable Fund

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.



## 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.



## Santa Charity Program >

## **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 sustainable society.

#### Daiwa Securities Health Foundation >

In April 2023, the Daiwa Securities Foundation was created through the merger of the Daiwa Securities Foundation and the Daiwa Securities Health Foundation.

Merged to commemorate the 30th anniversary of the Daiwa Securities Welfare Foundation (established in 1994 to provide support for volunteer activities) and the 50th anniversary of the Daiwa Securities Health Foundation (established in 1972 to provide research assistance).

#### **Research Grant**

Grant results (as of March 31, 2025)

1,484 cases

Total amount: 1,452.2 million yen

#### **Support for Volunteer Activities**

Grant results (as of March 31, 2025)

Contents of Grants	Number of projects receiving grants	Total amount of grants
Volunteer Activities Grants	4,630 projects	1,097.49 million yen
Grants to activities supporting children	64 projects	31.40 million yen
Grants to designated post-disaster volunteer activities	46 projects	48.35 million yen

## 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.

Message from | Our strategy for | Sustainability in Our | Governance | Social Contribution | Activities | Environment | Others

The Foundation's Tokyo office provides local assistance to Daiwa Scholars (scholarship students) staying in Japan and engages in grant-related operations in collaboration with related British institutions.

#### 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
- 3. Awarding the Daiwa Scholarships in Japanese Studies 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).
- 5. Organizing events in Japan in collaboration with the British Embassy and others

## Disaster recovery support

Donation for the Central Myanmar earthquake of 2025	10 million yen
Donation for victims of the forest fire that occurred in Ofutato City, Iwate Prefecture in 2025	5 million yen
Donations for victims of the 2024 Noto Peninsula Earthquake	About 20.74 million yen from corporations About 10.77 million yen from officers and employees
Donation for victims of the earthquake that hit the southeastern part of Turkey in 2023	About 4.15 million yen from officers and employees

## 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".

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Activities | Environment | Others

## Daiwa Securities Phoenix Japan Program: 2012 to 2023

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 -."

入

(Collaboration: Authorized NPO Japan NPO Center)

Daiwa Securities Phoenix Japan Program Evaluation Project Report ( Japanese only )

Daiwa Securities Phoenix Japan Program
Follow-up Project Implementation Report ⟨ Japanes
only ⟩

## **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.

## **Daiwa Flourish Community**



At Daiwa Securities Group, we have established the "Daiwa Flourish Community" to create an environment where our officers and employees can engage in social contribution activities such as volunteering and making donations.

## **Santa Charity Program**



Since 2017, our officers, employees, and volunteer alumni have been conducting the "Santa Charity Program," an initiative in which Christmas presents are donated to children. Contributions collected under the Program are used to purchase assorted snacks and toys and donated to children's homes, mother-and-child support facilities, and NPOs supporting children across Japan. The donations are made through the <u>Public Resources Foundation</u>  $\square$ , a public interest incorporated foundation.

## **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.

#### **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)

## Participation in the TFT program

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.

We introduced the TFT menu at the cafeteria in the head office building and the staff cafeteria in Daiwa Institute of Research and Daiwa Facilities Co., Ltd. started donating ¥1 per drink sold through the beverage vending machines installed within the Group. Moreover, points earned through the "KA-RA-DA iki-iki Project," which is aimed at strengthening employees' health, can now be redeemed for contributions to the TFT Program. We have thus expanded the platforms for participating in the TFT activities.



## **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.

Others

# Contribution to Local Communities through Investment Activities of REITs

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

## 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 share cycle / share car port and attract kitchen cars, etc., and social life of tenant employees, residents, local residents, etc. They are trying to improve the above convenience. To prepare for emergencies such as disasters, they also conduct disaster drills for residents of buildings we own.



Organization of Shinjuku Minamillumi (Shinjuku Maynds Tower)



Organization of a Tanabata event (Daiwa River Gate)

Message from Management

Sustainability

Sustainability in Our **Business** 

Governance

Social Contribution

Environment

#### 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.



Concert held by the company (Good Time Living Saitama-Hasuda)



A Valentine Day event held by the company (Sawayaka Meisuikan)

## Initiatives Taken by the Group's Overseas Offices

Daiwa Capital Markets America (DCMA) Initiatives

#### Initiative to Protect the Environment: Participation in the Planting Activity Conducted in Central Park on Earth Day

Daiwa Capital Markets America (DCMA) is committed to environmental conservation and implementing measures to better the global environment. On this year's Earth Day, some DCMA employees volunteered to participate in the spring planting activity conducted in Central Park. This project contributes to the protection of important green space in New York City based on cooperation with the Central Park Conservancy, and to the achievement of Goal 15 (Life on Land) of the SDGs. DCMA annually conducts an activity on Earth Day as part of its effort to improve the environment on a continual basis.

Message from Management Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment

Others





## Initiative for Health and Productivity Management: Participation in J.P. Morgan Corporate Challenge 2025

DCMA attributes importance to employees' health and well-being and participated in J.P. Morgan Corporate Challenge 2025. In this marathon, more than 30,000 people from more than 900 companies participated, including more than 50 participating from DCMA. They ran through Central Park in the event. DCMA daily supports employees in improving their fitness, enhancing their teamwork and raising their community awareness. The marathon provided participating employees with an opportunity to enhance their unity for the establishment of healthy workplaces.





Message from Management Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution
Activities

Environment

Others

Daiwa Capital Markets Europe Limited (DCME) Initiatives

#### $\wedge$

# Contributing to Future Medical Treatment by the Power of Sports and Charity: DCME's Social Contribution Activity

Daiwa Capital Markets Europe (DCME) sponsored the commemorative first FT Nikkei UK Ekiden held on June 24, 2024. This event was organized in celebration of the 100th anniversary of Hakone Ekiden, which is a traditional Japanese relay race. From DCME, 10 employees participated in the race and relayed the sash, running from Oxford to Windsor along the Thames, an icon of London. DCME implemented this initiative to promote the health of employees and help them lead their lives more actively based on its mission, "Enable longer, better lives for our stakeholders."

DCME also conducted a charity donation activity concurrently with the Ekiden event to donate the collected money to a leading-edge medical AI project to detect pulmonary hypertension on an earlier stage. In this project, a computer model using the digital twin of a human body is adopted for doctors to verify therapies and diagnosis methods for the disease in a safer manner. The first phase of the project has already been nearly completed, and the collection of data required to evaluate the effectiveness of current therapies and the degree of seriousness of the disease is now under way. Going forward, doctoral students specializing in the biomedical engineering field will participate in the project for further development of it. In the final phase, the digital twin model will be applied to actual clinical facilities.

DCME will continue to support innovative projects to contribute to society based on its mission, "Enable longer, better lives for our stakeholders."



Daiwa Securities Capital Markets Korea Co., Ltd. Initiatives



#### Participation in the "Love Kimchi Fair"

Daiwa Securities Capital Markets Korea (Daiwa Korea) collaborated with the HANSUP Foundation for a non-in-person "Love Handmade Soap Production" activity in the first half of FY2024. As part of its social contribution program, Daiwa Korea also participated in the "Love Kimchi Fair" in the latter half of the same fiscal year.

Message from | Our strategy for | Sustainability | Sustainability in Our | Governance | Social | Social Contribution | Activities | Environment | Others

Around 800 people participated in the event from the financial industry, and the produced and packaged kimchi was donated to around 150 welfare facilities.

In addition to this, Daiwa Korea has been making a monthly donation of 100,000 South Korean won to "Korean Hunger Relief," which is an NGO giving support to undernourished children in and outside the country, to contribute to the realization of social harmony.

The South Korean government has been strongly promoting the achievement of an appropriate "work-life balance," the importance of which has been widely recognized in the country recently, and corporate activities are also being promoted on the ground to respond to this movement. Through its own related efforts, Daiwa Korea aims to achieve the following four goals:

- 1. Actively encourage participation in socially beneficial or charitable activities
  - Consideration and introduction of social contribution activity programs, granting of compensatory days off to staff who participate in weekend activities
- 2. Create a workplace environment that is supportive of women and working mothers
  - Establishment of employee welfare measures at each stage of pregnancy/childbirth/child-rearing, namely: adjusted working hours for pregnant women and granting of house call time at the discretion of the department manager; establishment of nursing rooms and granting of nursing time
  - Establishment of maternity leave (three months under the law) and long maternity leave (one year under company regulations) and introduction of flexible working hours (for women who have early elementary school-aged children to support them in continuing their work)
- 3. Encourage employees to leave work on time and take annual leave for the realization of work-life balance
  - Requiring submission to management of a plan for taking annual leave by the end of each period
- 4. Improve employee welfare measures
  - Provision of financial subsidies for self-development activities such as foreign language classes and for health promotion and maintenance programs including those provided by fitness gyms, etc.

Since the outbreak of COVID-19, the company has been actively encouraging all employees to work from home while making efforts to ensure both business continuity and employee safety. Daiwa Korea will continue to make broad-based contributions to South Korean society and respond to social demands by engaging in these and other sustainability activities.





Message from Management

Our strategy for Sustainability

Sustainability in Our **Business** 

Governance

Social

Social Contribution Environment

**Environmental Management** 

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 Sustainability 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**

- 1. 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 inour 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 aim for environmental preservation, strictly observing environmental laws and regulations in addition to the Group's environmental policies.

Daiwa Securities Group Inc. (May 22, 2012)

Message from Management Our strategy for Sustainability Sustainability in Our

Governance

Social /

Social Contribution

Environment

Others

#### **Targets for FY2023**

✓ Initiatives for the reduction of GHG emissions

Continue to reduce CO<sub>2</sub> 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 and hone analytical skills
- Continue to introduce eco-cars
- ✓ Purchase products certified under the Japan's Top Runner Program standards

## 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 achieving net zero greenhouse gas emissions within our own operations\* by FY2030 (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

#### Sustainable finance for the delivery of a carbon-neutral society

- ✓ Promote green finance / transition finance
- ✓ Expand business investment in the renewable
- ✓ Strengthen engagement with investee firms

# 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

# neutral society. ✓ Expand our lineup of related products and services

Provide investment opportunities that

contribute to the delivery of a carbon-

- Expand investment trusts with an
- environmental theme
   Arrange SDGs bonds including green
- Promote SDGs-IPO in the environmental sector.

## Reduce the environmental footprint of the company

- √ Shift to 100% renewable energy
- ✓ Continue efficient use of energy
- ✓ Consider carbon offsetting

# 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.)

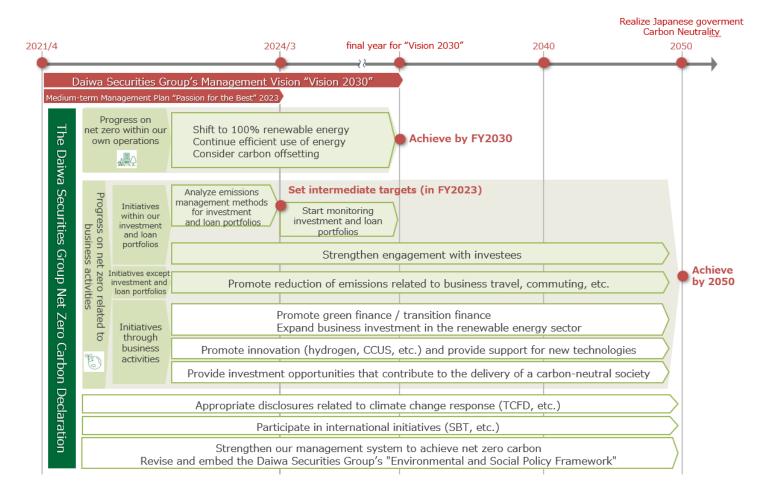
#### Strengthen our management system to achieve net zero carbon

- √ Revise and embed the Daiwa Securities Group "Environmental and Social Policy Framework"
- ✓ Embed sustainability elements into Corporate Executive Officers' compensation

Message from Management Our strategy for Sustainability Governance Social Social Ontribution Activities

Message from Activities

#### Roadmap for achieving Net Zero Carbon



Social

## **Initiatives for Environmental Load Reduction**

## Initiatives to Reduce the Environmental Impact of Business Activities

Daiwa Securities Group is promoting a wide range of initiatives to reduce environmental impact.

We are promoting paperless operations, reducing excess equipment, introducing eco-cars and hybrid vehicles, and switching to renewable energy.

All Group companies in the headquarters building (the GranTokyo North Tower) switched to renewable energy in April 2021, and all domestic sites of Daiwa Securities and Daiwa Institute of Research switched their Scope2 electricity consumption to renewable energy by April 2024.

Through these efforts, we are reducing our CO<sub>2</sub> emissions.

Daiwa Securities Group is striving to offer environmentally friendly services and reduce environmental load.

- Investment in energy-saving air conditioning systems and introduction of LED lighting for FY2023: ¥384 million
- Instances of soil and groundwater contamination at office sites in FY2023: Zero

## Adaptation to Climate Change

In recent years, concerns have been raised about the risk of large-scale storm and flood damage in conjunction with the occurrence and increase of sea level rise, torrential rains, and super typhoons caused by abnormally high temperatures. The Group anticipates the possibility of physical damage to infrastructure, buildings, and so on at multiple sites as well as increased costs in conjunction with disaster countermeasures. Accordingly, in our business activities, we are continuing efforts to minimize the impact of such damage on operations by duplicating equipment and sites, moving equipment to upper stories of buildings, and so on. Moreover, in addition to higher operational costs for investment real estate, we anticipate declines in the value of assets under management and reductions in business. It is necessary that we review asset holdings and take measures such as ESG due diligence and fostering new industries and companies that contribute to the transition to a decarbonized economy. We will continue working to minimize the transitional risks associated with climate change.

> Refer also to "Climate-related Disclosures 2025 (former TCFD)."

Message from Management Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others

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

Taking into account changes in various sustainability issues and the increasingly diverse needs of our stakeholders, Daiwa Real Estate Asset Management is promoting sustainability initiatives systematically such as by establishing Sustainability Promotion Office in June 2021 and formulating the Sustainability Policy in March 2023 in a way to upgrade sustainability-related policies described in the Policy Regarding ESG, with a view to addressing a variety of ESG related issues.

#### **Initiatives to Obtain Environmental Certification**

Listed REITs for which our company serves as an asset manager are actively working to acquire third-party environmental certifications, including CASBEE for Real Estate certification, DBJ Green Building Certification and BELS Certification, to enhance the reliability and objectivity of their efforts to reduce their environmental loads and increase the medium-to long-term value of their properties. Moreover, private REITs for which we are an asset manager are planning to obtain environmental certifications anew.

Environmental certification acquisition ratio for properties owned by Daiwa Office Investment Corporation (As of March 31, 2025)

Number of properties with environmental certifications: 36 properties; Environmental certification acquisition ratio (On the basis of total floor area of properties): 67.5%

Environmental certification acquisition ratio for properties owned by Daiwa Securities Living Investment Corporation (As of March 31, 2025)

Number of properties with environmental certifications: 30 properties; Environmental certification acquisition ratio (on the basis of total floor area of properties): 23.2%

#### Initiatives for Environmental Consideration through Real Estate Investment

Listed REITs for which our company serves as an asset manager have introduced or improved LED lighting, high-efficiency air-conditioners and water-saving facilities, and promoted greening in consideration of the preservation of biodiversity. The J-REITs are distributing sustainability guides to tenants and residents, and collaborate with these stakeholders to promote efforts to protect the environment and solve social issues. Daiwa Securities Living Investment Corporation is also promoting the installation of delivery boxes and the introduction of unattended delivery services for their properties, as the availability of these options will not only improve the convenience of tenants but also lead to reductions in CO<sub>2</sub> emissions associated with redelivery.

Delivery box installation ratio in rental residences owned by Daiwa Securities Living Investment Corporation (as of the end of March 2025)

Delivery box installation ratio (based on the number of buildings): Approx. 92.8%



Installation of rooftop garden (Daiwa Azabu Terrace)



Installation of delivery boxes (Gran Casa Saitama Shintoshin)

Social /

Others

## Climate-related Disclosures 2025 (former TCFD)



(Published in September 2025)

> Climate-related Disclosures 2025 (PDF / 2.78MB / 59 pages)

1. Introduction

- 2. Overview of Sustainability Strategy
- 3. Governance

4. Strategy

- 5. Risk Management
- 6. Metrics and Targets

- 7. Response as an Asset Manager
- 8. Appendix

Our strategy for Sustainability Sustainability in Our Business Governance

Social /

Social Contribution Activities Environment

thers

## 1. Introduction

# (1) Executive Summary

Daiwa Securities Group is committed to enhancing climate-related disclosures in pursuit of a carbon-neutral society.

This report presents information on governance, strategy, risk management, and metrics and targets, with reference to IFRS S1 and S2 issued by the International Sustainability Standards Board (ISSB) in June 2023, as well as the Sustainability Disclosure Standards published by the Sustainability Standards Board of Japan (SSBJ) in March 2025.

	Supervision	Execution
Governance	<ul> <li>The Board of Directors oversees strategies and policies related to sustainability, including climate change.</li> <li>The Board includes both internal and external directors with deep expertise in sustainability. In accordance with the Board of Directors'regulations, the Board makes decisions on core management matters and other issues it deems important.</li> <li>To strengthen executive incentives related to sustainability initiatives, sustainability KPIs have been incorporated into performance-linked remuneration.</li> </ul>	<ul> <li>Sustainability Promotion Committee: Chaired by the President and CEO, it discusses climate-related strategies and policies and reports to the Executive Committee and the Board of Directors as necessary.</li> <li>Group Risk Management Committee: Chaired by the President and CEO, it discusses policies and measures related to risk management, including climate change. CRO also attends.</li> <li>Group-Wide Working Group: Under Sustainability Managers at each division and Group company, it promotes sustainability-related businesses and monitors KPIs.</li> </ul>
Strategy	Climate-related Risks and Opportunities  Risks: We carry out climate-related scenario analysis to identify risks that may affect our businesses, such as reduced earnings from investees, declining asset values, and reputational risks.  Opportunities: Through scenario analysis and internal interviews, we identify opportunities, such as increased demand for sustainable investments, financing, and new financial products.	Climate-related Strategies  We promote sustainable finance, investment opportunities in alternative assets, and renewable energy.  Under the Net Zero Carbon Declaration, we are committed to reducing GHG emissions, enhancing stakeholder engagement, and contributing to rulemaking.  Resilience Assessment  Although the energy transition brings certain negative impacts, the growth of new energy sources creates opportunities, resulting in a net neutral impact.

Message from Management	Our strategy for Sustainability Sustainability Business Governance	Social Social Contribution Activities  Environment Others
Risk Management	Risk Management Framework Climate-related risks are managed within our existing risk management framework. Since FY2021, they have been included in the Risk Appetite Statement and are effectively monitored.  Effects on trading positions are assessed through stress tests using the shortened NGFS scenarios.	<ul> <li>Environmental and Social Policy Framework</li> <li>We have established the Environmental and Social Policy Framework, which is regularly updated based on domestic and international developments.</li> <li>For projects with potential climate impact, such as coal-fired power generation, coal mining, and oil and gas development, we carry out ESG due diligence to determine whether to provide financing.</li> </ul>
Metrics and Targets	<ul> <li>Sustainability KPI</li> <li>As part of the Medium-term Management Plan "Passion for the Best" 2026, new sustainability KPIs were set in FY2024, including targets for GHG emissions (our own operations*1 and investment portfolio*2).</li> <li>Our Own Operations*1</li> <li>Under the Net Zero Carbon Declaration, we aim to achieve net zero by FY2030.</li> <li>In FY2024, we achieved approximately a 70% reduction through switching to renewable energy and implementing energy-saving efforts at all domestic offices of Daiwa Securities and Daiwa Institute of Research. Strong progress has been made.</li> </ul>	<ul> <li>Investment Portfolio*2</li> <li>Under the Net Zero Carbon Declaration, we aim to achieve net zero by 2050.</li> <li>For project finance in the power generation sector—the largest source of emissions in our portfolio—we set interim targets for FY2030. In FY2023, the financed emissions declined due to improved efficiency and increased renewable investments.</li> <li>Carbon-intensive Assets</li> <li>As carbon-intensive assets may lose value during the transition, we continue to monitor them.</li> <li>As of December 2024, total carbon-intensive assets stood at approximately 550 billion yen.</li> </ul>

<sup>\*1.</sup> Total of Scope 1 and Scope 2

<sup>\*2.</sup> The targets cover project finance in the power generation sector. Include some estimated values.

# (2) FY2024 Highlights\*1(Group KPI)



GHG emissions within our own operations\*2



GHG emissions within our investment and loan portfolios\*3



SDGs bond league table\*5

FY2030 Target\*4

**Net Zero** 

2,725 t-CO2e

Interim Target\*4

186~255 g-CO<sub>2</sub>e/kWh

243 g-CO2e/kWh

FY2026 Target

In the top 2

**1** s

- \*1. As of March 31, 2025
- \*2. Total of Scope 1 and Scope 2 (market-based)
- \*3. FY2023 results. The targets cover project finance in the power generation sector. Include some estimated values.
- \*4. FY 2030
- \*5. Scope: Straight bonds, Fiscal Investment and Loan Program Agency bonds, local government bonds, Samurai Bonds that are issued for the purpose of resolving environmental and social issues in line with the context of the sustainability strategy of the issuer \*excludes the company's own bonds Calculation methods: Prepared by Daiwa Securities based on LSEG data and analytics data

## **Our History**

We support various initiatives and continue to advance our efforts. In 2018, we became the first domestic securities company to endorse the TCFD and have published climate-related disclosures annually since then.

2018	<ul> <li>Established the SDGs Promotion Committee (Currently the Sustainability Promotion Committee)</li> <li>Endorsed the TCFD</li> </ul>
2019	<ul> <li>Joined the TCFD Consortium</li> <li>Partnership with Green Giraffe</li> </ul>

Messag Manago	
2020	<ul> <li>Established a dedicated team for sustainable finance</li> <li>Appointed the Head of SDGs (Currently the Head of Sustainability)</li> <li>Disclosed the results of scenario analysis</li> </ul>
2021	<ul> <li>Established Vision 2030</li> <li>Established the Environmental and Social Policy Framework</li> <li>Published the Net Zero Carbon Declaration</li> <li>Joined PCAF</li> <li>A director was appointed as a trustee of the IFRS Foundation</li> </ul>
2022	An employee was appointed as a member of the SSBJ
2023	<ul> <li>Appointed as product design advisor for the Japan Climate Transition Bonds</li> <li>Joined the GX League</li> <li>Set interim targets for Investment portfolio</li> <li>Began climate-related disclosures in the annual securities report</li> </ul>
2024	<ul> <li>Established the Medium-term Management Plan "Passion for the Best" 2026</li> <li>Updated Vision 2030</li> <li>Held a Sustainability Meeting with institutional investors</li> <li>Received the Good Market Maker Award for the carbon credit market for the second consecutive year</li> <li>Switched to renewable energy at all domestic offices of Daiwa Securities and Daiwa Institute of Research</li> <li>Expanded the scope of portfolio emissions to include all sectors</li> <li>Added renewable energy facilities to the scope of physical risk assessments</li> </ul>



> Climate-related Disclosures 2025 (PDF / 2.78MB / 59 pages)

Message from / Our strategy for / Sustainability in Our / Governance / Social / Social Contribution Activities Others

# 2. Overview of Sustainability Strategy

## (1) Vision 2030

In 2021, we formulated Vision 2030, our management vision through to 2030. As part of the process, we singled out and evaluated important medium- to long-term social issues, and through dialogue with stakeholders identified Materiality.

When formulating the Medium-term Management Plan "Passion for the Best" 2026 in 2024, we updated Vision 2030 after re-opening discussions on what kind of group we believe Daiwa Securities Group should be, including from the perspective of sustainability.

We aim to achieve Vision 2030 by managing the progress of our efforts using KPIs to achieve a sustainable society and further improve our value.

### Process of Formulating and Revising Vision 2030



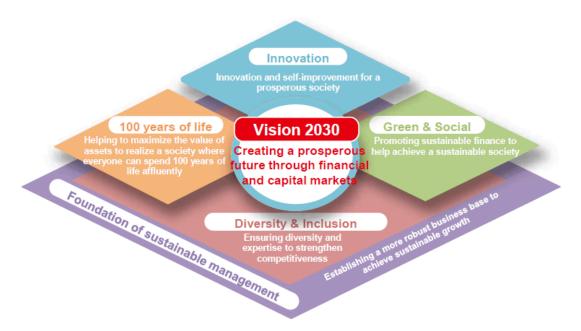
## Materiality under Vision 2030

The core concept of Vision 2030 is creating a prosperous future through financial and capital markets. As professionals in the financial and capital markets, we deliver high-quality solutions, while contributing to a carbon neutral society and promoting innovation inside and outside the Group to realize a prosperous future for all.

Under the materiality of the Green & Social, we deliver financial products and services that contribute to solving social issues. Additionally, under the Foundation of Sustainable Management, we promote decarbonization within our own operations to strengthen the foundation that supports sustainable corporate management.

Others

#### Vision 2030



## **Materiality**



#### 100 years of life

In preparation for achieving a society where anybody can live comfortably in the area of 100-year lifespans, we will help to maximize the value of assets to meet the diversifying needs of customers.



#### Green & Social

In order to achieve a sustainable and carbon-free society, we will focus on providing financial products and services that help resolve social issues.



#### Foundation of sustainable management

In order to achieve these themes of 100 years of life, Innovation, Green & Social, and Diversity & Inclusion, we will make the base that supports sustainable corporate management even more robust.



#### Innovation

In addition to aiming to generate innovation for a prosperous society through cooperation with our partners both in Japan and overseas, we will expand the number of new business opportunities and take on the challenge of self-transformation.



#### **Diversity & Inclusion**

In order to strengthen our competitiveness, we aim to become an organization in which employees can express their individuality and demonstrate their expertise, and achieve personal growth and job satisfaction.

Others

Message from Management Our strategy for Sustainability Sustainability in Our

Governance

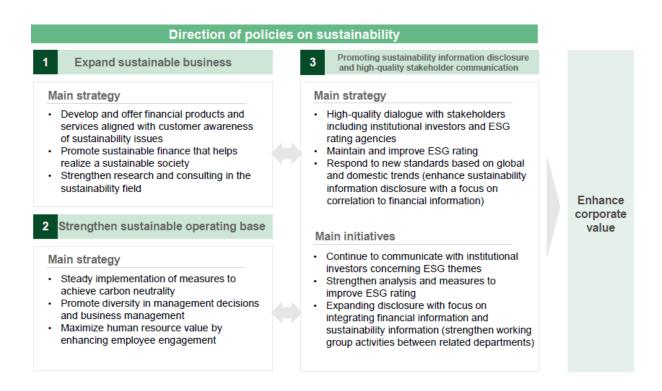
Social

Social Contribution Activities

Environment

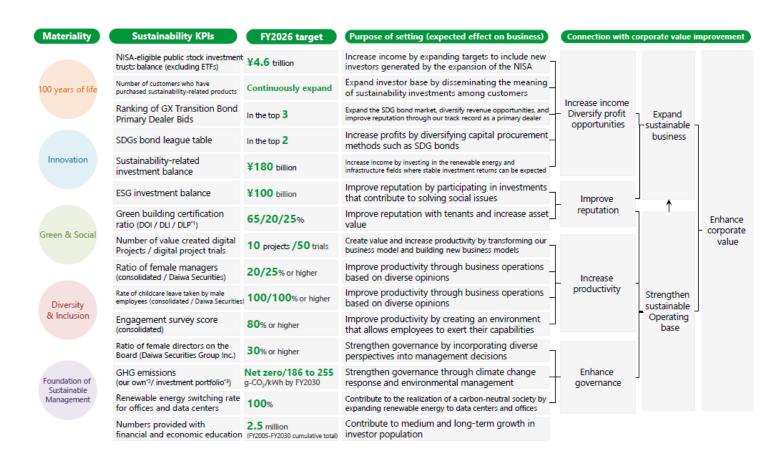
# (2) Sustainability KPIs

We believe sustainability, including climate measures, not only contribute to a sustainable society, but also help expand our sustainable business, strengthen the sustainable management foundation that underpins it, and ultimately improve our corporate value, by bolstering governance, improving our reputation, and expanding earnings.



We established sustainability KPIs as part of the Medium-term Management Plan "Passion for the Best" 2026. These KPIs include the SDGs bond league table and GHG emissions.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Environment Others



- \*1. DOI: Daiwa Office Investment Corporation, DLI: Daiwa Securities Living Investment Corporation, DLP: Daiwa Securities Logistics Private Investment Corporation
- \*2. Total of Scope 1 and Scope 2 (market-based)
- \*3. The targets cover project finance in the power generation sector. Include some estimated values.

Led by the Sustainability Managers in each division and Group company, we continually monitor progress in its KPIs. Issues identified in the process, as well as measures to be taken moving forward are shared between sustainability managers and the Head of Sustainability and reported to the Sustainability Promotion Committee and Board of Directors. We aim to achieve our Vision 2030 goals through the implementation of a KPI-centered PDCA cycle.

To strengthen executives' incentives related to sustainability initiatives, we have incorporated the sustainability KPIs in the evaluation system for performance-linked remuneration.

## (3) Net Zero Carbon Declaration

We recognize the importance and urgency of addressing climate change, one of the most serious issues facing the world, in order to realize a carbon neutral society as soon as possible. To that end, we have formulated the <u>Daiwa Securities Group Net Zero Carbon</u> <u>Declaration</u>.

Our strategy for Sustainability Sustainability in Our

Governance /

Social

Social Contribution

Environment

Others

Based on the declaration, we aim to achieve ① net zero GHG emissions within our own operations by FY2030 and ② net zero GHG emissions within our investment and loan portfolios, etc. by 2050. In addition, we will continue to support our customers' efforts to decarbonize their businesses and new technologies that contribute to the realization of a decarbonized society in order to ③ support the smooth transition to a carbon-neutral society through our business activities.

### The Daiwa Securities Group Net Zero Carbon Declaration

- ① Achieve net zero GHG emissions within our own operations by FY2030 (Scope 1 and Scope 2)
- ② Achieve net zero GHG 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 Group's emissions will be calculated on a consolidated basis.

### Main priority areas

# Sustainable finance for the delivery of a carbon-neutral society

- Promote green finance / transition finance
- Expand business investment in the renewable energy sector
- · Strengthen engagement with investee firms

Support 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

# Provide investment opportunities that contribute to the delivery of a carbon-neutral society

- Expand our lineup of related products and services
  - Expand investment trusts with an environmental theme
  - Arrange SDG bonds including green bonds
  - Promote SDGs-IPOs in the environmental sector

# Reduce the environmental footprint of the Group

- Shift to 100% renewable energy
- Continue efficient use of energy
- Consider carbon offsetting

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution Activities Environment

Others

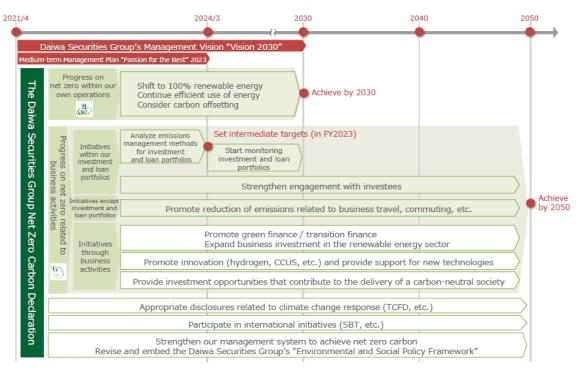
# Set targets to align with the Paris Agreement goals and expand transparent information disclosure

- 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 disclosure related to our climate change response (TCFD, etc.)

# Strengthen our management system to achieve net zero carbon

- Revise and embed the Daiwa Securities Group Environmental and Social Policy Framework
- Embed sustainability elements into corporate executive officers' compensation

#### Roadmap for achieving Net Zero Carbon



\* As of August 2021

 1. Introduction
 2. Overview of Sustainability Strategy
 3. Governance
 4. Strategy

 5. Risk Management
 6. Metrics and Targets
 7. Response as an Asset Manager
 8. Appendix

> Climate-related Disclosures 2025 (PDF / 2.78MB / 59 pages)

Environment

Others

## 3. Governance

## (1) Board's Oversight

The Board of Directors oversees a response to strategies and policies related to sustainability, including climate change. The Board of Directors receives reports as needed in accordance with the rules of the Board of Directors on strategies and policies related to sustainability discussed at the Sustainability Promotion Committee or deliberated on by the Executive Management Committee. Additionally, the Board of Directors makes resolutions on items that are core management matters and items deemed important by the Board of Directors established as resolution items in the rules of the Board of Directors.

The Group's Vision 2030 includes our basic sustainability policy, and this was decided at the Board of Directors together with the Medium-term Management Plan. In addition, thus far, the Board of Directors has determined, for example, the formulation or revision of the <a href="Environmental and Social Policy Framework">Environmental and Social Policy Framework</a> and the <a href="Net Zero Carbon Declaration">Net Zero Carbon Declaration</a>. In our risk appetite statement, starting in FY2021, we stipulated climate change risk, and have appropriately identified, assessed, and effectively managed climate change based on the estimated amount of losses from scenario analysis.

In FY2023, the Board of Directors decided on the Medium-term Management Plan "Passion for the Best" 2026 (including revisions of <u>Vision 2030</u>). In this plan, sustainability topics, including climate change, were also raised. The sustainability KPI in the Medium-term Management Plan has been confirmed at a subsequent Board of Directors meeting at the time financial results were approved and the Medium-term Management Plan was reviewed. Additionally, at FY2024 Board of Directors meetings, a total of four items were given: a report on climate-related disclosures, a resolution to revise the Environmental and Social Policy Framework, a report on the state of the promotion of sustainability, and a report for institutional investors from the sustainability meeting\*.

To strengthen executives' incentives related to sustainability initiatives, we have incorporated the sustainability KPIs in the evaluation system for performance-linked remuneration. These KPIs include the SDGs bond league table and GHG emissions. For details, please refer to <u>"6. Metrics and Targets (4) Executive Remuneration"</u>.

\* In October 2024, a sustainability meeting was held for institutional investors and sell-side analysts, where the Head of Sustainability, Outside Director, CHO, and CFO gave presentations, sharing the Group's policies, KPI progress, and initiatives related to disclosure, governance, and human capital.

Others

Social

## **Governance Structure for Climate Change**



#### **Comments from Outside Directors**

#### **Climate-related Disclosures**

• It is important to consider future directions by identifying gaps with disclosure standards and peer practices.

#### **Environmental and Social Policy Framework**

• Conducting objective and detailed due diligence, including investees' supply chains, remains a challenge.

Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment

Others

## Roles and Discussion Topics of Each Committee

Col	mmittee	Members	Roles	Discussion Topics
Supervision	Board of Directors	Chair: Chairperson of the Board Outside Directors: 7 Internal Directors: 7	Receive reports and oversee climate-related issues and responses	<ul> <li>Formulation and update of Vision 2030</li> <li>Formulation of the Net Zero Carbon Declaration</li> <li>Climate-related disclosures</li> <li>Revision of the Environmental and Social Policy Framework</li> <li>Report on Sustainability Initiatives (including ESG ratings)</li> <li>Risk appetite framework and top risks</li> <li>Results of ESG meetings with institutional investors</li> <li>Interim targets for the investment portfolio</li> <li>Report on the KPIs progress</li> <li>Report on the Sustainability Meeting</li> </ul>
	Nominating Committee	Chair: Outside Director Outside Directors: 5 Internal Directors: 2	Decide on proposal for the appointment and dismissal of directors	<ul> <li>Addition of sustainability to the skills matrix of the Board of Directors</li> </ul>
	Audit Committee	Chair: Outside Director Outside Directors: 4 Internal Directors: 1	Audit of Directors' and Executive Officers' Duties	<ul> <li>Report on the status of Climate- related risk management (results of scenario analysis)</li> </ul>
	Compensation Committee	Chair: Outside Director Outside Directors: 5 Internal Directors: 2	Consider policies related to executive compensation	Decision on executive compensation system linked to sustainability KPIs

Message fro Manageme				Contribution Contr
Execution	Executive Management Committee	• Decide on important business  Chair: President and CEO  • Decide on important business and policies related to climate change • Report to the Board of Directors  2030 • Formulation of Carbon Declain of Carbon		<ul> <li>Formulation of the Net Zero Carbon Declaration</li> <li>Climate-related disclosures</li> <li>Revision of the Environmental and Social Policy Framework</li> <li>Risk appetite framework and top</li> </ul>
	Group Risk Management Committee	Chair: President and CEO	<ul> <li>Monitor climate-related risks</li> <li>Report to the Executive         Management Committee     </li> </ul>	<ul> <li>Report on the status of Climate- related risk management (results of scenario analysis)</li> </ul>
	Sustainability Promotion Committee	Chair: President and CEO Internal members: 16 External members: 3	<ul> <li>Discuss key climate change issues</li> <li>Report to the Executive Management Committee</li> </ul>	<ul> <li>Formulation and update of Vision 2030</li> <li>Revision of the Environmental and Social Policy Framework</li> <li>ESG ratings</li> <li>Interim targets for the investment portfolio</li> <li>Registration for the TNFD adopter</li> <li>Climate-related disclosures</li> </ul>

## Skills Matrix of the Board of Directors

There are Internal and Outside Directors with deep knowledge of sustainability on the Board of Directors, with a system in place to provide highly effective oversight of initiatives toward sustainability-related issues. In addition, a skills matrix has been developed based on discussions by the Nominating Committee to evaluate directors' expertise and experience. For Sustainability, relevant experience, including roles promoting the Group's sustainability strategy, is considered.

Message from / Our strategy for / Sustainability in Our / Governance / Social / Social Contribution Activities Others

					Expertise and Experience						
Name		Role		Years on Board	Corporate Management	Finance/ Accounting	Legal/ Compliance	DX/ICT	Global	Sustainability	
Seiji Nakata		Nominating		Compensation	10						•
Akihiko Ogino		Nominating		Compensation	5						•
Shinsuke Niizuma					1						
Keiko Tashiro					11	They have exper	tise and experienc control the	ce to adequately m Group.	anage and	•	•
Eiji Sato					1						
Hiroko Sakurai					-						
Sachiko Hanaoka			Audit		6						
Eriko Kawai	Outside Non-executive	Nominating		Compensation	7		•			•	•
Katsuyuki Nishikawa	Outside Non-executive	Nominating	Audit		6			•			•
Toshio Iwamoto	Outside Non-executive	Nominating		Compensation	5	•			•	•	•
Yumiko Murakami	Outside Non-executive		Audit	Compensation	4	•				•	•
Noriko Iki	Outside Non-executive	Nominating	Audit		2			•		•	•
Mami Yunoki	Outside Non-executive		Audit	Compensation	1		•				•
Akira Ichikawa	Outside Non-executive	Nominating		Compensation	-	•				•	•

Outside Outside Director

Non-executive Independent Director as defined by the stock exchange

## (2) Execution Framework

## **1** Sustainability Promotion Committee

Regular discussions are held at the Sustainability Promotion Committee chaired by the President and CEO on strategies and policies related to sustainability, including climate change.

For example, the Committee has discussed the formulation or revisions of the <u>Environmental and Social Policy Framework</u> and the <u>Net Zero Carbon Declaration</u>.

The Committee is composed of the Head of Sustainability, who is responsible for promoting sustainability based on the rules for Corporate Executive Officers (Shikkoyaku) approved by the Board of Directors, several Internal Directors, and three external experts with specialized knowledge in sustainability. The details of discussion at the Committee are reported to, deliberated on and determined at the Executive Management Committee, as appropriate.

Social

Name	Affiliation/Job Title	Expertise
Toshihide Arimura	<ul> <li>Professor, School of Political Science and Economics, Waseda University</li> <li>Faculty Fellow, The Research Institute of Economy, Trade and Industry</li> </ul>	<ul><li> Environmental Economics</li><li> Energy Policies</li><li> Carbon pricing</li></ul>
Arisa Kishigami	<ul> <li>Independent consultant, En-CycleS (Engagement Cycle for Sustainability)</li> <li>Trustee, Japan Sustainable Investment Forum (JSIF)</li> </ul>	<ul><li>Sustainable finance</li><li>Engagement</li></ul>
Daisuke Takahashi	Attorney at Shinwa Law	<ul><li>Business and human rights</li><li>Environmental law compliance</li><li>Global compliance</li></ul>

## **Comments from External Experts**

#### **Climate-related Disclosures**

- Sharing challenges in adopting ISSB and SSBJ standards within Japan would help raise overall disclosure quality.
- To enhance credibility, it would be helpful to clarify the specific skills behind the skills matrix.
- Rather than focusing on disclosure, more emphasis should be placed on addressing risks and capturing opportunities. It is recommended to clearly expected risks and opportunities along with related initiatives and KPIs.

#### Revision of Environmental and Social Policy Framework

- With global expectations rising, proactive action on human rights and environmental due diligence is essential.
- It is important to detect risks through engagement, at the same time, practical and realistic measures should be considered, such as collecting information efficiently by country, region, or industry, and promoting collaborative engagement targeting specific sectors.

## ② Group Risk Management Committee

Policies and measures relating to risk management, including climate change, are discussed at the Group Risk Management Committee chaired by the President and CEO, a subcommittee of the Executive Management Committee, and attended by the Chief Risk Officer (CRO), who is responsible for risk management.

After climate scenario-based quantitative analysis results are reported to the Group Risk Management Committee each year, they are reported to the Executive Management Committee based on discussion at the Sustainability Promotion Committee.

Message from Management Our strategy for Sustainability Sustainability Governance Social Social Contribution Activities

| Social Contribution Activities | Environment | Others |

## ③ Group-wide Working Group

As a Group-wide system to promote sustainability, we have appointed Sustainability Managers at each division and major Group company. Under these managers, a working group (WG) monitors sustainability KPIs and promotes sustainability-related businesses. The contents of the discussion of this WG are reported to the Sustainability Promotion Committee as appropriate.

## **Group-wide Working Group**

WG	Summary
Head of Sustainability	Promote sustainability-related businesses for the entire Group, and oversees initiatives to enhance the foundation for sustainable management.
Sustainability Managers	Promote sustainability-related businesses and conduct KPI progress management for each organization (Headquarters and Group companies) within the Group.
Sustainable Business WG	Monitor the KPIs, ascertain the progress status of sustainability-related businesses, identify issues, and plan and implement measures for these issues under the direction of sustainability managers.
ESG Response WG	Enhance and strengthen ESG response in reference to external evaluations (investors and evaluation organizations) regarding ESG.
Sustainability Advisory Group	Composed of internal experts with extensive knowledge in sustainability who make proposals regarding challenges for the Group and future action.
Sustainability Disclosure WG	Cross-departmental organizations that aim to expand the disclosure of sustainability information from the perspective of integrated reporting.
Scope3 Emissions Monitoring Team	Monitor emissions relating to the investment and loan portfolios, and sets targets.



> Climate-related Disclosures 2025 (PDF / 2.78MB / 59 pages)

## 4. Strategy

# (1) Recognition of Climate-related Risks and Opportunities

The Group recognizes that climate change issues must be addressed with urgency, but at the same time, sees them as business opportunities. We identify climate-related risks that could be expected to affect business (transition risk/physical risk), and also identify opportunities available through the development and provision of core financial products and services to realize a carbonneutral society. We set strategies in response to such risks and opportunities, and promote strategic initiatives to enhance climate resilience.

# (2) Climate-related Risks

The Group carries out climate-related scenario analysis to identify risks that could be expected to affect businesses.

Examples of the main transition risks include increased costs and resulting deterioration in earnings at investee and managed companies due to changes in carbon pricing policy (policy/legal), increased costs and resulting deterioration in earnings at investee and managed companies due to changes in energy-related technologies (technology), lower value and decreased balance of assets held in the fund from the transition to a carbon-neutral society (market), and deterioration in reputation associated with a lack of initiatives to deal with climate change and investment and underwriting related to businesses with a heavy environmental load (reputation).

Examples of the main physical risks include lost value, reduced sales opportunities, and resulting deterioration in earnings at invested properties such as solar and wind generation facilities due to natural disasters such as torrential rain and powerful typhoons (acute/chronic), as well as business interruption risks including financial system failures or damage to the Group's offices and data centers from more serious natural disasters (acute/chronic).

While recognizing these climate-related risks, we consider the response in light of effects on business and frequency of occurrence, and promote strategies.

The time horizon aligns with the Group's management plan and global standards. Specifically, considering that the period of the Medium-Term Management Plan is three years, "short-term" refers to three years or less, "medium-term" to three to five years, and "long-term" to five years or more.

Our strategy for Sustainability

Sustainability in Our Business

Governance /

Social

Social Contribution Activities Environment

Others

## **Examples of Climate-related Risks**

Risk	Risk Type		Climate-related Risks	Timeline	Category	Strategic Initiatives	Relevant KPIs
	Increased costs and resulting deterioration in earnings at investee and managed companies due to changes in carbon pricing policy  Legal  Increased costs for the Group associated with response to carbon pricing and mandatory information disclosure, etc.  Credit risk	01	resulting deterioration in earnings at investee and managed companies due to changes in carbon	Medium to long		① Promoting	<ul> <li>SDGs bond league table</li> </ul>
		<ul> <li>Promoting         sustainable         finance         Sourcing and         investment         focused on         sustainability</li> </ul>	<ul> <li>Ranking of GX         Transition Bond         Primary Dealer         Bids         Sustainability-related         investment     </li> </ul>				
	Technology	03	Increased costs and resulting deterioration in earnings at investee and managed companies due to changes in energy-related technologies	Short to long	Operational risk	Providing     sustainability-     related solutions      Realizing carbon     neutrality within     our own     operation	balance  Green building certification ratio  GHG emissions  Renewable energy switching
Transition		04	Increased costs for the Group with the introduction of new technologies or alternative technologies	Medium to long			rate for offices and data centers
		05	Lower value and decreased balance of assets held in the fund from the transition to a carbon-neutral society	Medium to long		③ <u>Development of products and services, and</u>	<ul> <li>Number of customers who</li> </ul>
	Market	06	A decrease in value and divestment opportunities of carbonintensive assets due to economic or industry stagnation or contraction or fluctuations in the financial market	Short to long	Market risk	promotion of investment and lending focused on sustainability  Strengthening stakeholder engagement	have purchased sustainability-related products  ESG investment balance
	Reputation	07	Deterioration of reputation associated with a lack of initiatives to deal with climate change and investment and underwriting related to businesses with a heavy environmental load	Short to long	Reputational risk	Realizing carbon     neutrality within     our own     operations	<ul> <li>Renewable energy switching rate for offices and data centers</li> <li>GHG emissions</li> </ul>

Our strategy for Sustainability

Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment

Others

Risl	«Туре		Climate-related Risks	Timeline	Category	Strategic Initiatives	Relevant KPIs
		08	Increased recovery costs for transaction partners or investee and managed companies due to abnormal weather or wind and flood damage and the resulting lower value and decreased balance of the assets held in the fund	Medium to long		Promoting sustainable finance     Sourcing and investment focused on sustainability     Strengthening stakeholder engagement  Formulation of disaster mitigation measures and BCP	<ul> <li>SDGs bond league table</li> <li>Ranking of GX Transition Bond Primary Dealer Bids</li> <li>Sustainability- related investment balance</li> </ul>
		09	Lost value, reduced sales opportunities, and resulting deterioration in earnings at invested properties such as solar and wind generation facilities due to natural disasters such as torrential rain and powerful typhoons	Short to long	Credit risk Market risk		
Physical	Acute / Chronic	10	Increased health problems among customers and labor restrictions due to abnormally high temperatures and abnormal weather and resulting reduced earnings opportunities	Short to long			
		11	Increased health hazards and constraints on employment for the Group's officers and employees due to abnormal weather and the consequent deterioration in earnings	Medium to long	Operational risk		-
		12	Business interruption risks including financial system failures or damage to the Group's offices and data centers from more serious natural disasters	Short to long	HSK		

<sup>\*</sup> For initiatives 1 to 7, please refer to "4. Strategy (5) Climate-related Strategies"

Our strategy for Sustainability Sustainability in Our

Governance

ı /

Social Contribution

Environment

thers

# (3) Resilience Assessment of Our Strategy Based on Climate-related Risks

The Group recognizes effects arising from climate-related risks, and carries out a scenario analysis, referencing IFRS S2\*1, to assess its resilience to climate-related changes, developments or uncertainties.

We assess transition risks using NGFS climate scenarios\*2 to estimate potential losses on carbon-intensive assets. For physical risks, we reference IPCC scenarios\*3 to estimate potential damage from natural disasters to owned real estate in May 2024 and renewable energy facilities in May 2025.

The results, along with strategic responses, are discussed by the Sustainability Committee and reported to the Executive Management Committee. The following are the details of the scenarios and the assumptions used in analysis.

- \*1. IFRS S2 Paragraph 22 and Appendix B1 to B18 (2023)
- \*2. Scenarios for evaluating financial system impacts developed by the NGFS (Network for Greening the Financial System), a global network of central banks and financial regulators.
- \*3. GHG Emission Scenarios Published by IPCC (the Intergovernmental Panel on Climate Change)

## **Scenario Analysis Assumptions**

lb	(a) Qualitatina Anala	Quantitative Analysis						
Items	(a) Qualitative Analysis	(b) Transi	tion Risks	(c) Phy	sical Risks			
Scenarios	Variables used in NGFS climate scenarios	NGFS climate scenario: Net Zero 2050/Delayed Transition/Fragmented World/Current policies		IPCC climate scenario: RCP8.5/RCP4.5	IPCC-adopted climate scenarios developed by the international community: SSP5-8.5 / SSP1-2.6			
Scope of Analysis	Impact of Transition and Physical Risks on the Group	Transition risk (effects on financial markets due to changes in policies, regulations, supply and demand conditions)  Target: Non-trading assets, investments by Group companies, Daiwa Next Bank loans (CLO), carbonintensive assets held as LMS collateral financial products  Indicator: Cumulative estimated loss and average annual loss of carbonintensive assets	Transition risk (effects on financial markets due to changes in policies, regulations, supply and demand conditions)  Target: Trading assets and corporate bonds (carbon-intensive sectors) held by Daiwa Securities and overseas offices  Indicator: Estimated credit spread loss of corporate bonds (carbonintensive sectors)	Physical risk/Acute (storm and flood damage)  Target: Real estate-related exposure of Group companies and nonoperational real estate held by the Group  Indicator: Estimated average annual loss of the target	Physical risk/Acute (storm and flood damage)  Target: Domestic renewable energy facilities (solar and wind power) invested in by Group companies  Indicator: Estimated average annual loss of the target			

Others

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Activities | Environment

Items	(a) Qualitative Analysis	Quantitative Analysis					
		(b) Transit	tion Risks	(c) Physical Risks			
Target Period	From 2025 to 2050 (26 years)	From 2025 to 2050 (26 years)	From 2025 to 2029 (5 years)	From 2024 to 2050 (27 years)	From 2025 to 2050 (26 years)		
Analysis Timing	May 2025	May 2025	May 2025	May 2024	May 2025 (new)		

## **Envisioned Scenarios**

		(i) Orderly	(ii) Disorderly	(iii) Too Little, Too Late	(iv) Hot House World	
NGFS C	Climate Scenario	Net Zero 2050	Delayed Transition	Fragmented World	Current Policies	
Scenario Overview		Through a strict emissions reduction policy and innovation, limit the rise in temperature to below 1.5°C, and target net zero global GHG emissions in 2050.	Virtually no reduction in emissions by 2030. Powerful policies are required to limit the rise in temperature to 2°C. CO2 removal is limited.	Virtually no reduction in emissions by 2030, and policies thereafter are also out of step and inadequate. Unable to suppress rises in temperature.	Envision retention of only the policies currently being implemented. Increased physical risk.	
		•	•	•	•	
	Introduce Policies	Promptly and smoothly	Delayed	Delayed and inadequate	With the current policies	
Assumptions	Macro-economic Trends	Comparatively small decline in GDP	Comparatively large decline in GDP	Comparatively large decline in GDP	Comparatively large decline in GDP	
	Energy Use	Comparatively large decline	Comparatively large decline (From 2030s)	Comparatively large decline (From 2030s)	Comparatively large increase	
	Technological Change	Quick	Slow/Quick	Slow/Inadequate	Slow	
		•	•	•	_	
Impact of Climate Change	Rise in Temperature (2050)	Approx. 1.5°C	Approx. 1.5°C	Approx. 2.5°C	Approx. 3°C	
	CO <sub>2</sub> Emissions	Reduction (steady)	Reduction (headwinds present)	Reduction (inadequate)	Maintain current pace o reduction	
Change	National- or Regional- level Variables	Primarily limited to domestic factors	Primarily limited to domestic factors	Primarily limited to domestic factors	Primarily limited to domestic factors	
		<b>V</b>	•	•	•	
Risks	Transition Risk	***	***	***	**	
Ś	Physical Risk	***	***	***	***	
nnort	tunities	***	***	***	***	

									,
Message from Management	Our strategy for Sustainability	/	Sustainability in Our Business	/	Governance	Soc	Social Contribution Activities	Environment	Others

\* Created based on NGFS Climate Scenarios Phase V

## 1 Analysis Results

#### (a) Effects on Business Activities

Shutdowns or slowdowns in the economy or industry, volatility in the financial markets (falling stock prices, increased credit risk, etc.), damage from heavy rains or flooding, and health problems caused by abnormally high temperatures were all listed as factors of relative concern. When applied to scenarios, transition risks could appear as (ii) Disorderly and (iii) Too Little, Too Late in cases where CO<sub>2</sub> emission reductions lead to economic or social turmoil, and physical risks could appear as (iv) Hot House World in cases where CO<sub>2</sub> emission reductions are delayed.

On the other hand, the energy transition has a negative effect on existing businesses from the reduction of fossil fuel resources and a positive effect on new business opportunities with the increase in new forms of energy, such as renewable energy. This means that, overall, the energy transition is positioned as a near neutral factor. We forecast change in the impact corresponding to the burden such as the costs associated with transition and taxes. Furthermore, climate change initiatives such as CO<sub>2</sub> emission reductions could affect corporate reputation, which in turn affect the overall business indirectly.

In this way, the Group is thought to have a certain level of climate resilience as a result of having comprehensively considered the positive and negative impacts on the business from social and economic elements that are strongly related to climate phenomena, such as energy transition. Furthermore, to mitigate the negative effect, we have formulated disaster mitigation measures against the risks of direct damage from heavy rains or flooding and a business continuity plan (BCP) while we believe it is possible to curb the negative effect even if the macro economy stagnates by steadily implementing climate change initiatives and maintaining our reputation.

#### (b) Effects on Carbon-intensive Assets

The cumulative losses amounted to approximately 67.1 billion yen under (iv) Hot House World for non-trading assets through 2050, and 350 million yen for trading assets through 2029, both relative to the base scenario\*.

The estimates were calculated using figures from the Group's consolidated financial statements for the fiscal year ending December 2024.

Based on the results, the short-term impact of climate-related risks and opportunities, including the current and next fiscal years, on our financial soundness is limited. We will continue to refine our analysis and aim to reduce exposure to high-impact carbon-intensive assets over the medium to long term. In addition, we recognize that reducing carbon-intensive assets requires broader societal efforts, and we actively engage in domestic and international initiatives to support decarbonization.

\* The estimation was based on an adjusted short-term scenario, referencing (ii) Disorderly Transition from the NGFS Climate Scenarios Phase V (November 2024).

#### (c) Effects on Our Properties

Due to the increase in weather events arise from climate change, the real estate-related exposures and our non-operational real estate, which constitute a significant portion of our strategy, are likely to be affected. Scenario analysis indicates that under the RCP8.5 scenario, which assumes the highest temperature increase, the average annual estimated damage from storm and flood disasters is approximately 40 million yen in 2030 and 50 million yen in 2050. Our real estate is largely located in areas less susceptible to storm and

Message from Management Our strategy for Sustainability Sustainability Our Business Governance Social Social Contribution Activities

Environment Others

flood damage and consists mainly of robust structures and high-rise properties. Therefore, the effects on the Group are likely to be limited.

In addition, as the transition progresses, physical risks are also expected for renewable energy facilities. Under the SSP5-8.5 scenario, the estimated average annual loss in 2050 was approximately 40 million yen. The analysis revealed that risks are concentrated in specific facilities located in mountainous areas, which are more vulnerable to storm and flood damage. Nevertheless, the overall financial impact remains limited.

The estimates were calculated using figures from the Group's consolidated financial statements for the fiscal year ending December 2024.

## **2** Future Response

In the current scenario analysis, we have formulated hypotheses based on the information and data presently available and narrowed down the scope of analysis. For example, the scope of analysis is mainly focused on Japan, where the majority of climate-related risks and opportunities are concentrated, due to the nature of our business. The scope of climate-related risks is very broad, and multiple patterns can be envisioned for the periods of occurrence and scale of risks, due to rapid changes in the financial markets (stock prices, credit risks, etc.), policies and laws, and the evaluation of ESG responses. We will acquire a broader range of information and related data and improve the method of analysis to assess effects on the financial position, financial performance and cash flows over the medium and long term, thereby increasing our climate resilience.

We strengthen stakeholder engagement on risks such as policy, legal, market, and technological changes, promote sustainable finance, and enhance BCP measures against physical risks to improve climate resilience. For details, please refer to "4. Strategy (5) Climate-related Strategies".

# (4) Climate-related Opportunities

Taking account of the effects assessed through scenario analysis after consultation with each business division, the Group identifies climate-related risks and opportunities and assesses their importance.

Examples of main opportunities include increase in underwriting to raise funds needed for green projects and the transition to a carbon-neutral society (Global Markets & Investment Banking Division), increase in opportunities to provide new financial products and increase in opportunities to profit from market changes (Wealth Management Division), expansion in opportunities for investing in new industries and companies that contribute to the transition to a carbon-neutral society (Asset Management Division), and stimulation of the entire market through participation in sustainability-related rule-making (the entire Group).

In addition to responding to climate-related risks, these climate-related opportunities are reported as needed to the Board of Directors following discussion at either the Sustainability Promotion Committee or the Executive Management Committee.

Environment

Others

## **Examples of Climate-related Opportunities**

Business Segment	Climate-related Opportunities	Timeline	Strategic Initiatives	Relevant KPIs	
Global Markets & Investment	Increased underwriting for the fundraising required for green projects and the transition to a carbon-neutral society	Short to long	① Promoting sustainable finance	<ul> <li>SDGs bond league table</li> <li>Ranking of GX Transition</li> </ul>	
Banking Division	Increased M&A in the renewable energy field  Short to long		② Enhancing M&A advisory in the sustainability field	Bond Primary Dealer Bids	
	Increased opportunities to provide new financial products and expansion of opportunities for profit through market change	Short to long	Development of products and services, and promotion of investment and lending focused	<ul> <li>Number of customers who have purchased sustainability-related products</li> <li>ESG investment balance</li> </ul>	
	Capital inflows into investment trusts that incorporate companies with decarbonization technologies	Short to long	on sustainability		
Wealth Management Division Asset Management Division	Investment into renewable energy such as solar power generation facilities and greater investment opportunities through the introduction of external capital	Short to long			
	Greater investment opportunities into new industries and companies that contribute to the transition to a carbon-neutral society	Short to long	Sourcing and investment focused on sustainability	<ul> <li>Sustainability-related investment balance</li> <li>Green building certification ratio</li> </ul>	
	Structuring and managing investment corporations and private funds with underlying assets that are real estate and real assets with high environmental performance	Short to long			
Others	Greater opportunities for solution businesses that support the transition to a carbon-neutral society	Short to long	§ Providing sustainability-related solutions	-	
	Expansion in business opportunities resulting from improvement in reputation through net-zero initiatives	Short to long	Realizing carbon neutrality     within our own operations	<ul> <li>GHG emissions</li> <li>Renewable energy switching rate for offices and data centers</li> </ul>	
The entire Group	Support the transition to a carbon-neutral society and response to climate change through engagement with issuers and investors, etc.	Short to long	① Strengthening engagement with stakeholders	-	
	Stimulation of the entire market through participation sustainability-related rule-making		§ Involvement in rule making	-	

Our strategy for Sustainability Sustainability in Our

Governance /

Social Contribution

Environment

Others

## (5) Climate-related Strategies

The Group promotes strategies in response to climate-related risks and opportunities identified in each division.

We will promote the following strategies from ① to ⑧ to respond to transition risks and opportunities. To respond to physical risk, we have formulated a BCP in anticipation of the case where the head office (the Group's headquarters functions), branches, data centers are unable to function due to damage caused when social infrastructure is shut down because of abnormal weather or wind and flood damage.

- ① Promoting sustainable finance
- 2 Enhancing M&A advisory in the sustainability field
- 3 <u>Development of products and services, and promotion of investment and lending focused on sustainability</u>
- Sourcing and investment focused on sustainability
- ⑤ Providing sustainability-related solutions
- 6 Realizing carbon neutrality within our own operations
- Strengthening engagement with stakeholders
- 8 Involvement in rule making

We are also promoting human resource development such as the implementation of training to improve expertise related to sustainability including climate change for officers and employees. Specifically, since 2022, we have conducted annual Vision training for all officers and employees aimed at improving their sustainability-related knowledge and awareness, and further enhancing the "Take it as your own matter" mindset. Furthermore, in FY2024, 284 employees and executives participated in the GX Introductory Course and GX Basic Certification offered by Skill-Up NeXt, as part of our efforts to support clients in sustainability and GX.

### **ESG Certification at Daiwa Asset Management**

In 2024, Daiwa Asset Management introduced an internal certification title for ESG personnel, recognizing employees with a certain level of expertise in stewardship, ESG, and sustainability initiatives.

#### Sustainability Associate

To earn certification, employees are required to complete an external ESG and SDGs course and pass an internal exam developed by the Responsible Investment Department.

The certification is open to managerial-level staff on a voluntary basis. In 2024, 39 employees were certified.

#### Sustainability Leader

Employees who have earned the Sustainability Associate Certificate may apply internally to participate in a three-month training program led by the Responsible Investment Department. The curriculum includes lectures on stewardship, ESG, and sustainability, as well as practical experience such as attending engagement meetings and proxy voting exercises. Participants also gain timely and specialized insights through meetings with external ESG analysts. In 2024, 15 employees from 11 departments completed the program and are now applying their knowledge to advance sustainability within their respective teams.

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

## ① Promoting sustainable finance

Since the adoption of the Paris Agreement in 2015, decarbonization initiatives have accelerated throughout the world. The Group is actively engaged in sustainable finance as a core business to support initiatives for global decarbonization.

While support for fundraising had previously been the core business, we also see the incorporation of SDGs elements as new business opportunities that increase added value that we can provide to customers. In FY2022, we contributed to market expansion through our work as bookrunner and SA\* for large-scale bond issuances, including FUJIFILM Holdings' four-tranche social bond, the largest ever made on the Japanese public bond market, and NEC's three-tranche sustainability-linked bond, the first of its kind to be publicly offered in Japan. In FY2023, we have been promoting product diversification by serving as lead manager for Kao's coupon step-up sustainability-linked bond and the Republic of Indonesia's samurai bond, the world's first samurai blue bond.

In 2024, we were entrusted as an SA with the task of formulating a framework for the climate transition interest-bearing bonds issued by the Japanese Government, thereby facilitating transition finance in Japan and abroad. Moreover, we participate in bidding for these bonds as a primary dealer, and contribute in a way that promotes the stable consumption of bonds, which in turn maintains and improves market liquidity.

The Group has also set the SDG bond league table as our sustainability KPI and is monitoring it regularly. In FY2024, Our total green bond underwriting volume reached 647.8 billion yen, and we ranked 1st in both the SDGs bond league table and the GX Transition Bond Primary Dealer Bid Ranking. We will continue to support the transition strategies of the Japanese Government from various angles.

In addition, during 2024, we focused on further enhancing sustainable finance through its involvement in transition bonds issued by the Development Bank of Japan, a first for a financial institution in Japan, as well as in blue bonds for Mitsui O.S.K. Lines based in part on international guidance, a world-first as part of the shipping industry.

We issued its own green bond through a domestic public offering, based on the Green Finance Framework we established and disclosed on January 31, 2024. The proceeds of the continual issuance were allocated toward the redemption of bonds related to investment and lending for Renewable Energy Power Generation Project through consolidated subsidiaries.

### **Green Bond Issuance**

November 2018: Total issuance of 10 billion yen February 2024: Total issuance of 10 billion yen

\* As of March 31, 2025

#### Main SDGs bonds underwriting

FY	Issuer	Type of Issue	Issue Amount
	FUJIFILM Holdings Social bonds (Bookrunner, SA)		Total 120.0 billion yen
2022	NEC Sustainability-linked bonds (Bookrunner, SA)		Total 110.0 billion yen
	KDDI	Sustainability bonds (Bookrunner, SA)	Total 100.0 billion yen

Message from Our strategy for Management Sustainability	Sustainability in Our Governance Social Business	Social Contribution Activities Environment Others
---	--	---

FY	Issuer	Type of Issue	Issue Amount	
2023	Republic of Indonesia	Samurai blue bonds (Lead manager)	20.7 billion yen	
	Kao	Sustainability-linked bonds (Bookrunner, SA)	25.0 billion yen	
	Japan Airlines	Transition bonds (Bookrunner)	20.0 billion yen	
	Japanese Government	Climate transition interest-bearing bonds (Contracted business*)	-	
2024	Mitsui O.S.K. Lines	Blue bonds (Bookrunner, SA)	20.0 billion yen	
2024	Central Nippon Expressway	Green bonds (Bookrunner, SA)	60.0 billion yen	
	Development Bank of Japan	Transition bonds (Bookrunner, SA)	10.0 billion yen	

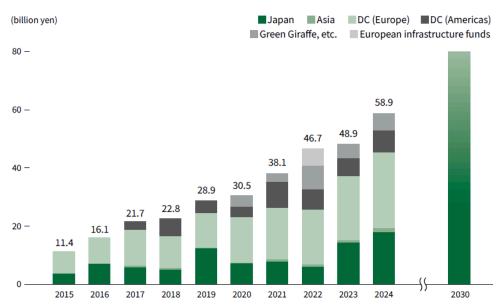
<sup>\*</sup> Contracted under the FY2023 Promoting Structural Transition Based on Decarbonization Measure Survey Project (survey regarding use of green transition bonds, etc.

## 2 Enhancing M&A advisory in the sustainability field

The Group is also strengthening M&A advisory services in the renewable energy sector through tie-ups with major European companies that are leading in this field. Specifically, we are accelerating our business development through a capital and business alliance with Green Giraffe, which runs a financial advisory business specialized for this field.

The overseas M&A business continues to grow steadily, with related revenue reaching 58.9 billion yen in FY2024. Looking ahead to FY2030, we aim to exceed 70 billion yen in revenue while expanding our global workforce from 700 to 900 employees.

## Trend in M&A-related Revenues



# ③ Development of products and services, and promotion of investment and lending focused on sustainability

The Group is strengthening development of products and services, and investment and lending focused on sustainability. Daiwa Asset Management provides investment trusts comprised of companies with initiatives to achieve ESG and SDG goals toward the transition to sustainable society. The "Decarbonization Technology Fund" (nickname: Carbon ZERO), with total net assets of 22.1 billion yen, is one of its core offerings.

A portion of its trust fees is donated to a tree-planting project led by the NPO Environmental Relations Research Institute. Trees are planted annually between May and June by local forestry cooperatives and are maintained for ten years. In 2024, 5,425 trees were planted across three locations, bringing the cumulative total to 21,529 trees across six regions in Japan.

The company won the Green Finance Governor's Special Award in the ESG Investment subcategory at the Tokyo Financial Award 2021, as well as the Chairman's Award (Bronze) at the 5th ESG Finance Awards Japan. In addition, Candriam, which provided the company with investment advice, was ranked No.1 out of approximately 600 asset management companies around the world in Switzerland's Herschel & Kramer Responsible Investment Brand Index 2023.

\* As of March 31, 2025

### Investment Objectives of the Decarbonization Technology Fund

#### 1. Focus on climate change mitigation technologies

Of the climate change countermeasures that will contribute to achieving decarbonization in 2050, we will selectively invest in companies that possess cutting-edge technologies for critical mitigation measures.

#### 2. Adoption of a carbon offset system

Calculating the carbon emissions of investee companies on a monthly basis, it uses a carbon offset mechanism to achieve net zero across the fund, thereby contributing to the carbon zero goal. Together with other supporting sales companies, including Daiwa Securities, we donate a portion of our trust fees to the "Forest for tomorrow, fostered together" tree-planting project.

#### 3. Meet strict sustainable finance disclosure standards

It is categorized as a "dark green" fund in meeting the strict standards of Article 9 of the EU's Sustainable Finance Disclosure Regulation (SFDR). According to a report by Morningstar, even in Europe the number of applicable funds is limited to 4%\*.

\* Morningstar Direct (as of December 31, 2022)

In March 2024, we have introduced ESG and SDGs analysis in the "Daiwa Future Designer" asset management planning tool.

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others

## ESG and SDGs Analysis in the Daiwa Future Designer

As global awareness of sustainability issues such as climate change and social inequality continues to grow, institutional investors, including financial institutions, incorporate sustainability data, such as ESG ratings, into their investment decisions to enhance performance.

Our ESG and SDGs analysis service, powered by MSCI, is the first of its kind in Japan to utilize the WealthBench™ portfolio risk analysis solution. It uses MSCI ESG Ratings to assess companies' sustainability efforts, evaluates company's initiatives across the 17 goals, and estimates portfolio emissions to assess its alignment with the global 2°C target (with an aspirational goal of 1.5°C) under the Paris Agreement\*. This enables investors to factor in corporate sustainability when selecting investments, with the potential to improve medium- to long-term portfolio performance.

\* The Paris Agreement aims to limit global warming to 2°C, with efforts toward 1.5°C. MSCI's ITR metric assesses portfolio alignment with the 1.5°C target.



\* A service developed for the Japanese market based on MSCI's WealthBench™ portfolio risk analysis solution, supporting clients from portfolio analysis and investment decision-making to ongoing monitoring.

## Sourcing and investment focused on sustainability

The Group promotes sourcing and investment focused on sustainability, particularly in the renewable energy field. Daiwa Energy & Infrastructure was established in July 2018 and took over the control of the energy investment function that had been undertaken by Daiwa PI Partners. Investments were previously made into the domestic renewable energy sector focused on solar power generation, but now the investment fields have been expanded to overseas renewable energy and infrastructure.

In FY2023, we acquired a stake in Aurora Infrastructure, which operates a power distribution business for the industrial sector in Finland, and secured multiple solar power projects in Australia through a partnership with ENECHANGE. We also incorporated CO2OS to strengthen solar facility development, assessment, maintenance and asset management, and invested in a battery storage facility in west Sapporo.

In FY2024, we co-invested in U.S. onshore wind and solar projects, expanded battery storage investments across Japan, the U.S., and Europe, and began investing in domestic data center infrastructure.

Message from / Our strategy for / Sustainability in Our / Gor Management / Sustainability / Business

Governance Social Social Contribution

Environment

Others





Madison solar PV site

Brazos onshore wind site

Furthermore, Daiwa Real Estate Asset Management provides investment opportunities for alternative assets such as ESG-friendly real estate. Daiwa Office Investment Corporation and Daiwa Securities Living Investment Corporation, to which Daiwa Real Estate Asset Management has entrusted asset management, are working to expand the supply of high environmental performance office buildings and superior, high-quality healthcare facilities by investing with funds raised from sustainable finance. It has also been entrusted with the management of solar power plants and biomass power plants, and has commenced management operations of the DSREF Amaterasu Core Fund, Investment Limited Partnership, a private placement fund established in September 2021 with the intent of investing in solar power projects by soliciting funding from institutional investors in Japan.

## Renewable Energy Power Plant Asset Management Track-record

**Number of deals**: 31 (Hokkaido, Tohoku, Hokuriku, Kanto, Chubu, Kansai, Chugoku, and Shikoku regions)

**Output**: Solar power plants approx. 294MW (excluding output from assets on land with leasehold interest)

Biomass power plants approx. 20MW

Balance of assets under management: approx. 108.7 billion yen

\* As of March 31, 2025



Kimitsu Minowa No. 2 Solar Power Plant

## ⑤ Providing sustainability-related solutions

In the research and consulting business of Daiwa Institute of Research, we are strengthening sustainability-related solutions.

We offer information and policy proposals on the effects of climate change on the economy and society and strengthen our consulting to establish management strategies and support projects to address climate-related risks including response to climate change, as we connect our efforts to enhancing our customers' corporate value.

## © Realizing carbon neutrality within our own operations

We formulated the <u>Net Zero Carbon Declaration</u> and are advancing efforts to realize carbon neutrality. For details, please refer to "<u>4. Strategy (6) Transition Plan to Realize Carbon Neutrality</u>".

Message from Management Our strategy for Sustainability in Our Governance Social Social Contribution Activities

| Social Contribution Activities | Social Contribution | Social

## 7 Strengthening engagement with stakeholders

The Group strengthens engagement with our shareholders including issuers and investors to help our customers' transition to decarbonization. For example, based on the <u>Environmental and Social Policy Framework</u>, in recognition of risks relating to our businesses that could have a significant negative impacts on the environment or society, we are advancing the appropriate policies through engagement with investees and lenders.

In addition, Daiwa Asset Management positions climate change as one issue of materiality and we conduct engagements with investee companies. The company has defined a vision for best-practice management to support sustainable corporate value growth and promotes its adoption through engagement activities. In 2024, 1,384 engagements were conducted, with 22.6% focused on ESG themes\*

\* Discussing multiple themes in a single meeting

## **Best Practice (Climate Change)**

- By formulating and analyzing climate change scenarios in line with the TCFD framework, the company identifies transitional risks, physical risks and business opportunities.
- The company implements quantitative monitoring of greenhouse gas emissions, emissions per unit of production, and the anticipated risks and opportunities.
- The company formulates a concrete roadmap and milestones for achieving carbon neutrality by 2050, and explains the progress made on an annual basis. It is also desirable that the company should set a goal of reducing emissions by at least 50% by 2030, in line with Daiwa AM's NZAMi\* intermediate goals.
- The company formulates and implements a business strategy that takes both risks and opportunities into account, and implements the summarizing and evaluation of activity implementation status.
- \* Net Zero Asset Managers initiative

## ® Involvement in rule making

The Group actively participates in various discussion forums and initiatives, both domestically and overseas in order to contribute to the realization of a sustainable society.

In recent years, amid progress in initiatives towards the formulation of sustainability disclosure standards, the Group's officers and employees have taken on active roles as a trustee of the IFRS Foundation, which includes the ISSB under its governance, and as a member of the Sustainability Standards Board of Japan (SSBJ), which formulates domestic sustainability disclosure standards. In addition, we contribute to various rule making through participation in the Partnership for Carbon Accounting Financials, which develops methods for measuring and disclosing GHG emissions through investment and loans and the GX League.

Daiwa Securities participated as a market maker in the Tokyo Stock Exchange's carbon credit market and was recognized as a "Good Market Maker" in FY2023 and FY2024 for contributing to liquidity and fair pricing in the renewable energy category.

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution



)thers











## (6) Transition Plan to Realize Carbon Neutrality

① Net Zero GHG Emissions within Our Own Operations by FY2030 (Scope 1 and Scope 2)

We promote to realize net zero GHG emissions within our own operations (Scope 1 and Scope 2) towards becoming carbon neutral by FY2030.

The trend in Scope 1 and Scope 2 is as follows. In terms of our specific initiatives, we will promote continuing our energy saving activities as well as shifting to renewable energy for electricity consumption.

We are currently implementing energy-saving technologies and systems at each office, improving energy efficiency, and will continue these efforts going forward.

Since April 2021, all group companies located in the headquarters have been using renewable energy by utilizing tracked non-fossil certificates. In January 2024, Daiwa Securities switched all domestic offices to renewable energy, followed by Daiwa Institute of Research in April 2024. We have set interim domestic targets for 2025 (Scope 1: 416t, Scope 2: 55t), which have been submitted to the GX League.

To achieve these targets, we will continue transitioning overseas offices to renewable energy and consider carbon credits for emissions that are difficult to reduce internally. We also use internal carbon pricing when selecting renewable electricity plans, comparing projected costs based on J-Credit prices\* with additional costs, using GHG reduction data from power providers.

\* 3,246 yen/t-CO<sub>2</sub> in FY2024

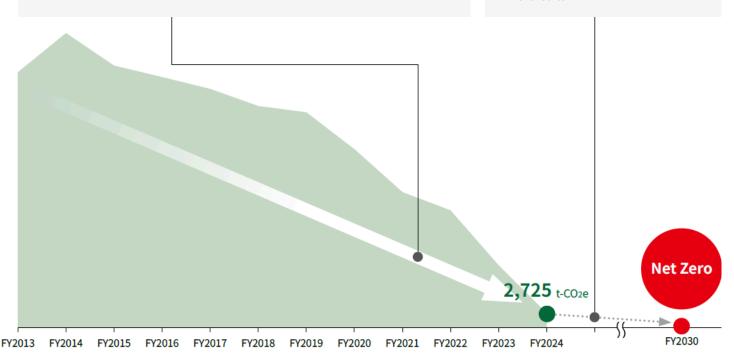
Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment Others

#### **Past Initiatives**

- Energy efficiency improvements
  - Equipment upgrades (e.g., air conditioning, LED)
  - Operational optimization
- Switching to renewable energy using tracked non-fossil certificates
  - Switching all domestic offices of Daiwa Securities and Daiwa Institute of Research to renewable electricity

#### **Future Initiatives**

- Continued efforts to improve energy efficiency
- Exploring renewable energy adoption at overseas offices
- Utilizing carbon offsets
  - Purchasing carbon credits such as J-Credits



- \*1. GHG emissions are calculated based on approximately 93% of employee-based locations.
- \*2. FY2024 results are presented using the market-based method. For location-based data, please refer to "6. Metrics and Targets (2) GHG Emissions (Scope 1 and Scope 2 and Scope 3)".

# ② Net Zero GHG Emissions within Our Investment and Loan Portfolios, etc. by 2050 (Scope 3)

Toward 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 entire supply chains. Financial institutions are particularly expected to manage Scope 3 Category 15 emissions, including financed emissions and facilitated emissions.

#### **Financed Emissions**

To reduce financed emissions, we are taking action in line with the following process.

Our strategy for Sustainability Sustainability in Our

Governance

Social /

Social Contribution

Environment

Others

### **Process of Reducing Financed Emissions**

Select preferred asset classes and sectors

Analyze sector characteristics and collection of data Examine methods for measuring and managing Set and disclose intermediate targets using SBT, etc. Formulate strategies and promote engagement

The Group joined PCAF and the PCAF Japan coalition in December 2021, and measures GHG emissions while utilizing PCAF's knowledge and database. For FY2023 results, the scope of measurement was expanded compared to previous fiscal years and was not limited to high-emitting sectors. In addition to Scope 1 and Scope 2, Scope 3 emissions were also measured for investees and lenders. In FY2023, we set interim targets for FY2030 targets for project finance in the power generation sector, which accounts for the largest proportion of emissions in our own investment and loan portfolios. Please refer to "6. Metrics and Targets" for details.

#### **Facilitated Emissions**

We are closely monitoring international developments regarding facilitated emissions and are coordinating with relevant departments to begin estimating them. In addition, Daiwa Securities actively promotes transition finance to support a decarbonized society and will continue to strengthen these efforts.

# ③ Supporting the Smooth Transition to a Carbon-neutral Society through Our Business Activities

As an integrated securities group, through our financial business, we will continue to support our customers' efforts toward decarbonization.

Please refer to "4. Strategy (5) Climate-related Strategies" for details.



> Climate-related Disclosures 2025 (PDF / 2.78MB / 59 pages)

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

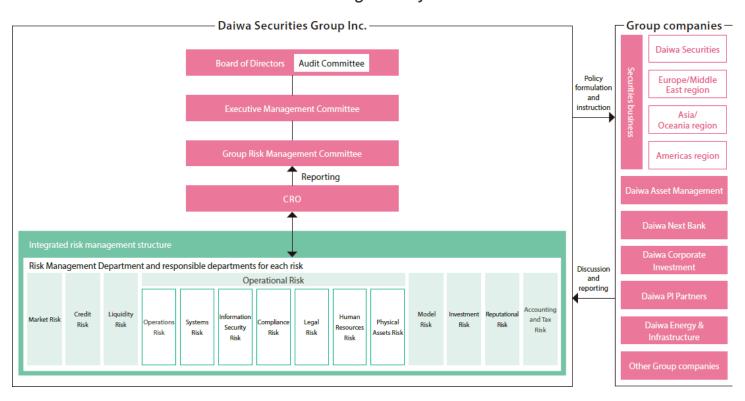
# 5. Risk Management

# (1) Climate-related Risk Management

## ① Overview of Risk Management

While the Group pursues profitability and growth, it also recognizes the importance of appropriately identifying, evaluating, and effectively managing various risks associated with its business operations. We are working to continuously improve our corporate value by maintaining a sound financial structure and earnings structure that properly balances risk and return and by appropriately managing risks that could materialize not only in the short term, but also in the medium to long term, such as climate-related risks.

## **Risk Management System**



Climate-related risks include not only climate phenomena, but also factors such as political and social responses and economic structures, which all interrelate. For example, the transition process to a decarbonized society includes effects to stocks and interest rates with changes in the overall economy (market risk). The transition also will affect the business and financial conditions of companies responding to climate change (credit risk), meaning climate-related risks could be a factor in inducing or increasing various

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Activities | Environment | Others

existing risks. As such, we consider the effects of climate-related risks in our existing risk management framework. The definitions and management processes of various risks are as follows.

#### Market Risk

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.

In addition, we conduct stress tests using shortened NGFS scenarios to assess the impact of climate-related risks on trading positions and will continue to refine our approach as necessary.

- \*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.

#### **Credit Risk**

Credit risk refers to the risk of losses caused in cases where a counterparty of a trade or the issuer of a financial product held by the Group suffers a default, or credibility deteriorates. The credit risk of the Group's trading activities involves counterparty risk and issuer risk.

As far as counterparty risk is concerned, the Group assigns an upper allowable credit amount for each counterparty group and monitors it on a regular basis. We also monitor the volume of risk for the issuer risk of financial instruments held for market-making.

Because the Group provides financial instruments, manages assets and makes investments, the Group is exposed to the risk that various instrument and transaction exposures concentrate on a specific counterparty. If the counterparty's credit situation worsens, the Group may incur significant losses. Therefore, the Group has established the upper limit on total exposure to any counterparty and periodically monitors such limit.

We will continue to enhance the assessment of climate-related risks associated with our exposure.

#### **Operational Risk**

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.

The Group classifies operational risks into the seven categories of operations risk, systems risk, information security risk, compliance risk (including conduct risk), legal risk, human resources risk, and physical assets risk, and monitors them by assigning departments responsibilities for individual risk.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities

Environment Others

Also, we have formulated a BCP to prioritize the resumption and continuation of critical operations in the event of disruptions caused by earthquakes, fires, wind and flood damage, abnormal weather, terrorism, large-scale blackouts, or major infectious diseases affecting our headquarters, branches, or data centers. This plan ensures the safety of customers and employees, asset protection, and the continuation of essential operations\*. Specifically, we have established a top-tier backup center and a system to maintain critical operations at alternative offices if headquarters functions are disrupted. In Addition, when developing new products, we assess their appropriateness from an ESG perspective.

\* The essential operations include: (1) Market settlement of already contracted but unsettled transactions, (2) Withdrawal operations, (3) New order processing for selling and redeeming products (domestic listed stocks, MRF, government bonds for individuals, and ordinary deposits), and customer orders for selling and covering margin trades.

#### **Reputational Risk**

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.

We will continue to advance the analysis of potential impacts of climate-related risks on our reputation.

# ② Climate-related Risks in the Risk Appetite Framework

Globally active financial institutions are required to ensure sufficient soundness to exercise their financial intermediary capabilities even in times of economic or market stress. In addition, the Group is required to ensure it has more sufficient liquidity and equity capital commensurate with these risks than usual in order to be adequately prepared during times of stress. Under this environment, the Group has introduced a risk appetite framework (RAF). The Group's RAF has been documented in our Risk Appetite Statement, which the Board of Directors has deliberated and decided on, and we are working to spread this Group-wide while raising the level of its management system. The quantitative risk appetite index is a topic of discussion and determination by the Board of Directors as part of the Risk Appetite Statement and reviewed twice yearly. RAF-related audits of the Board of Directors and management business execution are conducted by the Audit Committee.

Climate-related risks have been included in this statement since FY2021. With this inclusion, climate-related risks are properly identified, assessed, and effectively monitored based on their risk profile.

Social

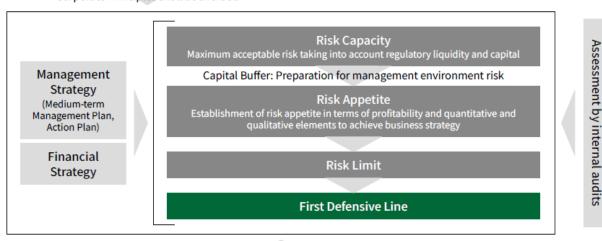
Others

#### **RAF Concept Chart**

Corporate Principles: Building trust, placing importance on personnel, contributing to society, maintaining healthy earnings results

Social Role: Realization of a fair and transparent market

Risk Culture: Risk-taking that contradicts the Corporate Principles shall be avoided



Governance System / Management Information System

# (2) Environmental and Social Policy Framework

To strengthen our management system for environmental and social risks, including preserving the global environment and biodiversity and protecting human rights, the Group has formulated the <u>Environmental and Social Policy Framework</u>. This framework covers new investments, loans, and underwriting of bonds and stocks issuance and defines businesses for which the financing is prohibited and restricted.

When providing new financing, we carry out initial ESG due diligence on the eligible projects. If it is deemed that additional confirmation is required as a result of the assessment, enhanced ESG due diligence is implemented to determine whether or not to provide financing. Where carrying out the project in question could risk severely damaging the Group's corporate value, additional discussions are held by the executive management to make a final decision on financing.

Furthermore, even after executing new investments and loans, we conduct regular screening for child labor, forced labor, and human trafficking at our investees and lenders.

If such practices are identified, we demand through dialogue that they are corrected and their recurrence prevented, and we carefully consider whether to continue investment. This framework will be reviewed regularly based on trends in Japan and overseas.

Social

Others

# Revision of Environmental and Social Policy Framework

Date	Summary	
June 2021	Formulated the Environmental and Social Policy Framework.	
December 2021	panded the scope to underwriting of bond and equity issuances.	
December 2022	Tightened policies on palm oil plantation development projects, deforestation-related projects, coal mining projects, and oil & gas development projects.	
December 2023	Tightened policies on human rights and supply chain management.	
December 2024	Strengthening of coal mining policy and enhancement of human rights practices.	

# Summary of Environmental and Social Policy Framework (Climate Change)

Restricted Business	Policies
Coal-fired power generation	We prohibit any financing where the use of proceeds is directed toward the new construction of coal-fired power generation and the expansion of existing facilities.  Regarding the underwriting of bonds and stocks issuance, however, issuers that announce a target for net zero 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.
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/human trafficking, or whether appropriate measures are taken to prevent them. We will utilize these results in making decisions. 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 our clients to obtain certification. We will encourage our clients to make environmental and human rights policies such as NDPE (No Deforestation, No Peat and No Exploitation) or other compatible policies.  Regarding new investments and loans, we will encourage our clients to enhance their supply chain management and traceability to ensure that similar initiatives will also apply to their supply chain.
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 our 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.  Regarding new investments and loans, we will encourage our clients to enhance their supply chain management and traceability to ensure that similar initiatives will also apply to their supply chain.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities

Restricted Business	Policies
Coal mining	We prohibit any financing where the use of proceeds is directed toward projects using the mountaintop removal (MTR) method, the new development of thermal coal mining, the expansion of existing thermal coal mining and the new development and expansion of infrastructure dedicated to thermal coal mining. Regarding the underwriting of bonds and stocks issuance, however, issuers that announce a target for net zero GHG emissions by 2050 may be considered on a case-by-case basis. 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.
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.
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.

 1. Introduction
 2. Overview of Sustainability Strategy
 3. Governance
 4. Strategy

 5. Risk Management
 6. Metrics and Targets
 7. Response as an Asset Manager
 8. Appendix

> Climate-related Disclosures 2025 (PDF / 2.78MB / 59 pages)

Others

Environment

# 6. Metrics and Targets

# (1) Metrics and Targets

We established sustainability KPIs in FY2024 as part of the Medium-term Management Plan "Passion for the Best" 2026.

## **Metrics and Targets**

Climate-related KPIs		FY2026 Targets	FY2024 Results*1	Strategic Initiatives	
	GHG emissions (our own operations*2)	Consolidated	Net Zero (FY2030)	<b>2,725</b> t-CO <sub>2</sub> e	Realizing carbon neutrality within our own operations
Group KPIs	GHG emissions (investment portfolio*3)	Consolidated	<b>186~255</b> (FY2030)	<b>243</b> g-CO <sub>2</sub> e/kWh	Realizing carbon neutrality within our own operations
	SDGs bond league table	GIB	In the top <b>2</b> (FY2026)	<b>1</b> st	Promoting sustainable finance

Our strategy for Sustainability Sustainability in Our Business Governance

Social

Social Contribution Activities Environment

Others

	Climate-related KPIs		FY2026 Targets	FY2024 Results*1	Strategic Initiatives
	Green building certification ratio (DOI / DLI / DLP*4)	Daiwa Real Estate Asset Management	DOI: <b>65</b> % DLI: <b>20</b> % DLP: <b>25</b> %	DOI: <b>67.5</b> % DLI: <b>23.2</b> % DLP: <b>37.6</b> %	Sourcing and investment focused on sustainability
	Renewable energy switching rate for offices and data centers	Daiwa Institute of Research	100%	100%	Realizing carbon neutrality within our own operations
Other	Number of customers who have purchased sustainability- related products	WM	Continuously expand	<b>59,035</b> accounts	Development of products and services, and promotion of investment and lending focused on sustainability
Sustainability KPIs	Ranking of GX Transition Bond Primary Dealer Bids	GM	In the top $oldsymbol{3}$	<b>1</b> st	Promoting sustainable finance
	Sustainability- related investment balance	Daiwa Energy & Infrastructure	<b>180</b> billion yen	<b>131.8</b> billion yen	Sourcing and investment focused on sustainability
	ESG investment balance	Daiwa Next Bank	<b>100</b> billion yen	<b>120.9</b> billion yen	Development of products and services, and promotion of investment and lending focused on sustainability

<sup>\*1.</sup> As of March 31, 2025

# (2) GHG Emissions (Scope 1 and Scope 2 and Scope 3)

Under the <u>Net Zero Carbon Declaration</u>, the Group aims to achieve net zero GHG emissions within our own operations by FY2030 (Scope 1 and Scope 2). We monitor GHG emissions every year to achieve these targets.

For detail, please refer to "Appendix 2. Scope of Aggregation and Calculation Method for GHG Emissions".

<sup>\*2.</sup> Total of Scope 1 and Scope 2 (market-based)

<sup>\*3.</sup> FY2023 result. The targets cover project finance in the power generation sector. Include some estimated values.

<sup>\*4.</sup> DOI: Daiwa Office Investment Corporation, DLI: Daiwa Securities Living Investment Corporation, DLP: Daiwa Securities Logistics Private Investment Corporation

#### **GHG Emissions**

(t-CO<sub>2</sub>e)

	Scope		
Scope1		841	
Scope2	Market-based	1,884	
	Location-based	25,033	
Scope3	Category6: Business travels	1,002	
	Category7: Commuting	1,860	
	Category8: Leased cars	1,411	

<sup>\*</sup> Third-party assurance will be obtained in August 2025.

# GHG Emissions within Our Investment and Loan Portfolios

To lay out a concrete path toward our goal of Net zero GHG emissions within our investment and loan portfolios, etc. by 2050 (Scope 3) set forth in the Declaration, we set interim targets up to FY2030 for project finance in the power generation sector, which accounts for the largest proportion of emissions in our own investment and loan portfolios.

#### FY2023 Results

For FY2023 results, the scope of measurement was expanded compared to previous fiscal years and was not limited to high-emitting sectors. In addition to Scope 1 and Scope 2, Scope 3 emissions were also measured for investees and lenders.

## **Scope of Measurement**

- Sectors: All sectors
- Asset classes: Listed equity (including REIT), unlisted equity (including REIT), corporate bonds, commercial real estate, business loans, project finance
- \* Subjects are Daiwa Securities Group Inc.'s invested companies, the assets (own holdings, excluding unlisted stocks via funds) managed by the Asset Management Division and companies managed by Daiwa Next Bank, Ltd.
- \* Not applicable for commercial real estate and business loans. In addition, for other asset classes, if there is no subject, a hyphen will be displayed, and if the number will be rounded down, 0 will be displayed.
- \* Some estimates are based on the PCAF Database. (excluding subjects that cannot be referenced in the Database)

Others

# FY2023 Results

(t-CO<sub>2</sub>)

						Scope	
		Listed equity (including REIT)	<b>Unlisted equity</b> (including REIT)	Corporate bonds	Project finance	1 and Scope 2	Scor 3
Power Generation	ı	56,675	0	166,683	397,634	620,993	175,0
	(Air)	40,091	-	-	-	40,091	8,6
Transportation	(Maritime)	429	-	-	-	429	5
	(Land)	105	0	0	-	105	
Metal & metal pro	ducts*1	1,984	14,426	-	-	16,410	14,3
Chemicals		239	2,507	0	-	2,746	4,
Real Estate		1,204	397	10	-	1,611	2,9
Automobile Manu	facturing	37	-	656	-	692	13,
Packaged Food ar	nd Meats	532	-	-	-	532	
Paper and Forest	Products	332	-	-	-	332	
Oil and Gas		267	-	0	-	267	
Capital Goods*2		152	-	0	-	152	18,0
Coal		57	-	-	-	57	
Steal		45	-	0	-	45	
Aluminum		24	-	-	-	24	
Agriculture		22	-	-	-	22	
Construction Mate	erials	11	-	-	-	11	
Beverages		3	-	0	-	3	
Cement		-	-	-	-	-	
Others		3,426	45	183	-	3,654	24,0
Total		105,638	17,374	167,532	397,634	688,178	263,4

<sup>\*1.</sup> Excluding steel and aluminum

<sup>\*2.</sup> Buildings etc.

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Activities | Environment | Others

#### **Progress Toward Interim Targets**

In FY2023, we set interim targets up to FY2030 for project finance in the power generation sector, which accounts for the largest proportion of emissions in our own investment and loan portfolios.

To support increasing electricity demand while advancing the transition to clean energy, we use emissions intensity (GHG emissions per unit of power generated) as a measurement indicator. The targets are set based on the IEA's NZE and APS scenarios, aligned with the 1.5° goal and well below the 2° threshold of the Paris Agreement.

The FY2023 results were lower than those of FY2022\* due to improved power generation efficiency among investment and loan recipients, as well as progress in renewable energy investments and loans. Measurement of investment and loan portfolio emissions is still in the development stage, and measurement results may be significantly affected by revisions to estimation methods, etc.

Going forward, we will strengthen engagement with investees and expand renewable energy financing to achieve our targets. For details, please refer to "Measures to achieve net zero GHG Emissions within Our Investment and Loan portfolios".

#### Emissions from Project Finance in Power Generation Sector (Scope 1)

FY2023 Results*				
Total emissions	387,431 t-CO <sub>2</sub> e			
Emission Intensity (g- CO <sub>2</sub> e/kWh)	243 g-CO <sub>2</sub> e/kWh			
PCAF Score	Average PCAF score 2.73			

Interim Targets for FY2030			
Metric	Emission intensity (g-CO <sub>2</sub> e/kWh)		
Target Value	186∼255 g-CO₂e/kWh		
Reference Scenarios	IEA NZE • APS		

# (3) Carbon-intensive Assets

As the global economy advances toward decarbonization, carbon-intensive assets are increasingly exposed to financial and reputational risks. Climate-related scenario analysis suggests that such assets may be subject to material financial impacts over the medium to long term.

In line with the TCFD supplementary guidance, we disclose the balance of carbon-intensive assets as an indicator of exposure to transition risks. As of December 2024, the balance amounted to approximately 550 billion yen, representing 32.3% of total assets, based on our consolidated financial statements.

We will continue to monitor these assets and work toward their gradual reduction over time.

<sup>\*</sup> FY2022 results were 379 g-CO<sub>2</sub>e/kWh

<sup>\*</sup> Some calculations are based on estimated values.

Our strategy for Sustainability Sustainability in Our

Governance

Social Contribution

Environment

thers

#### **Breakdown of Carbon-intensive Assets**

Category	Investment and Capital	Daiwa Next Bank CLO	Daiwa Securities LMS	Total
Energy	10%	5%	0%	15%
Transportation	1%	6%	1%	8%
Materials and Construction	51%	21%	2%	73%
Agriculture, Food, and Forestry	0%	4%	0%	4%
Total	62%	36%	3%	100%

<sup>\*1.</sup> Scope: Investment and capital, Daiwa Next Bank CLO, and Daiwa Securities LMS.

# (4) Executive Remuneration

Remuneration of Directors and Corporate Executive Officers consists of Base remuneration, Stocklinked remuneration and Performance-linked remuneration, and determined at the Compensation Committee.

We refer to KPIs, which are set as the Group numerical goals in the Medium-term Management Plan "Passion for the Best" 2026 to calculate Performance-linked remuneration. These KPIs include SDGs bond league table and GHG emissions targets.

The performance assessments used in calculating Performance-linked remuneration reflect the financial performance evaluation, which is based on the Performance KPIs using the financial information and the quality evaluation, which is a comprehensive assessment of the KPIs other than the Performance KPI. 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 by the performance evaluation, and reflecting the degree of individual contribution.

<sup>\*2.</sup> Water utilities, independent power producers, and renewable energy are excluded from the energy category

 $\pm$ 

Others

# **Evaluation System for Performance-linked Remuneration**

Financial Performance Evaluation (100)	
--	--

Category	КРІ	Points	Reference Value
	Consolidated ROE	40	10%
Performance	Consolidated ordinary income	40	¥240 billion
	Base Income	20	¥150 billion

KPI	Reference Value	Results
		9.8%
		¥224.7 billion
		¥137.5 billion
Assets under custody	¥120 trillion	¥90.2 trillion
Stock-related assets	¥13.6 trillion	¥9.8 trillion
AUM of the Assets Management Division	¥44 trillion	¥34.9 trillion
Number of value created digital projects	10	2
Number of digital project trials	50	45
SDG-related bond league table	In the top 2	1st
Engagement survey score	80% or higher	81%
Our own GHG emissions	Net zero by FY2030	-
Investment funding portfolio GHG emissions	186~255 g-CO <sub>2</sub> /kWh	-

Client assets

Digital

Others

Social /

Social Contribution Activities

Environment

Compensation by Type of Officer, Remuneration, and Number of Eligible Officers

	Total		Value of cor	npensation	, etc., by type (millio	ns of yen)		
Type of	Compensation,	Door	Charle	Pe	erformance-linked Re	emuneration		Recipients
Officer	etc. (millions of yen)	Base (persons) Remuneration	Stock Remuneration I	Cash	Stock Remuneration II	Stock Remuneration III	Retirement bonus	(persons)
Directors	66	57	8	-	-	-	-	3
Corporate executive officers	1,777	517	157	852	182	67	-	12
Outside directors	139	130	8	-	-	-	-	8

<sup>\*</sup> Five directors also served as corporate executive officers; their total compensation is included in the corporate executive officers category.

<sup>\*</sup> Performance-linked compensation reflects the amount scheduled for the current fiscal year.



<sup>&</sup>gt; Climate-related Disclosures 2025 (PDF / 2.78MB / 59 pages)

Our strategy for Sustainability Sustainability in Our

Governance

Social Contribution

Environment

Others

# 7. Response as an Asset Manager

The Group's Asset Management Division comprises Daiwa Asset Management, which handles securities asset management, and Daiwa Real Estate Asset Management (including Daiwa Office Investment Corporation), which handles real estate asset management. Both companies are committed to realizing a carbon-neutral society through their businesses.

# (1) Daiwa Asset Management

# **1** Governance

Daiwa AM addresses ESG issues, including climate-related risks, in accordance with our General Policy on Stewardship Activities, which has been decided on by our Stewardship Committee, and with our ESG Investment Policy, which incorporates sustainability considerations. Related activities and policies are deliberated on and monitored by the Stewardship Committee. The Stewardship Committee reports to the Board of Directors on monitoring status in relation to the TCFD.

Framework

# Board of Directors Stewardship Committee Acting entities (fund managers, analysts, stewardship team, etc.)

# ② Strategy

The climate-related risks and opportunities are reflected in Daiwa AM's corporate value assessment model, and are utilized in the selection of investee companies. We also aim, through our engagement activities, to guide companies toward a focus on decarbonization and nature-positive management, so as to enhance investee companies' corporate value. Particularly in regard to climate change, we perform scenario analysis using indicators that include conditional value at risk (CVaR) to verify portfolio risk and resilience.

#### Reflecting identified climate-related risks and opportunities in the corporate value assessment model

Transitional risks	Regulatory risk Technology risk  Market risk Reputational risk	Stricter environmental regulation Falling behind the progress being made in technology, in terms of renewable energy, etc. Changes in demand for petrochemical assets, etc. Becoming less highly valued and more negatively judged by consumers	Reflection ass
Physical risks	Acute risk Chronic risk	Risk relating to floods, typhoons, etc.  Risk relating to changes in long-term climate patterns	n in the corpor
Opportunities	Resource efficiency Energy sources Products and services Resilience	Increased demand for recycling technology, etc. Increased demand for renewable energy, etc. Increased demand for products, etc. with a smaller environmental footprint Energy diversification aimed at achieving greater resilience	rate value del

#### **Products**

The company offers various investment trusts aimed at achieving a decarbonized society. For details, please refer to "4. Strategy (5) Climate-related Strategies ③ Development of products and services, and promotion of investment and lending focused on sustainability".

## **Engagement**

The company identifies climate change as one of its material issues and engages with investee companies. For details, please refer to "4. Strategy (5) Climate-related Strategies ? Strengthening stakeholder engagement".

# ③ Risk Management

Daiwa AM uses information disclosed by companies, data from external vendors, the research and engagement conducted by Daiwa AM itself, and dialog with companies, to monitor the climate-related risks and opportunities for investee companies. Daiwa AM has also put in place a framework for utilizing external vendors' data as a basis for measuring the greenhouse gas emissions of the investee companies in our portfolio, and conducting climate change risk scenario analysis, and monitors and manages risk through periodic analysis.

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment Others

# Metrics and Targets

As GHG emissions indicators, we perform monitoring and analysis of total  $CO_2$  emissions by fund and by asset class, and of carbon footprint, carbon intensity, etc. On the basis of this data and our own original research, we undertake engagement activities with companies to encourage proactive decarbonization.

#### Analysis of the main indicators relating to total CO<sub>2</sub> emissions

Daiwa AM has compared the total carbon emissions, carbon footprint, and weighted average carbon intensity for each of the asset classes that we invest in against the respective benchmarks for each class. The carbon footprint is an indicator measuring emissions in relation to portfolio size (market capitalization), while carbon intensity is an indicator measuring carbon emissions of investee companies per unit of sales. For each of these, climate change risk management is performed appropriately by implementing analysis and monitoring. As shown in the table on the next page, Scope 3 emissions were categorized as upstream or downstream, and the relevant emissions for each were calculated. Daiwa AM is striving to promote the decarbonization of its entire supply chain, by establishing a detailed understanding of the total carbon emissions of our investee companies, including Scope 1, Scope 2, and Scope 3 emissions, with a particular emphasis on Scope 3, and making effective use of this information in engagement activities with investee companies.

Carbon footprint and weighted average carbon intensity for overseas equities were found to exceed the benchmark values. This was attributable to having the stocks of Indian corporations accounting for a sizeable share of the investment portfolio. In the case of Japanese corporate bonds, although the carbon footprint was affected by the inclusion in the portfolio of the corporate bonds of electric power companies at a weight higher than the benchmark, the disparity with the benchmark was smaller than in the previous year, and there was also a fall in weighted average carbon intensity, so an improvement could be seen. Going forward, we will continue to utilize engagement activities, etc. to encourage investee companies to implement measures in relation to climate change.

For details, please refer to the "Sustainability Report 2024 📙 ."

Others

## Portfolios' total carbon dioxide emissions

Scope 1, 2 (tons of CO<sub>2</sub> equivalent)

	V						
	Daiwa AM	Benchmark	Disparity				
Domestic stocks	6,225,937	7,275,447	-14%				
Overseas stocks	961,975	732,306	31%				
Domestic corporate bonds	161,159	81,818	97%				
Overseas corporate bonds	62,161	169,474	-63%				
Total	7,411,231	8,259,044	-10%				

Scope 3 Upstream

Social

(tons of CO<sub>2</sub> equivalent)

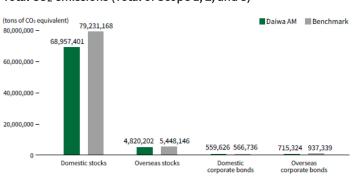
	Daiwa AM	Benchmark	Disparity
Domestic stocks	20,538,700	22,396,744	-8%
Overseas stocks	1,164,744	1,320,133	-12%
Domestic corporate bonds	191,932	162,889	18%
Overseas corporate bonds	198,270	238,558	-17%
Total	22,093,646	24,118,323	-8%

#### Scope 3 Downstream

## (tons of CO<sub>2</sub> equivalent)

	Daiwa AM	Benchmark	Disparity
Domestic stocks	42,192,765	49,558,978	-15%
Overseas stocks	2,693,483	3,395,708	-21%
Domestic corporate bonds	206,535	322,029	-36%
Overseas corporate bonds	454,892	529,307	-14%
Total	45,547,675	53,806,022	-15%

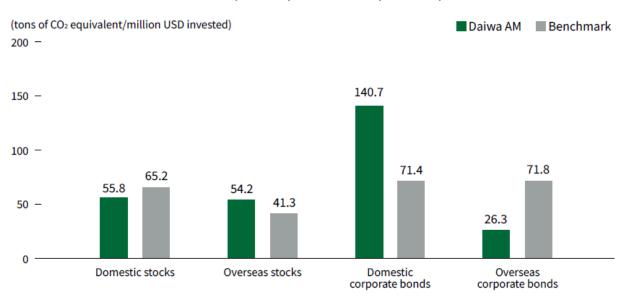
# Total CO<sub>2</sub> emissions (Total of Scope 1, 2, and 3)



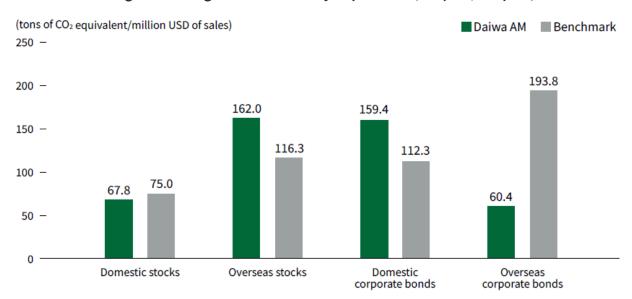
- \*1. Benchmarks: Domestic stocks: TOPIX (with dividends included) Overseas stocks: MSCI ACWI ex Japan Index Domestic corporate bonds: Bloomberg Asian-Pacific Japan Corporate TR Index Value Unhedged JPY Overseas corporate bonds: Bloomberg Global Aggregate ex-JPY-Corporate TR Index Unhedged USD
- \*2. Source: Some information is derived from ©2025 MSCI ESG Research LLC. Reproduced by permission

Social

# Carbon footprint of portfolio (Scope 1, Scope 2)



# Weighted average carbon intensity of portfolio (Scope 1, Scope 2)



- \*1. The benchmarks used were the same as those used in the previous section for portfolio's total carbon dioxide emissions.
- \*2. Source: Some information is derived from ©2025 MSCI ESG Research LLC. Reproduced by permission.

Others

# (2) Daiwa Real Estate Asset Management

# 1 Governance

The Asset Manager has established the Climate Change and Resilience Policy, the policy for responding to climate-related risks and opportunities and working to make business and strategy resilient to climate-related issues. In accordance with the policy, Chief Climate-Related Issues Officers (general managers of departments engaged in sustainability promotion) make regular reports to the Chief Executive Officer for Climate-Related Issues (President and Representative Director) at Sustainability Promotion Committee meetings. The reports cover matters related to responses to climate change, including identification and evaluation of impacts of climate change, management of risks and opportunities, progress of initiatives for adaptation and mitigation, and indicator and target setting. The Sustainability Promotion Committee deliberates and discusses issues related to climate change, after which the Chief Executive Officer for Climate-Related Issues makes final decisions.

Under this system, climate-related issues are supervised by the President and Representative Director.

# 2 Strategy

To factor climate-related risks and opportunities into the Investment Corporation's real estate management business, the Asset Manager conducted a scenario analysis, using a 1.5°C /2°C scenario and a 4°C scenario. For each scenario, the Asset Manager classified the financial impacts of identified risks and opportunities into short-term, medium-term and long-term impacts and examined relative scales of impacts on the Investment Corporation. Shown below are medium-term and long-term risks from climate change that have a certain degree of financial impacts.

# Financial Impacts in the Scenario Analysis (DOI)

						Financia	al Impacts		
Cfical	assition	Risk and Opportunity Factors in Real Estate Management	Potential Financial Impacts	Category		4°C	1.5*	C/2*C	Countermeasures
					Mid Term	Long Term	Mid Term	Long Term	
		Stricter regulations against GHGemissions due to an introduction of carbon tax	Increased tax burden due to the introduction of carbon tax, depending on the volume of GHGemissions from properties	Risk	Small	Small	Medium	Large	
	Policy and Lega	Stricter energy-saving standards, obligation to report emissions	Increased renovation costs due to raised energy-saving standards     Increased business expenses related to emissions reporting	Risk	Small	Small	Large	Large	<ul> <li>Introduction of energy management systems and renewable energy</li> <li>Planned reduction of energy consumption/GHGemissions at portfolio properties</li> <li>Improvement in GHGemissions through strategic replacement/renovation of</li> </ul>
	egal	Enhanced competitiveness of properties that comply with legal regulations	Increased rent income from portfolio properties with high environmental performance     Decreased utility bills thanks to improved energy efficiency	Opportunity	Small	Small	Medium	Medium	properties  • Increase in environmental certification acquisition rates
	Technology	Advancement and spread of energy-saving and renewable	Increased renovation costs due to the introduction of new technologies	Risk	Small	Small	Large	Large	Introduction of cutting-edge technologies
Fransition	ology	energy technologies	Decreased utility bills thanks to better energy-saving performance	Opportunity	Small	Small	Medium	Medium	Planned renovation works     Promotion of transition to power derivedfrom renewable energy
on Risks and Opport		Fluctuations in properties' asset value depending on environmental performance	Fluctuations in portfolio properties' asset value depending on environmental certification acquisition rates     Fluctuations in rent income depending on the proportion of portfolio properties with high environmental performance	Risk	Small	Small	Large	Large	Increase in environmental certification acquisition rates     Promotion of transition to power derived from renewable energy     Sufficient information disclosure about portfolio properties' environmental
inities	Market		Decreased utility bills thanks to better energy-saving performance	Opportunity	Small	Small	Medium	Medium	performance
		Changes in the stances of investors/lenders/tenants on	Fluctuations in reputation from ESG-conscious investors and lenders     Fluctuations in ESG-conscious tenants' demand for moving in and out	Risk	Small	Small	Large	Large	Appropriate disclosure of ESG-related information, including that on climate change
		investment and lending	Better/Worse terms and conditions in financing from financial institutions, etc.	Opportunity	Small	Small	Medium	Medium	Higher ratings in ESGassessments by external institution     Reduction of financing costs through the use of sustainability finance
	Reputation	Decline in reputation from investors and customers	Decreased investment unit prices/Lower ESG railings     Decreased profitability of properties with low environmental performance/resilience	Risk	Small	Small	Medium	Large	Appropriate disclosure of ESG-related information, including that on climate change     Stronger stakeholder engagement in the ESGarea     Continuous improvement of environmental performance/ Continuous acquisition of environmental certifications
Phys	Acute	Increased loss due to intensifying storm and flood damage	Increased repair costs and insurance premiums     Decreased rent income due to lower occupancy rates	Risk	Small	Medium	Small	Small	Risk comprehension using hazard maps, etc. Portfolio of highly resilient properties Upgrading of facilities to install high-efficiency air conditioning systems, introduction of energy management systems.
Physical Risks	Chronic	Increased damage from rise in average temperature/sea level	Loss of business opportunities/increased business continuity risks     Increased renovation costs to protect portfolio properties from water intrusion, damage, destruction, etc.	Risk	Small	Small	Small	Small	introduction or energy management systems  Implement energy saving initiatives in corporation with tenants, including green leases  Enhancement of BCPmeasures  Promotion of greening at portfolio properties

Social

# Financial Impacts in the Scenario Analysis (DLI)

						Financia	l Impacts		
Cficala	ssition	Risk and Opportunity Factors in Real Estate Management	Potential Financial Impacts	Category	4	rc	1.5	C/2°C	Improvement in GHGemissions through strategic replacement/renovation of properties Increase in environmental certification acquisition rates Introduction of cutting-edge technologies Planned renovation works Promotion of transition to power derivedfrom renewable energy Increase in environmental certification acquisition rates Promotion of transition to power derivedfrom renewable energy Sufficient Information disclosure about portfolio properties' environmental performance  Appropriate disclosure of ESGrelated information, including that on climate change Higher ratings in ESG assessments by external institution
					Mid Term	Long Term	Mid Term	Long Term	Introduction of energy management systems and renewable energy  Janned reduction of energy consumption/GH-Genissions at portfolio properties my provenent in GH-Genissions through strategic replacement/renovation of properties in GH-Genissions through strategic replacement/renovation of properties in crease in environmental certification acquisition rates  Planned renovation works  Promotion of transition to power derivedfrom renewable energy  Stransition of transition to power derivedfrom renewable energy  Stransition for transition to power derivedfrom renewable energy  Stransition for transition to power derivedfrom renewable energy  Stransition for stransition stransition f
		Stricter regulations against GHGemissions due to an introduction of carbon tax	Increased tax burden due to the introduction of carbon tax, depending on the volume of GHGemissions from properties	Risk	Small	Small	Medium	Medium	
	Policy and Legal	Stricter energy-saving standards, obligation to report emissions	Increased renovation costs due to raised energy-saving standards     Increased business expenses related to emissions reporting	Risk	Small	Small	Medium	Medium	Planned reduction of energy consumption/GHGemissions at portfolio properties     Improvement in GHGemissions through strategic replacement/renovation of
	egal	Enhanced competitiveness of properties that comply with legal regulations	Increased rent income from portfolio properties with high environmental performance     Decreased utility bills thanks to improved energy efficiency	Opportunity	Small	Small	Small	Medium	properties  Increase in environmental certification acquisition rates
	Techr	Advancement and spread of energy-saving and renewable	Increased renovation costs due to the introduction of new technologies	Risk	Small	Small	Medium	Medium	Introduction of cutting-edge technologies
Transition	Technology	energy technologies	Decreased utility bills thanks to better energy-saving performance	Opportunity	Small	Small	Medium	Medium	Planned renovation works     Promotion of transition to power derivedfrom renewable energy
on Risks and Opportunities		Fluctuations in properties' asset value depending on environmental performance	Fluctuations in portfolio properties' asset value depending on environmental certification acquisition rates     Fluctuations in rent income depending on the proportion of portfolio properties with high environmental performance	Risk	Small	Small	Medium	Medium	Increase in environmental certification acquisition rates     Promotion of transition to power derivedfrom renewable energy     Sufficient information disclosure about portfolio properties' environmental
nities	Market		Decreased utility bills thanks to better energy-saving performance	Opportunity	Small	Small	Small	Medium	performance
		Changes in the stances of investors/lenders/tenants on	Fluctuations in reputation from ESGconscious investors and lenders     Fluctuations in ESGconscious tenants' demand for moving in and out	Risk	Small	Small	Medium	Medium	Appropriate disclosure of ESGrelated information, including that on climate change
		investmentand lending	Better/Worse terms and conditions in financing from financial institutions, etc.	Opportunity	Small	Small	Small	Medium	Higher ratings in ESG assessments by external institution     Reduction of financing costs through the use of sustainability finance
	Reputation	Decline in reputation from investors and customers	Decreased investment unit prices/Lower ESG ratings     Decreased profitability of properties with low environmental performance/resilience	Risk	Small	Small	Medium	Medium	Appropriate disclosure of ESGrelated information, including that on climate change     Stronger stakeholder engagement in the ESG area     Continuous improvement of environmental performance/ Continuous acquisition of environmental certifications.
Phys	Acute	Increased loss due tointensifying storm and flood damage	Increased repair costs and insurance premiums     Decreased rent income due to lower occupancy rates	Risk	Medium	Medium	Small	Small	Risk comprehension using hazard maps, etc. Portfolio of highly resilient properties Upgrading of facilities to install high-efficiency air conditioning systems,
Physical Risks	Chronic	Increased damage from rise in average temperature/sea level	Loss of business opportunities/Increased business continuity risks     Increased renovation costs to protect portfolio properties from water intrusion, damage, destruction, etc.	Risk	Small	Small	Small	Small	introduction or energy management systems  Implement energy saving initiatives in corporation with tenants, including green leases  Enhancement of BCP measures  Promotion of greening at portfolio properties

# ③ Risk Management

The Investment Corporation's Climate Change and Resilience Policy sets out processes to identify, assess, and manage the impacts of climate change risks and opportunities on the corporation's management activities, strategies, financial plans, etc.

- Chief Climate-Related Issues Officers summarize climate-related risks and opportunities and report the progress to the Sustainability Promotion Committee, in principle, once a year.
- The Sustainability Promotion Committee continuously identifies, assesses, and manages climate change risks and
  opportunities that are important to the business and financial plans and affect the asset management operations of the
  Investment Corporation. Based on the above reports, the committee prioritizes issues of strategic importance to the
  business
- The Chief Executive Officer for Climate-Related Issues instructs to factor important climate-related risks with high priority, which have been deliberated by the Sustainability Promotion Committee, into the existing company-wide risk management program. The risk identification, assessment, and management processes are thus integrated.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities

Environment Others

# 4 Metrics and Targets

Each Investment Corporations sees the transition to a carbon-neutral society as an opportunity. The following target KPIs (Key Performance Indicators) have been established as key monitoring indicators in the process of managing climate change risks and opportunities.

For details, please refer to the website of <u>Daiwa Office Investment Corporation</u> and <u>Daiwa Securities Living Investment Corporation</u>.

## Indicators and Targets (DOI)

	КРІ
Reduction of	Mid-term target (FY2030): Reduction of 46% in CO <sub>2</sub> emissions on an intensity basis across the portfolio by FY2030 (compared with FY2013)
CO <sub>2</sub> emissions	Long-term target (FY2050): Achieved carbon neutrality in CO <sub>2</sub> emissions on an intensity basis across the portfolio by FY 2050
Percentage of environmental certifications acquired	Mid-term target (FY2030): Achieve an environmental certification ratio of at least 70% for the entire portfolio

#### **Indicators and Targets (DLI)**

КРІ					
Reduction of	Mid-term target (FY2030): Reduction of 20% in CO <sub>2</sub> emissions on an intensity basis across the portfolio by FY2030 (compared with FY2022)				
CO <sub>2</sub> emissions	Long-term target (FY2050): Achieved carbon neutrality in CO <sub>2</sub> emissions on an intensity basis across the portfolio by FY 2050				
Percentage of environmental certifications acquired	Mid-term target (FY2030): Achieve an environmental certification ratio of at least 20% for the entire portfolio				

 1. Introduction
 2. Overview of Sustainability Strategy
 3. Governance
 4. Strategy

 5. Risk Management
 6. Metrics and Targets
 7. Response as an Asset Manager
 8. Appendix

> Climate-related Disclosures 2025 (PDF / 2.78MB / 59 pages)

Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution Activities Environment

Others

# 8. Appendix

# **Appendix 1. External Evaluations**

# ESG Rating



- Achieved MSCI's highest AAA rating for three consecutive years
- The only company among the 50 global firms\* in the Investment Banking & Brokerage sector to receive an AAA
  - \* As of November 2024

# **External Evaluation**









# **Inclusion in Indices**



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



**2024** CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others



2024 MSCI ESG Leaders Indexes Constituent

Dow Jones
Sustainability Indices

Powered by the S&P Global CSA

Included for 19 consecutive years

Adopted in 2024

Continuously included since the index was launched in 1999

# Appendix 2. Scope of Aggregation and Calculation Method for GHG Emissions

GHG emissions are calculated in line with the Act on Promotion of Global Warming Countermeasures and the Basic Guidelines for Calculating GHG Emissions through the Supply Chain issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. As non-CO<sub>2</sub> GHG emissions are negligible for our business, only CO<sub>2</sub> emissions are included. To ensure timeliness and reliability, the latest publicly available emission factors are applied.

#### Scope 1 and Scope 2

#### [Domestic]

Two companies, Daiwa Securities and Daiwa Institute of Research, which are required by law to report on the amount of energy consumption and the volume of CO<sub>2</sub>emissions. The data for Gran Tokyo North Tower, where Daiwa Securities Group is based, Daiwa Yaesu Building, and Daiwa Toyocho Building includes data for Group companies other than those mentioned above.

#### [Overseas]

London, New York, Hong Kong, Taipei, Singapore, Seoul and Washington D.C. offices

#### [Calculation methods]

Calculated in accordance with methods stipulated in the Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures. Disclosed figures have been rounded off to the nearest whole number. For Scope 1 and Scope 2, GHG emissions are aggregated based on the usage of the following items.

#### Scope1:

Utility gas, LP gas, heavy oil, diesel fuel and kerosene

#### Scope2:

Electricity, steam, hot water and cold water

Our strategy for Sustainability Sustainability in Our

Governance /

Social

Social Contribution

Environment

Others

#### A) Electricity:

#### Market-based)

For domestic sites, adjusted emission factors by providers under the Act on Promotion of Global Warming Countermeasures are applied; for overseas sites, factors by local governments or providers are applied. If not available, location-based factors are applied. For sites without data, estimates are based on average consumption per floor area

#### Location-based)

Emission factors from Carbon Footprint Ltd\* are applied. (carbonfootprint.com 🗇 )

#### B) Utility gas:

For domestic sites, either CO<sub>2</sub> emission factors\* by each provider or heat values combined with emission factors under the Act on Promotion of Global Warming Countermeasures are applied; for overseas sites, the same approach is used.

#### C) LP gas, heavy oil, diesel fuel, kerosene, steam, hot water and cold water:

Calculated by multiplying usage-based totals by emission factors\* issued by the Ministry of the Environment.

\* As of May 2025

# Scope 3

#### [Scope]

#### Category 6:

Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., London and Hong Kong Offices

#### Category 7:

Daiwa Securities Co. Ltd.

#### Category 8:

Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., and Daiwa Institute of Research Ltd.

#### [Calculation methods]

Calculated using emission factors from the Database of Emission Factors for Accounting of GHG Emissions through the Supply Chain (Ver.3.5) and IDEA v2.3 for supply chain GHG emissions. Figures are rounded to the nearest whole number.

# Category 6:

Based on person-kilometers for international business travel at applicable sites, multiplied by emission factors.

#### Category 7:

Based on commuting expenses at applicable sites, multiplied by emission factors and attendance rates.

#### Category 8:

Based on fuel used by leased vehicles at applicable sites, multiplied by emission factors. Classification follows the Basic Guidelines on Accounting for GHG Emissions through the Supply Chain.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Environment Others

## **Basic Formula for Financed Emissions in PCAF**

Financed Emissions =  $\sum_{i}$  ①Attribution factor  $i \times ②$ Emissions i

- ① Attribution factor = Outstanding amount of the Group's loans and investments/Value (Total equity + debt) of borrowers or investees
- ② Emissions = Use disclosed Scope 1, Scope 2 and Scope 3 emissions of borrower or investee. If not available, use PCAF's estimated values.

The scope and methods will be reviewed as necessary in line with future developments in domestic and international guidelines and standards.

# Appendix 3. IFRS S2 Index

Pillar	ltem	Paragraph	Requirement	Reference Section*1
Objective		Objective 1 and 2 (The objective of IFRS S2 Disclosures)		-
General	Scope	3 and 4	(The scope of IFRS S2 Disclosures)	-
	Objective	5	(The objective of disclosures on governance)	-
	Oversight of climate-	6 (a)	Governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities.	3 (1)
Governance	related risks and opportunities	6 (b)	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	3 (1) and 3 (2)
	Others	7	(Provision for avoiding unnecessary duplication)	-

Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment

Pillar	Pillar Item		Requirement	Reference Section*1		
	Objective	8	(The objective of disclosures on strategy)	-		
		9 (a)		4 (2) and 4 (3)		
		9 (b)	(The objective of disclosures on strategy)  Climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects  Current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain  Effects of climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan  Effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows overthe short, medium and long term  Climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties  Information about climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects (including physical risk or transition risk, time horizons and definitions)  (Requirement to use all reasonable and supportable information that is available without undue cost or effort)  (Requirement to refer to and consider the applicability of the industry-based disclosure topics)  Current and anticipated effects of climate-related risks			
		9 (c)	entity's strategy and decision-making, including	4 (1) through 4 (5)		
	Contents	9 (d)	entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows overthe short, medium and	4 (3)		
Strategy		9 (e)	model to climate-related changes, developments and	4 (3)		
		10	that could reasonably be expected to affect the entity's prospects (including physical risk or transition risk, time	4 (2) through 4 (3)		
	Climate-related risks and opportunities	11		-		
		12		-		
	Business model and	13 (a)	Current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain	4 (3)		
	value chain	13 (b)	Where in the entity's business model and value chain climate-related risks and opportunities are concentrated	4 (3)		

Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment

Pillar	Item	Paragraph	Requirement	Reference Section*1
		14 (a)	Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making	4 (1) through 4 (5)
	Strategy and decision-making	14 (b)	Information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a)	4 (1) through 4 (5)
		14 (c)	Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a)	4 (1) through 4 (5)
		15 (a)	Effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period	4 (3)
		15 (b)	Information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a)  Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a)  Effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period  Anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term  How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period  Climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements  How the entity expects its financial position to change over the short, medium and long term  How the entity expects its financial performance and cash flows to change over the short, medium and long term  (Provision for disclosing a single amount or a range)  (Consideration for preparing disclosures about the anticipated financial effects)  (Provision for not providing quantitative information	4 (3) and 4 (5)
		16 (a)		4 (3) and 4 (5)
Strategy	Financial position,	16 (b)		4 (3) and 4 (5)
	financial performance and cash flows	16 (c)		4 (3)
	casn nows	16 (d)		4 (3) and 4 (4)
		17	(Provision for disclosing a single amount or a range)	-
		18		-
		19	(Provision for not providing quantitative information about the current or anticipated financial effects under certain conditions)	-
		20	(Provision for not providing quantitative information about the anticipated financial effects under certain conditions)	-
		21	(Additional disclosures when quantitative information on financial impacts is not provided)	4 (3)

Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment

Pillar	Item	Paragraph	Requirement	Reference Section*1
		22 (a)	The entity's assessment of its climate resilience	4 (3)
Strategy	Climate resilience	22 (b)	How and when the climate-related scenario analysis was carried out	4 (3)
enace <sub>5</sub> ,	Others	23	(Requirement to refer to and consider the applicability of cross-industry metric categories and industry-based metrics)	-
	Objective	24	(The objective of disclosures on risk management)	-
		25 (a)	Processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks	3 (1), 3 (2) and 5 (1)
Risk	Process for managing climate-	25 (b)	Processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities	4 (1) and 4 (4)
Management	related risks and opportunities	25 (c)	Extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process	5 (1)
	Others	26	(Provision for avoiding unnecessary duplication)	-
	Objective	27	(The objective of disclosures on metrics and targets)	-
Metrics and Targets		28 (a)	Information relevant to the cross-industry metric categories	4 (5), 4 (6), 6 (1) through 6 (4), 7 (1), 7 (2) and Appendix 2
	Contents	28 (b)	Industry-based metrics that are associated with particular business models, activities or other common features that characterize participation in an industry	SASB Standard*2
		28 (c)	Targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets	1 (1), 1 (2), 6 (1), 6 (2), 7 (1) and 7 (2)

Message from Our strategy for Management Sustainability

Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment

Pillar	Item	Item Paragraph Requirement		Reference Section*1		
		29 (a)	Greenhouse gases	4 (6), 6 (1), 6 (2), 7 (1), 7 (2) and Appendix 2		
		29 (b)	The amount and percentage of assets or business activities vulnerable to climate-related transition risks	4 (3) and 6 (3)		
		29 (c)	The amount and percentage of assets or business activities vulnerable to climate-related transition risks  The amount and percentage of assets or business activities vulnerable to climate-related physical risks  The amount and percentage of assets or business activities vulnerable to climate-related physical risks  The amount and percentage of assets or business activities aligned with climate-related opportunities  The amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities  Of (f) Internal carbon prices  Requirement and consideration to use all reasonable and supportable information that is available without undue cost or effort  Requirement and qualitative climate-related targets and any targets it is required to meet by law or regulation  Approach to setting and reviewing each target, and how it monitors progress against each target  Performance against each climate-related target and an 6 (continue)	4 (3)		
	Climate-related	29 (d)		6 (5)		
	metrics	29 (e)		6 (5)		
		29 (f)	Internal carbon prices	6 (6)		
Metrics and		29 (g)	Remuneration	6 (4)		
Targets		30 and 31	Requirement and consideration to use all reasonable and supportable information that is available without undue cost or effort			
		32	Industry-based metrics	SASB Standard*2		
		33		6 (1), 6 (2), 7 (1) and 7 (2)		
		34		1 (1), 1 (2) and 6 (1)		
	Climate-related targets	35		6 (1), 6 (2), 7 (1) and 7 (2)		
		36	Additional disclosures for each greenhouse gas emissions target	6 (1), 6 (2), 7 (1) and 7 (2)		
		37	(Provision for referring to and considering the applicability of cross-industry metrics and industry-based metrics)	-		

<sup>\*1.</sup> References to ISSB S2 requirements are based on our judgment as of June 2025. We are considering expanding disclosures for items partially disclosed. Items marked with "-" are not disclosure requirements (e.g., objectives, definitions, considerations, or optional provisions).

<sup>\*2.</sup> Source: SASB Index | Daiwa Securities Group Inc.

Message from / Management	Our strategy for Sustainability Sustainability Business	Governance Social Social Contribution Activities	Environment Others
1. Introduction	2. Overview of Sustainability Strategy	3. Governance	4. Strategy
5. Risk Management	6. Metrics and Targets	7. Response as an Asset Manager	8. Appendix

> Climate-related Disclosures 2025 (PDF / 2.78MB / 59 pages)

Our strategy for Sustainability Sustainability in Our

Governance

So

Social

Social Contribution

Environment

Others

# **Green Finance**

Until now, Daiwa Securities Group has sold various kinds of SDG bonds in Japan (including conventional 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. The Group will continue to contribute to the realization of a sustainable society and provide investors with new investment opportunities.

# **Green Finance Framework**

Daiwa Securities Group Inc. has established Green Finance Framework (hereinafter referred to as the "Framework") based on the Green Bond Principles 2021 established by the International Capital Market Association (ICMA), the Green Bond Guidelines (2022) and Green Loan Guidelines (2022) set by the Ministry of the Environment Government of Japan, and the Green Loan Principles 2023 set by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), and the Loan Syndications and Trading Association (LSTA).

Additionally, the Framework has obtained evaluation from Japan Credit Rating Agency Ltd., a third-party certification agency.

- Daiwa Securities Group Inc. Green Finance Framework (Sep 2024)
- > Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. (Sep 2024)
- Daiwa Securities Group Inc. Green Finance Framework (Jan 2024)
- > Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. (Jan 2024)

# **Green Bond**

The proceeds from the Green Bonds have been used as investment and loan funds for renewable energy generation projects, as well as facility funds for Green Buildings.

#### Green Bond Issuance Record (Daiwa Securities Group Inc.)

Title	Issue Date	lssue Amount	Maturity Date	Allocation of Proceeds	Environmental Impact	
32nd Unsecured November 29, Corporate Bond 2018		JPY 10 billion	November 29, 2023	> As of the end of June 2023	> As of the end of June 2023	

Message from   Our strategy for   Sustainability in Our   Governance   Social   Social Contribution   Activities   Environment   Others
---

Title	Issue Date	Issue Amount	Maturity Date	Allocation of Proceeds	Environmental Impact
44th Unsecured Corporate Bond	, , ,		February 26, 2027	> As of the end of June 2025	> As of the end of June 2025

<sup>\*</sup> The Green Bond Framework for the 32nd Unsecured Corporate Bond issuance has obtained evaluation from Sustainalytics, a third-party certification agency.

> Second-Party Opinion by Sustainalytics 📙

# **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 > 🚣

# Daiwa Office Investment Corporation (managed by Daiwa Real Estate Asset Management)

- > Notice Concerning Establishment of Green Finance Framework, etc.
- > Notice Concerning Issuance of Investment Corporation Bonds (Green Bonds)

# Measures to achieve net zero GHG Emissions within Our Investment and Loan portfolios

In the Daiwa Securities Group Net Zero Carbon Declaration, which was formulated in August 2021 with the aim of realizing a carbon-neutral society, the Group has set out the following goal: "Achieve net zero greenhouse gas emissions within our investment and loan portfolios, etc. by 2050 (Scope 3) ". In order to clarify a concrete path toward this goal, we measured emissions and set interim targets for each sector by FY2030.

In addition to the interim targets, the actual values measured based on the PCAF Standards and the efforts to achieve goals are as follows.

# (1) Measurement of actual values in FY2023

# Measurement scope

For the FY2023 measurement, we expanded the scope of coverage compared to previous years. Regarding sectors, measurements were not limited to high-emitting sectors among the asset classes that are subject to calculation in PCAF. In addition, emissions from investment and loan recipients were measured not only as a total of Scope 1 and 2, but also including Scope 3. They were expanded to all sectors.

- Sectors
   All sectors
- Asset classes

Listed equity, unlisted equity, corporate bonds, commercial real estate, business loans, project finance

- \* Subjects are Daiwa Securities Group Inc.'s invested companies, assets managed by the Asset Management Division (own holdings, excluding unlisted stocks via funds), and companies managed by Daiwa Next Bank, Ltd.
- \* Not applicable for commercial real estate and business loans. In addition, for other asset classes, if there is no subject, a hyphen will be displayed, and if the number will be rounded down, 0 will be displayed.
- \* Some estimates are based on the PCAF Database (excluding subjects that cannot be referenced in the Database)

Our strategy for Sustainability

Sustainability in Our Business

Governance

Social

Social Contribution Activities

Others Environment

# Measurement results

unit: t-CO <sub>2</sub>							
		Listed equity	Unlisted equity	Corporate bonds	Project finance	Scope 1 • 2	Scope 3
Power gene	eration	56,675	0	166,683	397,634	620,993	175,009
	(Air)	40,091	-	-	-	40,091	8,642
Transportation	(Maritime)	429	-	-	-	429	536
	(Land)	105	0	0	-	105	42
Metal & metal ¡	products *1	1,984	14,426	-	-	16,410	14,332
Chemic	cals	239	2,507	0	-	2,746	4,746
Real est	tate	1,204	397	10	-	1,611	2,924
Automobile ma	Automobile manufacturing		-	656	-	692	13,149
Packaged food	Packaged food and meats		-	-	-	532	898
Paper and fore	Paper and forest products		-	-	-	332	293
Oil and	Oil and gas		-	0	-	267	678
Capital go	ods *2	152	-	0	-	152	18,030
Coal	I	57	-	-	-	57	27
Stee	l	45	-	0	-	45	35
Alumin	um	24	-	-	-	24	85
Agricult	Agriculture		-	-	-	22	11
Construction materials		11	-	-	-	11	2
Beverages		3	-	0	-	3	19
Ceme	Cement		-	-	-	-	-
Other	rs	3,426	45	183	-	3,654	24,003
Tota	l	105,638	17,374	167,532	397,634	688,178	263,461

<sup>\*1.</sup> excluding steel and aluminum

<sup>\*2.</sup> buildings etc.

Others

# (2) Setting interim target

In FY 2023, we set interim target to FY2030 for project finance in the power generation sector, which currently accounts for the largest proportion of emissions within our investment and loan portfolios. The actual results for FY2023 are lower than the actual results for FY2022\* due to improvements in the power generation efficiency of investment and loan recipients and progress in renewable energy investment and loan.

Measurement of investment and loan portfolio emissions is still in the development stage, and measurement results may be significantly affected by revisions to estimation methods, etc.

\* FY2022 actual values is 379 g-CO<sub>2</sub>/kWh

# Emissions from project finance in the power generation sector

\* Emission Scope is Scope1.

FY2023 actual values *1				
Total emissions 387,431 t-CO <sub>2</sub>				
Emission intensity (g-CO <sub>2</sub> /kWh) 243 g-CO <sub>2</sub> /kWh				
PCAF Score Average PCAF score 2.73				
Interim target value for FY2030				
Metric Emission intensity (g-CO <sub>2</sub> /kWh)				
Target value 186~255 g-CO <sub>2</sub> /kWh				
Reference scenarios IEA NZE • APS				

<sup>\*1.</sup> Some calculations are based on estimated values

# How to think about goal setting

## Sector/Asset class

For the following reasons, we will first set interim target by FY2030 for emissions from project finance in the power generation sector.

- 1. Total emissions from project finance in the power generation sector currently account for the largest proportion of emissions within our investment and loan portfolios.
- 2. The power generation sector accounts for approximately 40% of Japan's total industrial emissions. Additionally, it is a sector where demand is expected to increase as the industry as a whole moves towards decarbonization.
- 3. In the power generation sector, progress is being made in disclosing GHG emissions records, transition paths toward net zero in 2050, and various international guidance.

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Activities | Environment | Others

#### Metric

Since it is necessary to support the increasing demand for electricity while promoting clean energy at the same time, we will use the emission intensity (emissions per amount of electricity generated), which indicates GHG emission efficiency, as a measurement index. We consider that if absolute emissions are set as a target indicator, it may hinder the flow of funds for the growth and expansion of power generation businesses with low emission factors.

#### FY2030 target value

Based on the IEA's NZE and APS scenarios, we have set reduction targets in a range that is well below the 2°C target of the Paris Agreement and consistent with the 1.5°C target. We set the targets based on our engagement with investment and loan recipients, as well as the outlook for existing investments and loans and anticipated transition scenarios. We also take into consideration each local government's GHG reduction goals and room for introducing renewable energy.

# (3) Efforts to achieve goals

In the power generation sector, we will strengthen engagement with investment and loan recipients and provide financing for renewable energy in order to achieve the mid-term target in FY2030 and net zero in 2050.

# Strengthening engagement -supporting transition strategies-

Among our project finance in the power generation sector being measured, a business with the largest emissions is the coal-fired power plant project in Hokkaido. This project started with the hope that local production and consumption of coal would revitalize the region and secure a stable power source. Even in the harsh natural conditions of Hokkaido's vast expanses of snow and cold, thermal power plants can generate power stably, 24 hours a day, 365 days a year, as a base power source that is unaffected by constraints such as weather conditions and therefore those enable stable power supply. Additionally, because the coal-fired power plant already cofires biomass fuel, GHG emissions per unit of power generation are limited compared to other domestic coal-fired thermal power plants. From the perspective of further strengthening our response to climate change, the Group has been conducting engagements regularly and supporting the formulation and realization of the following transition strategies.

# Specific transition strategy

- Expansion of biomass co-firing
  - The coal-fired power plant is currently co-firing about 30% of its biomass, and it aims to increase co-firing to more than 50% by FY2030. In the future, it will consider switching to dedicated combustion through additional capital investment. It has taken voluntary efforts to ensure the sustainability (legality) of the wood pellets and PKS used as fuel based on the business planning guidelines established by the Agency for Natural Resources and Energy. Even as it increases co-firing in the future, it will procure fuel while taking environmental and social responsibility into account.
- Utilization of CCUS

The coal-fired power plant aims to start a carbon recycling by FY2030 by collaborating with a local company's research, development, and demonstration experiments on CCUS that utilize coal mining sites. It will also consider future business expansion based on the country's demonstration results, policies and systems.

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities Others

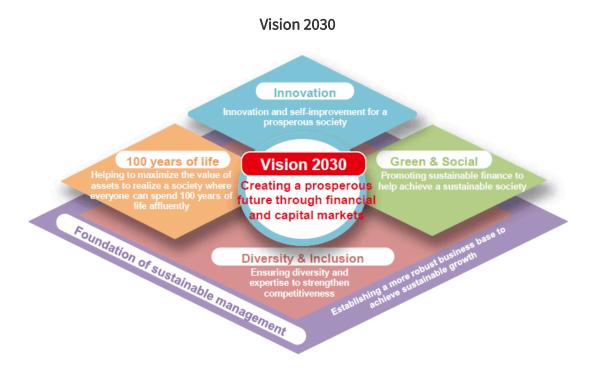
## Implementation of financing for renewable energy

Daiwa Energy & Infrastructure Co. Ltd., a member of the Group, aims to solve social issues by building new energy systems through investment and loan in renewable energy fields such as solar, biomass, and wind power plants. In addition to investing and lending to domestic businesses, it also has capital and business alliances with leading European companies that are leading the way in the fields, and we will continue to contribute to the diversification of energy sources and the reduction of environmental burden.

## Addressing Natural Capital and Biodiversity: Disclosure based on the TNFD Framework

#### 1. Introduction

In May 2021, Daiwa Securities Group formulated "Vision 2030", our management vision through to 2030. The core concept is "Creating a prosperous future through financial and capital markets." As professionals in the financial and capital markets, we deliver high-quality solutions, while contributing to a carbon neutral society and promoting innovation inside and outside the Group to realize a prosperous future for all.



"Green & Social" is one of the materialities in our management strategy, and we deliver sustainable finance and other financial products and services that contribute to solving social issues.

We recognize that addressing natural capital is a social issue that needs to be accorded priority while, at the same time, we as a financial institution also recognize this as an opportunity to support companies working toward realizing Nature Positive. Accordingly, we began analysis aimed at disclosing natural capital-related information in FY2023, and have been advancing our disclosure efforts with reference to the TNFD framework, to promote the transition to a nature-positive economy through various businesses.

Message from Management Our strategy for Sustainability Governance Social Social Ontribution Activities

Message from Sustainability Governance Social Social Ontribution Activities

### **Our History**

2018	Established the SDGs Promotion Committee (Currently the Sustainability Promotion Committee)
2020	Launched and began administering the Clean Tech Equity Fund (nicknamed Mirai Earth)
2021	<ul> <li>Established "Vision 2030"</li> <li>Launched and began administering the Decarbonization Technology Fund (nicknamed "Carbon ZERO")</li> </ul>
2022	Endorsed the TNFD and participated in the TNFD Forum
2023	<ul> <li>Underwrote the Republic of Indonesia's samurai bonds, the world's first samurai blue bonds</li> <li>Registered "TNFD Adopter"</li> </ul>
2024	<ul> <li>Underwrote Mitsui O.S.K. Lines' blue bonds based in part on international guidance, a world-first as part of the shipping industry</li> <li>Established the Medium-term Management Plan "Passion for the Best" 2026</li> <li>Updated "Vision 2030"</li> <li>Daiwa Securities Group Inc. made its first TNFD disclosure</li> </ul>
2025	Clarified the relationship between natural capital and the Group's corporate value and disclosed it in accordance with the TNFD framework

### 2. Governance

### (1) Board's Oversight

#### Governance structure for sustainability issues



Message from Our strategy for Sustainability Governance Social Social Contribution Activities

Others

The Board of Directors oversees the company's responses to sustainability issues, including those related to natural capital. The Board of Directors is the body that makes resolutions on items that are core management matters and items deemed important by the Board of Directors, established as resolution items in the rules of the Board of Directors, and also receives reports on and discusses natural capital-related issues and responses discussed at the Sustainability Promotion Committee and the Executive Management Committee in accordance with the same rules. The Group's "Vision 2030" includes our basic sustainability policy, and this was decided at the Board of Directors together with the Medium-term Management Plan.

In FY2023, the Board of Directors decided on the Medium-term Management Plan "Passion for the Best" 2026 (including revisions of "Vision 2030"). In this plan, sustainability topics were also raised. The sustainability KPI in the Medium-term Management Plan has been confirmed at a subsequent Board of Directors meeting at the time financial results were approved and the Medium-term Management Plan was reviewed. Other decisions have also been made to date, including the publication and revision of the Environmental and Social Policy Framework (investment and loan policy) that includes consideration for conserving biodiversity.

In response to the growing momentum regarding natural capital, TNFD disclosures were first reported by Daiwa Securities Group Inc. at its FY2024 Board of Directors meeting. The FY2025 Board of Directors meeting also reported on the content of disclosures based on the TNFD framework, including the links between natural capital and enhancement of the Group's corporate value.

#### Key comments from outside directors

- We should respond while keeping a close eye on the external environment, including opinions and discussions on ESG and trends in international sustainability disclosure standards.
- Japanese companies are proactive in disclosing natural capital-related information; accordingly, nature finance within Japan is expected to expand.

To strengthen executives' incentives regarding responses to sustainability issues, we have incorporated the sustainability KPIs in the evaluation system for performance-linked remuneration. KPIs related to natural capital include the SDGs bond league tables, our own GHG emissions, and investment funding portfolio GHG emissions. The performance assessments used in calculating Performance-linked remuneration reflect the financial performance evaluations, which is based on the Performance KPIs using the financial information and the quality evaluations, which is a comprehensive assessment of the KPIs other than the Performance KPI. 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 by the performance evaluation, and reflecting the degree of individual contribution.

#### Numerical Targets in the Medium-Term Management Plan "Passion for the Best" 2026 and FY2024 Results

		FY2026 Targets	FY2024 Results	Company wide	WM	АМ	GM&IB
	Consolidated Ordinary Income	240 billion yen or higher	224.7 billion yen	•			
Performance	Consolidated ROE	Around 10%	9.8%	•			
	Base Income*1	150 billion yen	137.5 billion yen		•	•	

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities

Environment Others

		FY2026 Targets	FY2024 Results	Company wide	WM	АМ	GM&IB
	Assets under Custody*2	120 trillion yen	90.2 trillion yen		•		•
Client Assets	Stock-Related Assets*3	13.6 trillion yen	9.8 trillion yen		•		
	AUM of the Assets Management Division*4	44 trillion yen	34.9 trillion yen			•	
Digital	Number of Value Created Digital Projects*5	10 projects	2 projects	•			
	Number of Digital Project Trials*6	50 trials	45 trials	•			
	SDGs-Related Bond League Table	in the top 2	1st				•
	Engagement Survey Score	80% or higher	81%	•			
Sustainability	Our Own GHG Emissions*7	Net zero by FY2030	2,725 t-CO <sub>2</sub> e	•			
	Investment Funding Portfolio GHG Emissions*7	186 to 255 g- CO₂e/kWh by FY2030	243*8 g-CO <sub>2</sub> e/kWh	•			

- \*1. Base Income: Total ordinary income from WM, Securities AM, and Real Estate AM. Of these, WM is the net total of ordinary income from (former) Retail, Daiwa Next Bank, Daiwa Connect Securities, and Fintertech.
- \*2. Assets under custody is data of Daiwa Securities.
- \*3. Stock-related assets refers to investment trusts, fund wraps, and foreign currency deposits.
- \*4. AUM of the Assets Management Division represents total AUM of Daiwa Asset Management, Daiwa Fund Consulting, Daiwa Real Estate Asset Management, Samty Residential Investment Corporation, Daiwa PI Partners, Daiwa Energy & Infrastructure, and Daiwa Corporate Investment.
- \*5. The number of value created digital projects is a count of projects that utilize new digital technology that incorporate new innovation or contribute to business transformation.
- \*6. The number of digital project trials is a count of trial projects for DX proposals and Al/data science projects.
- \*7. Daiwa Securities greenhouse gas emissions is the total for Scope 1 and Scope 2 emissions (market basis). GHG emissions for our investment financing portfolio indicates project financing in the electricity sector. Includes some estimated figures.
- \*8. FY2023 result

Others

#### Performance-linked remuneration system and compensation amounts for FY2024

 $\pm$ 

Financial Performance Evaluation
(100)

Category	КРІ	Points	Reference value
	Consolidated ROE	40	10%
Performance	Consolidated Ordinary Income	40	240 billion yen
	Base income	20	150 billion yen

Quality Evaluation
(-20-+20)

КРІ	Reference value	Actual value
		9.8%
		224.7 billion yen
		137.5 billion yen
Assets under custody	120 trillion yen	90.2 trillion yen
Stock-related assets	13.6 trillion yen	9.8 trillion yen
AUM of the Assets Management Division	44 trillion yen	34.9 trillion yen
Number of value created digital projects	10	2
Number of digital project trials	50	45
SDG-related bond league table	In top 2	1st
Engagement Survey score	80% or higher	81%
Our own GHG emissions	FY2030 Net zero	-
Investment funding portfolio GHG emissions	186-255g- CO <sub>2</sub> e/kWh	-

**Client Assets** 

#### Digital

#### Sustainability

Message from Management Our strategy for Sustainability Sustainability in Our

Governance

Social Contribution
Activities

Environment

Others

#### Compensation by Type of Officer, Remuneration, and Number of Eligible Officers

		Total amo	unt by typ	e of remune	eration, etc.	(millions o	of yen)	
Type of officer	Total amount of remuneration, etc. (millions of yen)	Base	RS I	Performance-linked remuneration			Retirement	Number of eligible officers
		remuneration		Cash	RS II	RS III	benefits	(persons)
Director	66	57	8	-	-	-	-	3
Corporate executive officer (Shikkoyaku)	1,777	517	157	852	182	67	-	12
Outside director	139	130	8	-	-	-	-	8

- \* The remuneration to the five Directors who also serve as the Corporate executive officers(Shikkoyaku) is stated in the column of amount paid to the Corporate executive officers(Shikkoyaku).
- \* The amount of Performance-linked remuneration is the amount to be paid for the current fiscal year.
- \* For RS III, where performance-linked remuneration exceeds a set upper limit, the portion in excess is paid as restricted stock. The decision was made at the Compensation Committee to change remuneration for Directors and Corporate Executive Officers (Shikkoyaku) from FY2025, and an upper limit was set for performance-linked remuneration (cash) and RS II. The remuneration paid when that threshold is exceeded was changed from RS III to PS, and RS III was abolished.

### (2) Execution Framework

#### **Executive Management Committee**

Sustainability-related strategies and policies, including those related to natural capital, are discussed and debated by the Executive Management Committee and reported to the Board of Directors as necessary. In FY2025, the Executive Management Committee reported on and discussed the contents of disclosure based on the TNFD framework, including the linkage between natural capital/biodiversity and enhancement of the Group's corporate value, and then reported these to the Board of Directors.

#### **Sustainability Promotion Committee**

Regular discussions are held at the Sustainability Promotion Committee chaired by the President & CEO on strategies and policies related to sustainability, including those related to natural capital. The Committee is composed of the Head of Sustainability, who is responsible for promoting sustainability based on the rules for Corporate Executive Officers (Shikkoyaku) approved by the Board of Directors, several Internal Directors, and three external experts with specialized knowledge in sustainability. The details of discussion at the Committee are reported to the Executive Management Committee as appropriate.

Others

Sustainability Expertise of External Experts

Name	Affiliation/Job title	Expertise
Toshihide Arimura	<ul> <li>Professor, School of Political Science and Economics, Waseda University</li> <li>Faculty Fellow, The Research Institute of Economy, Trade and Industry</li> </ul>	<ul><li>Environmental economics</li><li>Energy policies</li><li>Carbon pricing</li></ul>
Arisa Kishigami	<ul> <li>Independent consultant, En-CycleS (Engagement Cycle for Sustainability)</li> <li>Trustee, Japan Sustainable Investment Forum (JSIF)</li> </ul>	<ul><li>Sustainable finance</li><li>Engagement</li></ul>
Daisuke Takahashi	Attorney at Shinwa Law	<ul><li>Business and human rights</li><li>Environmental law compliance</li><li>Global compliance</li></ul>

#### **Key Comments from External Experts**

- Since Daiwa Securities Group is already working on business initiatives that will generate opportunities to realize Nature Positive, it may be a good idea to consider setting KPIs that are more specific to natural capital as targets.
- Since diminished natural capital also affects the human rights of local residents, indigenous peoples, etc., we should consider disclosures regarding stakeholder engagement with these parties, NGOs, etc.
- Forward-looking analyses of natural capital-related risks should also take into account future risks and opportunities.
- It is important to pay attention to development of renewable energies that involves environmental destruction, and it is essential to consider ecosystems when expanding renewable energies.

#### **Group Risk Management Committee**

Policies and measures relating to risk management, including climate change, are discussed at the Group Risk Management Committee chaired by the President and CEO, a subcommittee of the Executive Management Committee, and attended by the Chief Risk Officer (CRO), who is responsible for risk management. We will consider taking up natural capital as an agenda item in the future.

#### **Group-wide Working groups**

As a Group-wide system to promote sustainability, we have appointed Sustainability Managers at each division and major Group company. Under these managers, a working group (WG) monitors sustainability KPIs and promotes sustainability-related businesses. The contents of the discussion of this WG are reported to the Sustainability Promotion Committee as appropriate.

As part of the process for identifying sustainability-related risks and opportunities, including those pertaining to natural capital, the views of each of these WGs are reported to the Sustainability Promotion Committee. In FY2024, Sustainable Business WG members

Message from Management Our strategy for Sustainability Governance Social Social Contribution Activities

Message from Activities

shared issues and discussed countermeasures and improvement plans for the next fiscal year based on the progress made on sustainability KPIs and initiatives with the Head of Sustainability and Sustainability Managers.

#### **Group-wide Working groups**

Name	Description
Head of Sustainability	Promote sustainability-related businesses for the entire Group, and oversees initiatives to enhance the foundation for sustainable management.
Sustainability Managers	Promote sustainability-related businesses and conduct KPI progress management for each organizations (Headquarters and Group companies) within the Group.
Sustainable Business WG	Monitor the KPIs, ascertain the progress status of sustainability-related businesses, identify issues, and plan and implement measures for these issues under the direction of Sustainability Managers.
ESG Response WG	Enhance and strengthen ESG response in reference to external evaluations (investors and evaluation organizations) regarding ESG.
Sustainability Advisory Group	Composed of internal experts with extensive knowledge in sustainability who make proposals regarding challenges for the Group and future action.
Sustainability Disclosure WG	Cross-departmental organizations that aim to expand the disclosure of sustainability information from the perspective of integrated reporting.
Scope 3 Emissions Monitoring Team	Monitor emissions relating to the investment and loan portfolios, and sets targets.

## 3. Strategy

### (1) Daiwa Securities Group's Conception of Natural Capital and Biodiversity

After the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF) in December 2022, the 16th session of the Conference of the Parties (COP16) to the Convention on Biological Diversity was held in October 2024, and international discussions to promote efforts to conserve biodiversity are accelerating.

We recognize that diminished natural capital and biodiversity pose no small risk to our Group, as our business activities and other corporate activities within society and the economy are heavily dependent on and impact natural capital.

On the other hand, the scale of business opportunities resulting from a transition to a nature-positive economy is estimated to be approximately 47 trillion yen per year\* by 2030. We believe that we can not only increase our own corporate value but also contribute to Nature Positive by supporting companies working to realize Nature Positive through various businesses.

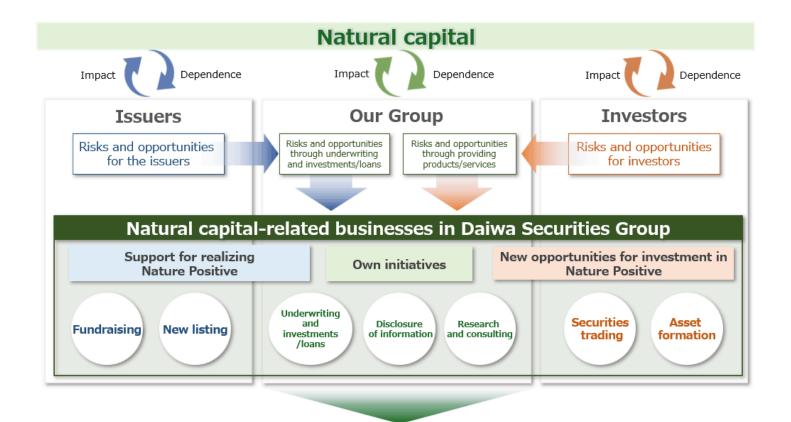
\* Tentative calculation by the Ministry of the Environment based on estimates by the World Economic Forum (2020)

Message from Management Our strategy for Sustainability Governance Social Social Contribution Activities

Message from Activities

#### Relationship between the Group's Businesses and Natural Capital

We have structured our relationship with natural capital as follows based on the Group's roles in the financial and capital markets and its businesses.



## Enhancement of Daiwa Securities Group's corporate value

### (2) Ascertaining dependency and impact on natural capital

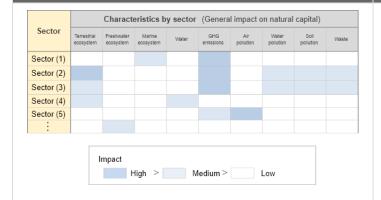
Given the importance of natural capital and its relationship to the Group's business, we believe it is the Group's role to contribute to future Nature Positive under appropriate risk management. First, LEAP analysis was initiated in FY2023 to identify businesses, sectors, etc., that are considered to be relatively dependent on and impact natural capital, and to examine future measures to address these aspects.

#### Analysis with the LEAP Approach in our Group

Identification of relationships with natural capital and screening of priority sectors (analysis by ENCORE)

We used ENCORE to analyze our securities underwriting clients and some of our investees to understand relationships between our Group businesses and natural capital.

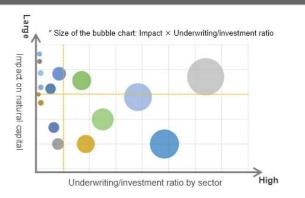
## (1) Understand the degree of impact on natural capital in each sector



First, ENCORE was used to identify the degree of impact on natural capital by sector.

A heat map was then created after quantifying the impact of each natural capital attribute.

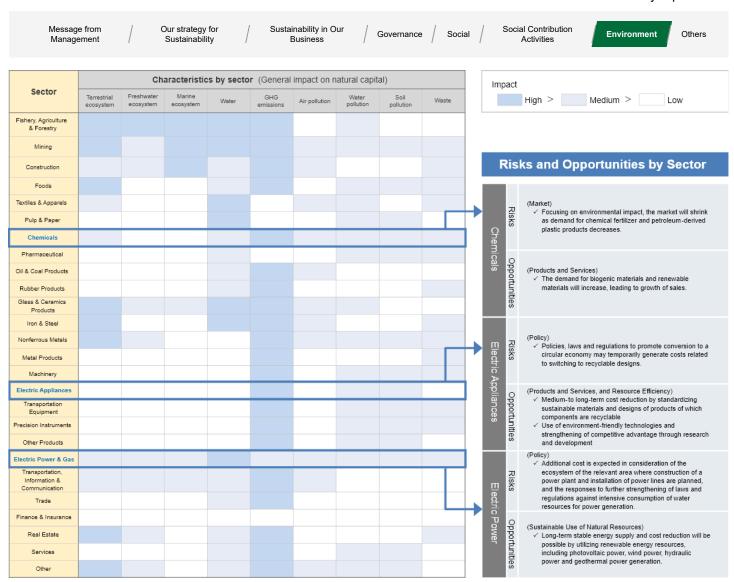
(2) Understand the impact of each sector and its relationship with the percentage of underwriting or investment per sector



Based on an understanding of the relationship between the two axes of (1) impact and (2) sector-specific ratios for both underwriting and investment, we screened out priority sectors that have a large impact on natural capital and that meet certain criteria in terms of their underwriting and investment ratios.

With regard to dependency on natural capital, since all sectors fell below certain criteria in (2), we excluded them from consideration as priority sectors and focused on their impact on natural capital. The results suggest that three sectors—Chemicals, Electric Appliances, and Electric Power and Gas—are priority sectors having particularly large impacts on natural capital.

The initial analysis conducted last fiscal year was done on a trial basis, and will be expanded in stages in the future.



#### Site evaluation that takes local characteristics into account (analysis using IBAT, etc.)

To identify regions and locations strongly linked to natural capital for our Group's direct operation sites, etc., we have begun to identify and analyze contacts with KBAs\*1 and designated protected areas, etc. (priority areas) using IBAT, Aqueduct\*2, etc. After more detailed analysis, we will work to conserve, restore, and create natural capital as needed.

- \*1. Key Biodiversity Area (KBA): An area that is important for the conservation of biodiversity; local information is used to identify areas to be conserved and to avoid or reduce impacts on biodiversity as much as possible.
- \*2. Aqueduct: The World Resources Institute (WRI) has mapped the risk of water scarcity due to drought around the world, and this tool can be used to assess water stress (the degree of pressure on water demand).

### (3) Risks and opportunities

The results of LEAP approach suggest that the Group's primary businesses, Global Markets & Investment Banking Division and Asset Management Division, are susceptible to the risks and opportunities facing securities underwriting clients and investees in priority sectors. Taking into account both these analysis findings and the relevance of natural capital to the Group's businesses, the risks and opportunities for the Group are summarized below.

Message from / Our strategy for / Sustainability in Our / Governance / Social / Social Contribution Activities Others

Risks or opportunities		Risks or opportunities we can offer to securities underwriting clients, investees, etc.	Potential impacts on our businesses	Impacts on our earnings
	Physical	Deterioration in the earnings of portfolio companies due to shutdowns or revisions to business plans resulting from damage to natural capital caused by natural disasters, etc.	Deterioration of investment returns in our Group	
Risks	risks	Reconsideration of equity and bond issuances by securities underwriting clients due to damage to natural capital caused by natural disasters, etc.	Decrease in underwriting commissions and other Group revenue	Decline in
RISKS	Transition risks	Delayed efforts to achieve Nature Positive and information disclosure by securities underwriting clients and investees	Increase in reputational risk to our Group	revenue
		Stricter investment standards, laws, and regulations for investors	Increase in response costs associated with improvements and changes in products and services provided by the Group	
Opportunities		Supporting the growth of companies that are innovating to realize nature-conscious business activities and Nature Positive through the provision of various solutions	Expanding the Group's revenue base and increasing opportunities to underwrite equities and bonds and invest	Increase in revenue
		Forming funds that help bring about nature positivity and sales of equities and bonds, etc.	Increasing new investment opportunities for customers	

Based on the insights gained on natural capital-related risks and opportunities, we will continue to deepen our analysis and apply it to engagements with investees and securities underwriting clients. We will also enhance the corporate value of our Group by supporting companies working to realize Nature Positive.

#### Opportunities for the Group to realize Nature Positive

#### Opportunity (1): Promote sustainable finance (Global Markets & Investment Banking Division)

The Group is promoting sustainable finance as a way to support fundraising for the huge amount of money required to resolve sustainability issues, and we see this as a business opportunity to provide new added value to our customers.

To date, we have served as the bookrunner for various SDGs bonds, including green bonds and transition bonds, and contributed to market expansion and product diversification.

Message from Management Our strategy for Sustainability Sustainability in Our

Governance

Social Contribution Activities Environment

Others

#### **Key results**

Year	Issuer	Type of Issue	Issue Amount
	FUJIFILM Holdings	Social bonds (Bookrunner, SA)	Total 120 billion yen
2022	NEC Sustainability-linked bonds (Bookrunner, SA)		Total 110 billion yen
	KDDI	Sustainability bonds (Bookrunner, SA)	Total 100 billion yen
	Republic of Indonesia	Samurai blue bonds (Lead Manager)	20.7 billion yen
2023	Kao Sustainability-linked bonds (Bookrunner, SA)		25.0 billion yen
	Japan Airlines	Transition bonds (Bookrunner)	20.0 billion yen
	Japanese Government	Climate transition interest-bearing bonds (Contracted business*)	-
2024	Mitsui O.S.K. Lines	Blue bonds (Bookrunner, SA)	20.0 billion yen
2024	Central Nippon Expressway	Green bonds (Bookrunner, SA)	60.0 billion yen
	Development Bank of Japan	Transition bonds (Bookrunner, SA)	10.0 billion yen

<sup>\*</sup> Contracted under the FY2023 Promoting Structural Transition Based on Decarbonization Measure Survey Project (survey regarding use of green transition bonds, etc.)

In the area of natural capital, we are focusing on further upgrading sustainability finance, including sustainability-linked bonds that set the number of construction projects contributing to the realization of Nature Positive as a KPI, and the world's first blue bonds for the shipping industry based on international guidance.

#### Example: Mitsui O.S.K. Lines ("MOL") Blue Bonds (January 2024)

In January 2024, Daiwa Securities served as the Bookrunner and Blue Bond Structuring Agent for the underwriting of MOL's Blue Bonds. The MOL Group is united in its efforts to reduce its impact on the global environment, not only by addressing climate change but also by protecting natural capital and biodiversity, and is developing various social infrastructure businesses centered on marine transport while pursuing ocean sustainability.

Daiwa Securities supported MOL's initiatives toward nature positivity through sustainable finance by supporting the issuance and underwriting of blue bonds to promote these initiatives.

> Notice of Issuance of MOL Blue Bonds (January 19, 2024 press release) (Japanese only)

#### Example: Kajima Sustainability-Linked Bond plus (September 2024)

In September 2024, Daiwa Securities served as the Bookrunner and Structuring Agent for the underwriting of Kajima Sustainability-linked Bond plus. The Kajima Group has set "Carbon neutral, recycling resources, and restoring the natural environment" as one of its materialities (key issues) for both resolving social issues and achieving sustainable Group growth,

Message from Management	Our strategy for Sustainability	Sustainability in Our Business	Governance S	Social Social Contribution Activities	Environment Oth	hers

and is striving to realize carbon neutrality, a circular economy, and nature positivity by 2050 under its "Kajima Environmental Vision 2050 plus."

Daiwa Securities supported the Kajima Group's efforts to achieve carbon neutrality, a circular economy, and nature positivity through sustainable finance by supporting the issuance and underwriting of sustainability-linked bonds to promote these efforts.

> Notice of Issuance of Kajima Sustainability-Linked Bond plus (September 4, 2024 press release) (Japanese only)

## Opportunity (2): Enhance the medium- to long-term value of investee companies and maintain the sustainability of society (Daiwa Asset Management)

Daiwa Asset Management has established materiality in asset management, one of which is natural capital.

#### Materiality in asset management

Critical issues	Specific points of interest
Information Disc	osure
Climate change	<ul> <li>Greenhouse gas emissions</li> <li>Climate change risks and opportunities</li> <li>Energy transition</li> </ul>
Natural capital	<ul> <li>Biodiversity</li> <li>Circular economy</li> <li>Responding to natural disasters other than climate change</li> <li>Water, Air and Soil pollution</li> </ul>
Social responsibility	<ul> <li>Business and human rights</li> <li>Contribution to a healthy and secure society</li> <li>Supply chain management</li> </ul>
Human capital	<ul> <li>Human capital management</li> <li>Diversity, Equity &amp; Inclusion</li> <li>Well-being</li> </ul>

Message from Management Our strategy for Sustainability in Our Business Governance Social Social Contribution Activities

Environment Others

Critical issues	Specific points of interest
Improving corporate value	<ul> <li>Governance structure</li> <li>Risk management</li> <li>Cyber security</li> <li>Improvement in capital efficiency (cross-shareholdings, etc.)</li> <li>Dialogues with stakeholders</li> <li>Tax governance</li> <li>Corruption</li> </ul>
Other sustainability issues	<ul> <li>Intellectual property</li> <li>DX, and Generative AI</li> <li>Responding to international regulatory and market changes</li> </ul>

The materiality identified will be reflected in engagement, voting and investment decisions, and applied to a wide range of business activities, including product development and sales strategies.

#### Daiwa AM's Vision for Investee Company Best Practice

The company defines its vision of investee company best practice for the sustainable enhancement of corporate value, and conducts reviews of this vision on an ongoing basis. These are used as a tool to achieve more in-depth discussions on enhancing corporate value, including during engagements with investee companies.

#### Examples of best practices (natural capital)

- 1. Assessment of the current status throughout the value chain
  - The company grasps the business continuity risks by identifying links between natural capital (forests, water resources, mineral resources, biodiversity, etc.) and its own business activities, and by analyzing its impact and the extent to which it is dependent on the natural environment.
- 2. Initiatives and disclosure in line with TNFD recommendations
  - The company analyzes the relations between business and nature throughout the value chain, and undertakes corporate activities directed toward Nature Positivite.
  - The company undertakes initiatives and disclosure in line with the LEAP approach and other TNFD recommendations, including the identification of biodiversity risks and opportunities, scenario planning, and the formulation of business strategies, in an appropriate manner.
- 3. Contributions to the transition to a circular economy
  - The company engages in corporate activities which serve to promote the transition to a circular economy by maximizing the value of resources and products, minimizing resource consumption, and mitigating waste generation.

Message from Our strategy for Sustainability in Our Governance Social Social Contribution Activities

Others

#### Opportunity (3): Establish and sell ESG funds (Daiwa Asset Management)

Daiwa Asset Management provides investment trusts such as ESG funds that invest in companies that are emphasizing ESG or the achievement of the SDGs, so as to help bring about the transition to a sustainable society.

#### Decarbonization Technology Fund (nicknamed "Carbon ZERO")

The "Decarbonization Technology Fund (nicknamed Carbon ZERO)" (net asset value of 22.4 billion yen\*) is Daiwa Asset Management's core ESG fund, with a portion of trust fees donated to tree-planting projects organized by the certified NPO Environmental Relations. Every year around May or June, the NPO collaborates on tree-planting with local forestry cooperatives, and the growth of young trees is managed carefully over a 10-year period after planting. In 2024, 5,425 trees saplings were planted in three locations around Japan, for a cumulative total of 21,529 trees. The number of tree-planting sites in Japan has risen to six.

\* As of the end of October 2025

#### Clean Tech Equity Fund (nicknamed Mirai Earth)

The "Clean tech Equity Fund (nicknamed Mirai Earth)" (net asset value of 34.1 billion yen\*) is one of Daiwa Asset Management's major ESG funds, investing in stocks of clean tech-related companies worldwide. We seek to create environmental and social impacts by investing in companies that are working to solve environment-related issues through, for example, the use of eco-friendly transportation, transitions to alternative energy sources, healthier diets and sustainable food supplies, water resources conservation and reuse, and waste reduction. The social impacts of investments will be measured in terms of carbon dioxide reduction, water usage, etc.

\* As of the end of October 2025

#### Opportunity (4): Analyze and disseminate information on natural capital and biodiversity (Daiwa Institute of Research)

As an comprehensive securities group, we provide a wide range of information to customers, investors, and other stakeholders, not only on investments but also on the economy and society, as well as policy proposals from a long-term perspective.

#### Daiwa Institute of Research

As the Group's think-tank, DIR provides a wide range of analysis and information on financial and capital markets and the real economy, and provides policy proposals to the public.

It also actively deliver sustainability-related information, with the ESG Research Section of the Financial Research Department playing a central role in researching, analyzing, and disseminating related information. With progress being made in formulating a framework for sustainability information disclosure and with both issuers and investors becoming increasingly interested, DIR widely disseminates information on disclosure standards such as the TNFD framework and trends in natural capital and biodiversity through reports and other media.

Message from Management	/	Our strategy for Sustainability	/	Sustainability in Our Business	/	Governance	/	Social /	Social Contribution Activities	Env	rironment	Others
> DIR Sustaina	ability/	ESG Reports an	d Col	umns ⟨Japanese o	only	/> □						

## Opportunity (5): Implement eco-friendly initiatives, including natural capital, via real estate investment (Daiwa Real Estate Asset Management)

Daiwa Real Estate Asset Management is undertaking sustainability initiatives to enhance the medium- to long-term value of the investment corporations and funds it is entrusted to manage; among these initiatives is incorporating environmental considerations, including natural capital, into its asset management operations for alternative assets such as real estate.

#### Eco-friendly initiatives, including natural capital, in properties owned by REITs under management

The REITs managed by the company pay close attention to environmental factors, including natural capital, in the properties they own.

- Introduction and upgrading of water-efficient equipment:
   Each investment corporation is improving water conservation through measures such as upgrading to sanitary equipment with excellent water-saving performance and using rainwater and reclaimed water for general service water are being made one after another.
- Promoting greening of walls and rooftops:
   Daiwa Azabu Terrace, owned by Daiwa Office Investment Corporation, has rooftop gardens with different concepts are set up on the roofs of the 3rd through 6th floors and rooftop floors, and consideration is given to the conservation of biodiversity, such as by implementing a planting plan that takes into account the ecosystem network by adopting many plants that grow indigenous to the area.

In addition, Gran Casa Ryokuchi-koen, owned by Daiwa Securities Living Investment Corporation, has received JHEP\* certification (rank A) in recognition of the company's establishment of a self-managed park and planting management that aims to improve the quality of biodiversity.

\* Japan Habitat Evaluation and Certification Program: Japan's only certification system that enables objective and quantitative evaluation, certification, and visualization of contributions to biodiversity conservation; developed and operated by the Ecosystem Conservation Society-Japan.

#### Opportunity (6): Promote sustainable agriculture that also takes into account natural capital (Daiwa Food & Agriculture)

Established in November 2018, Daiwa Food & Agriculture plays a part in resolving social issues surrounding Japan's agriculture and food sectors by establishing and disseminating business models and creating new investment assets through a "expansion of scale x increase in efficiency x introduction of leading-edge technologies" approach while providing risk money.

#### Use of materials and technologies that take natural capital into account

Daiwa Food & Agriculture promotes sustainable agriculture utilizing materials and technologies that take natural capital into consideration.

Use of environmental control systems:
 Data on temperature, humidity, carbon dioxide concentration, and other factors in greenhouses are collected and

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Activities | Environment | Others

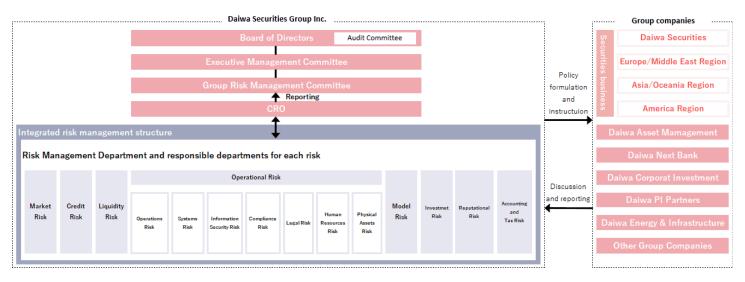
controlled to create an environment suitable for plant growth, leading to energy savings and other benefits.

- Utilization of natural enemies:
   Chemical pesticide use has been reduced by utilizing natural enemy insects for pest control.
- Use of coco peat: Coco peat that can be converted into compost after plant cultivation is being used.
- Recycling of waste liquids: Waste liquids from the culture medium used to grow plants are collected and reused while growing plants.

## 4. Risk and impact management

### (1) Risk management system

#### Risk management system



To realize the core concept of the Group's management vision "Vision 2030" -- "Creating a prosperous future through financial and capital markets" -- we recognize the importance of identifying, evaluating, and effectively managing various risks associated with our business operations while pursuing profitability and growth. We are working to continuously improve our corporate value by maintaining a sound financial structure and earnings structures that properly balances risk and return and by appropriately managing risks that could materialize not only in the short term, but also in the medium to long term, such as climate- and natural capital-related risks.

### (2) Environmental and Social Policy Framework

Our Group has established the "Environmental and Social Policy Framework" to strengthen its management and governance infrastructure for environmental and social risks, including the conservation of the global environmental / biodiversity and the protection of human rights. The 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, and specifies businesses in which financing is prohibited and businesses to be restricted.

#### Prohibited business related to natural capital

- Businesses that negatively impact UNESCO-designated World Heritage Sites
- Businesses that negatively impact wetlands designated under the Ramsar Convention
- Businesses violating the Washington Convention

#### Restricted business related to nature capital

#### **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.

#### 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/human trafficking, or whether appropriate measures are taken to prevent them. We will utilize these in making decisions.

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 our clients to obtain certification. We will encourage our clients to make environmental and human rights policies such as NDPE (No Deforestation, No Peat, and No Exploitation) or other compatible policies.

Regarding new investments and loans, we will encourage our clients to enhance their supply chain management and traceability to ensure that similar initiatives will also apply to their supply chains.

#### **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 our clients to obtain FSC (Forest Stewardship Council), an international forest system or other compatible certifications or to make environmental and human rights policies such as NDPE or other compatible policies.

Message from Our strategy for Sustainability in Our Governance Social Social Contribution Activities

| Social Contribution Activities | Environment | Sustainability | Sustaina

Regarding new investments and loans, we will encourage our clients to enhance their supply chain management and traceability to ensure that similar initiatives will also apply to their supply chain.

#### 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.

#### 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.

When providing financing to applicable 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.

In addition, even after new investments and loans have been provided, we will perform regular screenings to ensure that businesses do not involve child labor, forced labor or human trafficking. If we detect credible evidence of child labor, forced labor, or human trafficking, we will engage in dialogue with our clients and request corrective and preventive measures. If no measures are taken, we will carefully consider whether or not to continue our investments and loans.

Based on the experience of its implementation and changes in the external environment, this Framework will be regularly assessed to achieve stricter operations.

#### Respect for the human rights of natural capital-related stakeholders

The "Human Rights Policy" established by Daiwa Securities Group applies to the human rights of all Group stakeholders. We support and respect international standards on human rights, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and conduct appropriate human rights due diligence and stakeholder engagement.

> Respect for human rights

## 5. Indicators and targets

We established sustainability KPIs in FY2024 as part of the Medium-term Management Plan "Passion for the Best" 2026. Metrics that are also relevant to natural capital include GHG emissions and SDGs bond league table.

#### **Metrics and targets**

Exampl	es of sustainability KPIs relevant to natural capital and b	FY2026 targets	FY2024 results*1	
	GHG emissions (our own operations*2)	Consolidated	Net zero (FY2030)	2,725 t-CO <sub>2</sub> e
Group KPIs	GHG emissions (investment portfolio*3)	Consolidated	186-255 (FY2030)	243 g-CO <sub>2</sub> e/kWh
	SDGs bond league table	GIB	In the top2	1st

<sup>\*1.</sup> As of March 31, 2025

For more information, see  $\underline{\text{Climate-related Disclosures 2025 (p.41)}}$  .

Sector-specific underwriting results are disclosed in the <a href="Sustainability Data Edition 2025">Sustainability Data Edition 2025</a> (p.24) <a href="Data Edition">Image: Data Edition</a> (p.24) <a href="Data E

We will continuously strive to understand our dependency and impact on natural capital, and we will consider the relationship between our Group and natural capital when setting targets and specific progress indicators.

<sup>\*2.</sup> Total of Scope 1 and 2 (market-based)

<sup>3.</sup> FY2023 result. The targets cover project finance in the power generation sector. Include some estimated values.

Message from Management

Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment

Others

## **Sustainability Data Edition**

Numerical data related to the sustainability promotion of the Group is compiled and published as a Data Edition.



(Published in August 2025)

> Sustainability Data Edition 2025 (PDF / 1,661KB / 27 pages)

## **Archives**

#### **Sustainability Data Edition 2024**



#### **Sustainability Data Edition 2023**



Our strategy for Sustainability Sustainability in Our Business

Governance Social

Social Contribution Activities

Environment



#### SDGs Data Edition 2022



#### SDGs Data Edition 2021



#### SDGs Data Edition 2020



#### How to view a PDF File?



To view a PDF file, you will need to have Adobe Reader installed.

To download a free copy of Adobe Reader, click on the icon above.

Message from Management Our strategy for Sustainability Sustainability in Our Business

Governance / Social

Social Contribution Activities Environment



## **Sustainability Archive**

#### Sustainability Report, SDGs Report

\* These reports are PDF versions of the information posted on the Sustainability website as of September 30 in each year for greater convenience.

The latest information is timely disclosed on the website.

× 2024

× 2023

× 2022

2021

2020

#### **Sustainability Booklet**

2023

#### **SDGs Booklet**

2022 < 2021 < 2020</p>

SDGs Data Book 2019

#### **CSR Report**

 ~ 2018
 ~ 2017
 ~ 2016
 ~ 2015
 ~ 2014
 ~ 2013
 ~ 2012
 ~ 2011
 ~ 2010

∨ 2009

#### **Sustainability Report**

## Sustainability Report 2024

Sustainability Report 2023

SDGs Report 2022

> Full Edition [PDF:11,898KB]

> Full Edition [PDF:82,580KB]

> Full Edition [PDF:55,148KB]

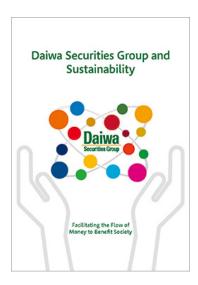
## SDGs Report 2021

> Full Edition [PDF:57,786KB]

## SDGs Report 2020

> Full Edition [PDF:22.2MB]

## **Sustainability Booklet** 2023



## SDGs Booklet 2022



## SDGs Booklet 2021



## SDGs Booklet2020



Activities

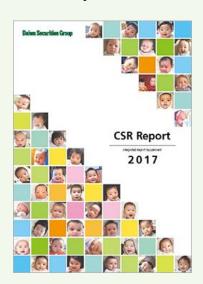
### SDGs Data Book 2019



## CSR Report 2018



## CSR Report 2017



## CSR Report 2016



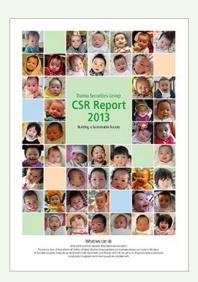
## CSR Report 2015



## CSR Report 2014



## **CSR Report 2013**



## CSR Report 2012



## CSR Report 2011



## CSR Report 2010



Message from Management Our strategy for Sustainability Sustainability in Our Business

Governance /

Social

Social Contribution Activities

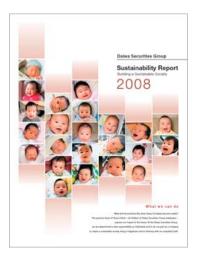
Environment



## CSR Report 2009



# Sustainability Report 2008



# Sustainability Report 2007



# Sustainability Report 2006



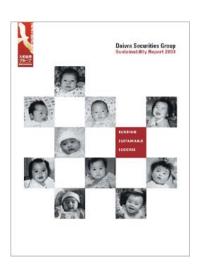
## Sustainability Report 2005



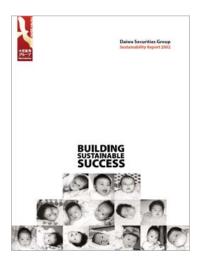
## Sustainability Report 2004



## Sustainability Report 2003



## Sustainability Report 2002



#### How to view a PDF File?



To view a PDF file, you will need to have Adobe Reader installed.

To download a free copy of Adobe Reader, click on the icon above.



## **ESG Information Index**

Information on the Daiwa Securities Group is organized from the perspective of ESG surveys and other research.

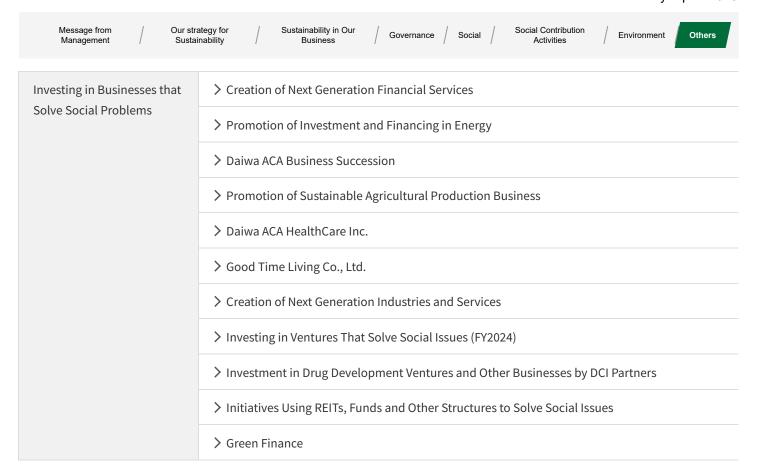
## **General Management**

Message from Management	> Message from Management
Corporate Philosophy and	> Corporate Principles
Code of Conduct	> [Japanese] Daiwa Spirit [PDF:80KB] ▶
	> Management Policy
	> Basic Policy on Stakeholder Engagement
Sustainability as a	> Daiwa Securities Group's Management Vision "Vision 2030" and Materiality
Management Strategy	> Daiwa Securities Group SDGs Declaration
	> Sustainability Promotion Structure
	> Message from the Head of Sustainability
Participation in Initiatives	> Participation in Initiatives
External Evaluations	> Third-Party Evaluations
Independent Assurance	> Independent Assurance Report (Sustainability Data Edition 2025) [PDF:1,661KB]

# Initiatives through Business Activities (To achieve Sustainability)

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-

	ategy for Sustainability in Our Governance Social Social Contribution Environment Others  Others					
How to think about	> Environmental and Social Policy Framework					
investing	> [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.] ESG Investment Policy (Japanese)					
	> [Daiwa Asset Management Co.Ltd.] Investment Principles against Specific Weapons Manufactures □					
	> Responsible Action as an Institutional Investor					
	> [Daiwa Real Estate Asset Management Co. Ltd.] Sustainability Initiatives					
Responsibility to customers	> Basic Policy on Customer-first Operations					
and customer satisfaction	> Measuring NPS® (Net Promoter Score) for "Maximizing the Value of Customer Assets"					
	> 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	> Sustainable Finance					
	> ESG Funds					
	> Initiatives in Funds for Decarbonization (Daiwa Asset Management)					
Inclusion (Financial	> Improving In-Branch Customer Service Quality					
Inclusion, etc.)	> Expansion of Services for Asset-Building Customers through Smartphone-only Securities Company, "Daiwa Connect Securities"					
Analysis and Recommendations for	> Initiatives to Provide Information on ESG (Daiwa Securities)					
Economic, Social and	> Comprehensive Provision of Information and Policy Proposal Activities					



### **Environment**

Environmental	> The Daiwa Securities Group Net Zero Carbon Declaration				
Management	> Environmental Vision / Environmental Principles / Basic Environmental Policies				
	> Environmental Management				
	> Targets for FY2024				
	> Climate-related Disclosures 2025 (former TCFD)				
Efforts and Achievements in	> Initiatives to Reduce the Environmental Impact of Business Activities				
Reducing Environmental Impact	> Environment (Sustainability Data Edition 2025) [PDF: 1,661KB]				

Message from Management Our strategy for Sustainability Sustainability in Our Business

Governance Social

Social Contribution Activities

Environment



## Society

Employment and Working	> Hiring Approaches and Policy
Environment	> Guidelines for Fair Hiring
	> Initiatives for Autonomous Career Development
	> Evaluation System
	> Employees at Daiwa Securities Group (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB]
	> Gender pay gap (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB] ▶
	> Average Number of Years of Service (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB]
	> Employee Turnover Rate (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB]
	> Working Hours and Paid Vacation Usage Rate (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB]

Others

Environment

Social Contribution

Management Sustainability **Business** Activities > Human Rights Policy **Diversity & Inclusion** > Support for the Success of Senior Employees > Number of Employees Re-hired after Retirement Age (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB] 👃 > Employment of People with Disabilities > Percentage of Employees with Disabilities (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB] 🔼 > Promoting Diverse Work Styles (Work-Life Balance) > Encouraging Women to Succeed > [Daiwa Capital Markets America Inc.] WORK FOR US > Culture □ > [Daiwa Capital Markets Europe Limited.] Equity, Diversity & Inclusion □ > Promoting increased understanding toward the LGBTQ+ community and related issues > Welfare Program Usage (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB] 📙 > Percentage of Employees Taking Childcare Leave and Other Related Data (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB] > Various systems **Employee Satisfaction** > Communication with Employees > Engagement Survey (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB] Internal Communication > Communication among Employees (internal online social network ANSWERS) > Initiatives with Families Labor-Management > Relationship with Employee Unions Dialogue > Number of Employee Union Members (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB] 🔼 **Human Resource** > Approaches and Policy Development and > Education and Training System Capability Development > Supporting Employees Trying to Earn Credentials

Message from

Our strategy for

Sustainability in Our

Governance

Social

	ategy for   Sustainability in Our   Governance   Social   Social Contribution   Environment Others							
Human Rights	> Human Rights Policy							
	> Human Rights Education and Awareness System							
	> Initiatives in FY2024							
	> 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							
	> Daiwa Internet TV (Japanese) □							
Social Contribution	> Stakeholder Engagement							
Activities and Corporate Citizenship Activities	> Contribution through Foundations and NPOs							
	> For Your Dreams - Daiwa Securities Group Children's Smile Project							
	> Corporate Citizenship Initiatives							
	> [Daiwa Capital Markets America Inc.] Corporate Social Responsibility □							
	> [Daiwa Capital Markets Europe Limited.] Corporate Social Responsibility							
	> Philanthropic Contributions (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB]							

Our strategy for Sustainability Sustainability in Our Business

Governance Social

Social Contribution Activities

Environment



## Governance

Corporate Governance	> Basic Views on Corporate Governance	
	> Corporate Governance Guidelines	
	> Corporate Governance System	
	> Board of Directors and Committees: Roles, Duties, Composition and Activities	
	> Preventing Conflict-of-Interest Transactions between Group Companies	
	> Performance -linked remuneration system for Directors and Corporate Executive Officers (Shikkoyaku)	
	> Indicators for Performance-linked remuneration, reasons for choosing the indicators, how to determine Performance-linked remuneration, and targets and results (Japanese)	
	> Internal Control System and Internal Audit	
	> Corporate Governance Report[PDF:1,041KB]	
Tax Corporate Governance > Daiwa Securities Group Tax Policy		
Whistleblowing	> Structure and Achievements of Whistleblowing System (Corporate Ethics Hotline)	
Risk Management	> Risk management system	
	> Types of Risks to Be Managed	
	> Management Systems of 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	

	strategy for stainability   Sustainability in Our Business   Governance   Social   Social Contribution Activities   Environment Others	
Prevention of Money	> Anti-Money Laundering and Combating 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	> Prevention of corruption / Anti-Corruption Policy	
	> Political contributions (Sustainability Data Edition 2025 Social Report) [PDF: 1,661KB]	
IT Governance Structure	> IT Organization and Structure	
Information Security	> Systems risk management	
	> IT investment	
	> Privacy Policy	
	> Information Security	
<ul> <li>Policy on Personal Information Protection and Security / Implementation</li> <li>Assessments and Audits Concerning Personal Information Protection</li> </ul>		
	> Creation of Governance System Concerning Protection of Personal Information	
	> Training on 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 (Sustainability Data Edition 2025) [PDF: 1,661KB]

Our strategy for Sustainability Sustainability in Our

Governance /

Social

Social Contribution

Environment



### **Participation in Initiatives**

Daiwa Securities Group has participated in, signed, and supports the initiatives described below to contribute to developing a sustainable society in cooperation with its partners in a range of fields, not limited to those in the financial and economic sectors.

### **Major Initiatives**

#### The United Nations Global Compact (UNGC)

Daiwa Securities Group Inc. signed the UNGC in January 2010. We support the 10 principles in the areas of human rights, labour, environment and anti-corruption, and work to contribute to sustainable development in the international community.



ightarrow The Ten Principles of the UN Global Compact  $\ \ \Box$ 

#### 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.



Message from Our strategy for Sustainability Our Governance Social Social Contribution Environment Others

### Principles for Financial Action for the 21st Century

Based on the recommendations of the Central Environment Council of the Ministry of the Environment, this is an action guideline for financial institutions that was established with the aim of expanding the circle of environmental finance efforts.



The 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.

#### 

The Japan's Impact Consortium was launched in November 2023 as a forum for a range of stakeholders to discuss on an equal footing and make dialogue and dispatch information via networks in and outside Japan with a view to supporting a range of economic and financial systems for the creation of impacts through investments and loans and making them a powerful means and market for business promotion. The Group has been participating in this consortium since its launch.

#### Japan Impact-driven Financing Initiative (IDFI)

Daiwa Securities Group Inc. signed the "Japan Impact-driven Financing Initiative" as a comprehensive securities group for the first time in June 2023. This declaration is an initiative led by Japan Social Innovation and Investment Foundation to encourage domestic financial institutions that are committed to creating impact to work together and advance impact-oriented investments.

#### 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")

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment



#### **Environmental initiatives**

#### United Nations Environment Programme - Finance Initiative (UNEP-FI)

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**

#### Task Force on Climate-related Financial Disclosures (TCFD)

This is a task force established by the Financial Stability Board (FSB) in 2015. TCFD asks companies to grasp and disclose information on the impact of climate change on finances during the course of a shift to a low-carbon economy. Daiwa Securities Group Inc. (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.



TCFD was disbanded in October 2023, with the IFRS Foundation taking over its roles.

> Climate-related Disclosures 2025 (former TCFD)

#### 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.

> Measures to achieve net zero GHG Emissions within Our Investment and Loan portfolios

Message from / Our strategy for / Sustainability in Our / Governance / Social / Social Contribution / Environment Others

#### 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 emissions from investee companies by 2050. In December 2021, Daiwa Asset Management became a signatory in support of this aim.

NET ZERO ASSET MANAGERS INITIATIVE

#### Green Transformation (GX) League Basic Concept

In March 2022, Daiwa Securities Group Inc. endorsed the GX League Basic 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 Change Disclosure

This statement on the disclosure of fiduciary duty and climate change information was jointly formulated by the Climate Disclosure Standards Board (CDSB) and the UNEP FI (United Nations Environment Programme Financial Initiative).

Its aim is to prompt companies to disclose climate change information in a comprehensive and comparable form in their annual reports and other disclosure materials. Daiwa Asset Management became a signatory in August 2014.

#### Climate Action 100+

This international engagement initiative was established by investors in 2017 with the aim of encouraging greenhouse gas emissions reductions through collaborative engagement with companies with high emissions levels.



In August 2021, Daiwa Asset Management became a signatory in support of this initiative as an approach for reaching the targets of the Paris Agreement.

#### Investor Agenda 🗇

This agenda was established in 2018 by a group of institutional investors. It has issued recommendations on how to accelerate climate change initiatives by institutional investors and national governments.

Daiwa Asset Management became a signatory in August 2021.

Our strategy for Sustainability Sustainability in Our

Governance

Social Contribution
Activities

Environment



### **Natural Capital and Biodiversity**

### Taskforce on Nature-related Financial Disclosures (TNFD) Forum

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.



We also registered as a TNFD Adopter in December 2023 to further promote the disclosure of relevant information in line with the TNFD framework.

#### spring 🗆

This was newly launched by PRI in October 2023 as a stewardship initiative to halt and reverse global biodiversity loss by 2030. Daiwa Asset Management has been participating in the initiative since the same month as an endorser to promote biodiversity measures in collaboration with investee companies.



### 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**

#### **Green Finance Supporters System** $\ \ \, \Box$

The project to enhance the market foundation for green finance (for decarbonization and environmental measures) implemented by the Ministry of the Environment subsidizes the external costs incurred other than the cost for the ordinary fundraising procedure. It grants a subsidy to those who provide support to issuers of green bonds (fundraising supporters) for their support costs. The Ministry has established a system for announcing the fundraising supporters on the "Green Finance Portal."

The Group has been a registered supporter for structuring since the initiation of the system in 2018.

> Please refer to the Sustainable Finance page for further details.

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment



### 

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 Sustainable Finance page for further details.

### **Human Capital**

#### Women's Empowerment Principles (WEPs) □

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.

In support of

WOMEN'S

EMPOWERMENT

PRINCIPLES

Established by UN Women and the
UN Global Compact Office

### 30% Club Japan 🗇

In May 2019, the chairperson 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.



#### 

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.



Message from Management	Our strategy for Sustainability	Sustainability in Our Business	Governance	Social	Social Contribution Activities	Environment	Others	

#### Advance 🗆

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 ten 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** 

Social

### **Third-Party Evaluations**

### Inclusion in ESG Indices (As of September, 2025)

MSCI Japan Stock ESG Select Leaders Index

**2025** CONSTITUENT MSCI日本株 ESGセレクト・リーダーズ指数 MSCI Japan ESG Select Leaders Index is a stock index comprised of Japanese companies selected by MSCI from different sectors on the basis of excellent ESG performance. In March 2024 Japan's Government Pension Investment Fund (GPIF) adopted the index as a core ESG benchmark for its passive investments.

MSCI Japan Empowering Women Index (WIN)

 $\Box$ 

2025 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 the Government Pension Investment Fund
(GPIF) as a core ESG benchmark for its passive investments.
Daiwa Securities Group Inc. has been selected for nine consecutive years
since 2017.

MSCI Selection Indexes ☐ (Former MSCI ESG Leaders Indexes)



The MSCI ESG Leaders Indexes were renamed MSCI Selection Indexes in February 2025. Constituents of these world-class indexes are companies selected from each industrial sector by MSCI as brands with relatively high ESG evaluation scores.

FTSE Blossom Japan Index Series



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 nine 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, for four consecutive years since the launch of the index.

Our strategy for Sustainability Sustainability in Our

since 2006.

Governance Social

Social Contribution
Activities

Environment

Others

FTSE4Good Index



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 20 consecutive years



This index was developed by S&P Dow Jones Indices LLC and is composed of companies that are evaluated to be excellent in terms of the disclosure of environmental information and carbon efficiency (carbon emissions per unit of sales) among the companies that constitute the Tokyo Stock Price Index (TOPIX). It is adopted by the Government Pension Investment Fund (GPIF) as a core ESG benchmark for its passive investments, and Daiwa Securities Group Inc. has been included in the Index for seven consecutive years since 2018, when the Index was launched.

Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J). □



This index was developed by Morningstar by using the gender equality scores provided by Equileap and is composed of companies excellent in terms of gender diversity. It was adopted by the Government Pension Investment Fund (GPIF) as one of the core ESG benchmark for its passive investments. Daiwa Securities Group Inc. has been included in the Index for three consecutive years since 2023.

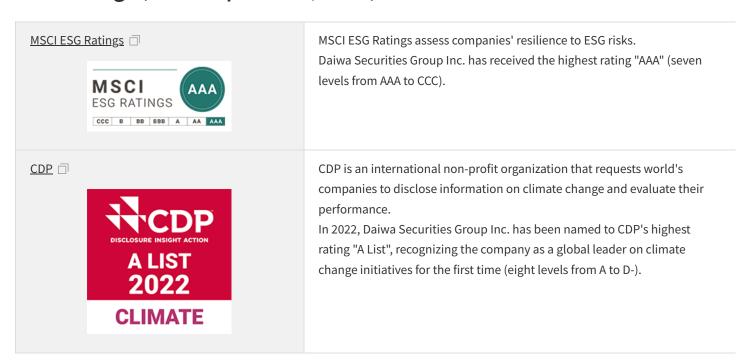
Dow Jones Best-in-Class Indices (Former Dow Jones Sustainability Indices)

Dow Jones Best-in-Class Indices (Dow Jones Sustainability Indices until February 2025) 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 2024, we were selected as a component of DJSI Asia Pacific Index (presently DJBIC Asia Pacific).

\*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.

\*Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized Daiwa Securities Group Inc. to use of the Morningstar Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, Daiwa Securities Group Inc. ranks in the top quintile of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt Index<sup>SM</sup> ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by Daiwa Securities Group Inc. solely for informational purposes. Daiwa Securities Group Inc. use of the Logo should not be construed as an endorsement by Morningstar of Daiwa Securities Group Inc. or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with Daiwa Securities Group Inc. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.

### **ESG Ratings (As of September, 2024)**



\*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 November, 2024)

CDP 2023 Supplier Engagement Leader



Daiwa Securities Group was recognized as a Supplier Engagement Leader, the highest rating in the Supplier Engagement Rating by CDP, for the third consecutive year. The Supplier Engagement Rating is designed to evaluate companies' supply chain engagement practices on climate issues.

Our strategy for Sustainability Sustainability in Our

Governance /

Social

Social Contribution

Environment

Others

5th 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 received the Minister of the Environment Award (Silver Award) in the Financial Service Category (Securities Division) for the first time in recognition of its contribution to the expansion of the ESG finance market.

Meanwhile, Daiwa Securities Group Inc. was selected for the third year in a row 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 as well as an Environmental Disclosure Progress Company that has made a high level of improvement in disclosure and is expected to make further growth.

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.

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others

#### Nadeshiko Brand



Daiwa Securities Group Inc. has been selected as a Nadeshiko Brand. 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. The Company has been selected ten times since the start of the initiative in 2012.

The Company has been making continued efforts to develop an environment where all employees can realize their full potential regardless of their gender, age, disability, nationality, or other attributes. Such efforts include aiming to raise the ratio of women in director's position to at least 30%, which is one of the Company's sustainability KPIs and a goal for FY2026, and the ratio of women in managerial positions to at least 20% ahead of the target year and making it mandatory to take childcare support leave for male employees for at least two weeks, guaranteeing wages of four weeks during the leave.

We will continue to promote diversity and inclusion, including women's advancement, with the goal of improving sustainable corporate value through investment in human capital.

Nadeshiko Brand (Ministry of Economy, Trade and Industry website)
⟨Japanese only⟩ □

#### Health & Productivity Stock



Daiwa Securities Group Inc. has been selected as a "Health & Productivity Stock," which is jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to recognize listed companies that excel in efforts for employees' health. The Company has been selected ten times since the start of the selection in 2015.

While the Company has appointed a Chief Health Officer (CHO), executives from each Group company are also actively involved in launching initiatives. As a pioneer in health and productivity management, the Company has widely disclosed and disseminated information and provided other companies with its expertise. The selection recognizes the Company's efforts for developing its initiatives, including the Daiwa ELLE Plan that comprehensively supports women's health, Daiwa Online Care as an online healthcare service for employees, Mindfulness Training as a measure for mental health, and Good Sleep Daiwa as a measure for sleep literacy improvement, in response to its own issues, changes in society, and employees' needs.

> Health & Productivity Stock (Ministry of Economy, Trade and Industry website) (Japanese only)

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment

Others

Certified Health & Productivity Management Outstanding Organizations (White 500)



Daiwa Securities Group Inc. has been selected by the Ministry of Economy, Trade and Industry to be an outstanding enterprise engaging in advanced health and productivity management for nine consecutive years since 2017.

➤ Certified Health & Productivity Management Outstanding Organizations (Ministry of Economy, Trade and Industry website) □

#### The PRIDE Index



The PRIDE Index was initiated by work with Pride in 2016 as the first evaluation index set in Japan for sexual minorities-related initiatives implemented by companies and other organizations. The Index is intended to foster in the country the creation of workplaces where sexual minorities, including LGBTQ+ people can work with comfort.

Four companies, specifically, Daiwa Securities Group Inc., Daiwa Securities, Daiwa Asset Management and Daiwa Institute of Research received the highest "Gold" evaluation in the PRIDE Index 2024 in recognition of the initiatives that they had implemented for LGBTQ+ people and other sexual minorities at their workplaces.

➤ The PRIDE Index (work with Pride) (Japanese only)

#### Noteworthy DX Companies



In May 2025, Daiwa Securities Group Inc. was selected as a Noteworthy DX Company for 2025 under the DX Stock Selection program operated jointly by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange and the Information-technology Promotion Agency (IPA). The "DX Stocks" selects companies listed on the Tokyo Stock Exchange that have established an internal system to promote DX that leads to improving corporate value, and have demonstrated excellent digital utilization.

The selection recognizes that the Company is the first leading Japanese financial institution that has introduced an "AI operator service" for AI-based interactive voice response\* and that it has worked to expand the security token business and is taking on the challenge of creating new value by developing an advanced digital workforce and promoting collaboration within and outside the Group.

- \* Surveyed by the Company (in reference to the press releases issued by top five companies in terms of sales in each of the following financial sectors during the period from Nov. 2022 to Sept. 2024: banking, securities, trust banking, life insurance, non-life insurance, credit card, and leasing.)
- ➤ DX Stocks 2025 (Ministry of Economy, Trade and Industry website)
  ⟨Japanese only⟩

Our strategy for Sustainability Sustainability in Our

Governance / Social

Social Contribution Activities

Environment



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,

Daiwa Securities Business Center, and Daiwa Real Estate Asset

Management have also been certified.

Moreover, Daiwa Securities, Daiwa Asset Management, Daiwa Institute of Research, and Daiwa Securities Business Center 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) (Japanese only) □

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⟩ □

Social

#### **GRESB Real Estate Assessment**









Public Disclosure 2024

Daiwa Office Investment Corporation and Daiwa Securities Living Investment Corporation continuously participate in the GRESB Real Estate Assessment, a global ESG assessment of real estate companies and funds. In the 2023 Assessment, each investment corporation obtained a "Green Star" rating recognizing outstanding achievement 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.

#### **Daiwa Office Investment Corporation**

Daiwa Office Investment Corporation earned the rating of "4 Stars" 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 GRESB Public Disclosure Assessment, which measures the comprehensiveness of ESG information disclosure, the company received the top rating of "A" on the five-tiered evaluation scale for the fourth year in a row.

#### **Daiwa Securities Living Investment Corporation**

Daiwa Securities Living Investment Corporation received a rating of "2 Stars" in the GRESB Real Estate, as well as a rating of "A" in the GRESB Public Disclosure Assessment for the third year in a row.

- ➤ Daiwa Office Investment Corporation "Participation in External Assessments"
- ➤ Daiwa Securities Living Investment Corporation "Acquisition of External Assessments/Certifications"

HDI-Japan's 2024 HDI Rating Benchmarks (Securities Industry)

Received the highest Three Star rating in both the "Customer Service" and "Support Portal" categories of HDI-Japan's Rating Benchmark 2024 (Securities Industry).

J.D. Power 2024 Japan Customer Center Support Satisfaction Study <Financial Industry> Ranked No. 1 in the category of face-to-face securities companies in the J.D. Power 2024 Japan Customer Center Support Satisfaction Study <Financial Industry>.

Our strategy for Sustainability Sustainability in Our Business

Governance /

Social /

Social Contribution Activities

Environment



# ISO Certification (As of May, 2025)

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
ISO/IEC20000	Daiwa Institute of Research (Infrastructure Solutions 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 (Infrastructure Solutions Division and Health Tech Business Process Outsourcing Center) 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 (Infrastructure Solutions 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 Solution Department) has received ISO 9001 certification, an international standard for quality management systems.  (Scope: Design and development of application software based on customer requirements)

<sup>\*</sup> About ISO27001, ISO27017, and ISO20000: With the organizational changes at Daiwa Institute of Research, Infrastructure Solutions Division in April 2025, we are currently in the process of updating the registration details for ISO certification.

> ISO □

Message from Our strategy for Sustainability Governance Social Social Contribution Activities Environment

## **GRI** content index

Statement of use	Daiwa Securities Group Inc. has reported in reference to the GRI Standards for the period from 1 April 2024 to 31 March 2025.	
GRI 1 used	GRI 1: Foundation 2021	

## **GRI 2: General Disclosures 2021**

	DISCLOSURE	Applicable web page
2-1	Organizational details	<ul><li>Corporate Profile</li><li>About Daiwa Securities Group &gt; Global Network</li></ul>
2-2	Entities included in the organization's sustainability reporting	<ul><li>&gt; Securities Reports</li><li>&gt; About Daiwa Securities Group &gt; Global Network</li></ul>
2-3	Reporting period, frequency and contact point	> Sustainability > Editorial Policy
2-4	Restatements of information	Not Applicable
2-5	External assurance	> Sustainability Data Edition
2-6	Activities, value chain and other business relationships	<ul> <li>&gt; Securities Reports</li> <li>&gt; About Daiwa Securities Group &gt; Management Policy &gt; FY2025 Daiwa Securities Group Management Policy - Passion for the Best -</li> <li>&gt; Sustainability &gt; Social &gt; Supply Chain Management</li> <li>&gt; Sustainability &gt; Sustainability in Our Business &gt; Role and Social Responsibilities of the Securities Business</li> </ul>
2-7	Employees	> Securities Reports 🔼
2-8	Workers who are not employees	-
2-9	Governance structure and composition	> Sustainability > Governance > Corporate Governance

Our strategy for Sustainability Sustainability in Our Business

Governance Social

Social Contribution Activities

Environment



	DISCLOSURE	Applicable web page
2- 10	Nomination and selection of the highest governance body	> Sustainability > Governance > Corporate Governance
2- 11	Chair of the highest governance body	> Sustainability > Governance > Corporate Governance
2- 12	Role of the highest governance body in overseeing the management of impacts	<ul> <li>&gt; Sustainability &gt; Our strategy for Sustainability &gt; Stakeholder Engagement</li> <li>&gt; Sustainability &gt; Our strategy for Sustainability &gt; Sustainability Management &gt; Materiality</li> <li>&gt; Sustainability &gt; Our strategy for Sustainability &gt; Sustainability Management &gt; Sustainability Promotion Structure</li> <li>&gt; Sustainability &gt; Governance &gt; Risk Management</li> </ul>
2- 13	Delegation of responsibility for managing impacts	Sustainability > Our strategy for Sustainability > Sustainability Management > Sustainability Promotion Structure
2- 14	Role of the highest governance body in sustainability reporting	Sustainability > Our strategy for Sustainability > Sustainability Management > Sustainability Promotion Structure
2- 15	Conflicts of interest	<ul> <li>&gt; Sustainability &gt; Governance &gt; Corporate Governance</li> <li>&gt; About Daiwa Securities Group &gt; Group Management System</li> <li>&gt; Summary of the Management Policy for Conflict of Interest</li> </ul>
2- 16	Communication of critical concerns	> Sustainability > Governance > Compliance > Compliance System > Structure and Achievements of Whistleblowing System (Corporate Ethics Hotline)
2- 17	Collective knowledge of the highest governance body	<ul> <li>Sustainability &gt; Our strategy for Sustainability</li> <li>About Daiwa Securities Group &gt; Management Policy &gt; FY2025 Daiwa</li> <li>Securities Group Management Policy - Passion for the Best -</li> </ul>
2- 18	Evaluation of the performance of the highest governance body	> Sustainability > Governance > Corporate Governance
2- 19	Remuneration policies	> Sustainability > Governance > Corporate Governance
2- 20	Process to determine remuneration	> Sustainability > Governance > Corporate Governance
2- 21	Annual total compensation ratio	-

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment Others

	DISCLOSURE	Applicable web page
2- 22	Statement on sustainable development strategy	<ul><li>&gt; Message from Management</li><li>&gt; Why Daiwa Securities Group is Working to Support Children</li></ul>
2- 23	Policy commitments	<ul> <li>&gt; Message from Management</li> <li>&gt; About Daiwa Securities Group &gt; Management Policy</li> <li>&gt; Sustainability &gt; Our strategy for Sustainability &gt; Statements</li> <li>&gt; Sustainability &gt; Social &gt; Respect for Human Rights</li> </ul>
2- 24	Embedding policy commitments	<ul> <li>Sustainability &gt; Our strategy for Sustainability &gt; Sustainability</li> <li>Management</li> <li>Sustainability &gt; Social &gt; Respect for Human Rights</li> </ul>
2- 25	Processes to remediate negative impacts	<ul> <li>Sustainability &gt; Governance &gt; Compliance &gt; Compliance System &gt;         Structure and Achievements of Whistleblowing System (Corporate Ethics Hotline)</li> <li>Sustainability &gt; Governance &gt; Risk Management</li> </ul>
2- 26	Mechanisms for seeking advice and raising concerns	> Sustainability > Governance > Compliance > Compliance System > Structure and Achievements of Whistleblowing System (Corporate Ethics Hotline)
2- 27	Compliance with laws and regulations	<ul> <li>Sustainability &gt; Environment &gt; Environmental Management</li> <li>Sustainability &gt; Governance &gt; Compliance</li> </ul>
2- 28	Membership associations	> Sustainability > Participation in Initiatives
2- 29	Approach to stakeholder engagement	Sustainability > Our strategy for Sustainability > Stakeholder Engagement
2- 30	Collective bargaining agreements	<ul> <li>Sustainability &gt; Social &gt; Initiatives for Human Capital &gt; Communication with Employees</li> <li>Sustainability Data Edition</li> </ul>

# GRI 3: Material Topics 2021

DISCLOSURE		Applicable web page
3-1	Process to determine material topics	Sustainability > Our strategy for Sustainability > Sustainability Management > Materiality



DISCLOSURE		Applicable web page
3-2	List of material topics	Sustainability > Our strategy for Sustainability > Sustainability Management > Materiality
3-3	Management of material topics	> Sustainability > Our strategy for Sustainability > Sustainability  Management > Materiality

# **Economy**

#### **GRI 201: Economic Performance 2016**

	DISCLOSURE	Applicable web page
201-	Direct economic value generated and distributed	➤ Disclosure Report 2025 〈Japanese only〉 ▶
201-	Financial implications and other risks and opportunities due to climate change	<ul> <li>Sustainability &gt; Environment &gt; Initiatives for Environmental Load Reduction</li> <li>Sustainability &gt; Environment &gt; Climate-related Disclosures 2025 (former TCFD)</li> </ul>
201-	Defined benefit plan obligations and other retirement plans	➤ Disclosure Report 2025 〈Japanese only〉 ▲
201-	Financial assistance received from government	Impact is insignificant

#### GRI 202: Market Presence 2016

	DISCLOSURE		Applicable web page
20	12-	andard entry level wage by apared to local minimum	Impact is insignificant, due to the nature of our business
		of senior management the local community	-

### **GRI 203: Indirect Economic Impacts 2016**

DISCLOSURE		Applicable web page
203-	Infrastructure investments and services supported	Sustainability > Sustainability in Our Business > Support for Asset Building: Maximizing the Value of Customer Assets
		Sustainability > Sustainability in Our Business > Sustainability-Fueled Business Expansion
		Sustainability > Social Contribution Activities > Contribution through Foundations and NPOs
		> Sustainability > Sustainability in Our Business > Sustainable Finance
		> Sustainability > Social Contribution Activities > Corporate Citizenship Initiatives
203-	Significant indirect economic impacts	Not Applicable

#### **GRI 204: Procurement Practices 2016**

DISCLOSURE		Applicable web page
204-	Proportion of spending on local suppliers	Impact is insignificant, due to the nature of our business

### GRI 205: Anti-corruption 2016

	DISCLOSURE	Applicable web page
205-	Operations assessed for risks related to corruption	<ul> <li>Sustainability &gt; Governance &gt; Prevention of corruption</li> <li>Sustainability &gt; Governance &gt; Risk Management</li> </ul>
205-	Communication and training about anti-corruption policies and procedures	> Sustainability > Governance > Prevention of corruption
205-	Confirmed incidents of corruption and actions taken	Not Applicable

### GRI 206: Anti-competitive Behavior 2016

DISCLOSURE		Applicable web page
206-	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not Applicable

#### GRI 207: Tax 2019

	DISCLOSURE	Applicable web page
207-	Approach to tax	<ul><li>&gt; Sustainability &gt; Governance &gt; Tax Policy</li><li>&gt; Sustainability &gt; Governance &gt; Risk Management</li></ul>
207-	Tax governance, control, and risk management	<ul><li>&gt; Sustainability &gt; Governance &gt; Tax Policy</li><li>&gt; Sustainability &gt; Governance &gt; Risk Management</li></ul>
207- 3	Stakeholder engagement and management of concerns related to tax	<ul> <li>Sustainability &gt; Governance &gt; Tax Policy</li> <li>Sustainability &gt; Our strategy for Sustainability &gt; Stakeholder</li> <li>Engagement</li> </ul>
207- 4	Country-by-country reporting	> Sustainability > Governance > Tax Policy

### **Environment**

#### GRI 301: Materials 2016

	DISCLOSURE	Applicable web page
301-	Materials used by weight or volume	Not Applicable
301-	Recycled input materials used	Not Applicable
301-	Reclaimed products and their packaging materials	Not Applicable

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

### GRI 302: Energy 2016

	DISCLOSURE	Applicable web page
302- 1	Energy consumption within the organization	> Sustainability Data Edition
302-	Energy consumption outside of the organization	> Sustainability Data Edition
302- 3	Energy intensity	> Sustainability Data Edition
302- 4	Reduction of energy consumption	> Sustainability Data Edition
302- 5	Reductions in energy requirements of products and services	> Sustainability Data Edition

#### GRI 303: Water and Effluents 2018

	DISCLOSURE	Applicable web page
303- 1	Interactions with water as a shared resource	Impact is insignificant, due to the nature of our business
303-	Management of water discharge- related impacts	Impact is insignificant, due to the nature of our business
303-	Water withdrawal	> Sustainability Data Edition
303- 4	Water discharge	-
303- 5	Water consumption	-

## GRI 304: Biodiversity 2016

	DISCLOSURE	Applicable web page
304-	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Applicable

Message from Management Our strategy for Sustainability Governance Social Social Contribution Activities Environment

	DISCLOSURE	Applicable web page
304-	Significant impacts of activities, products and services on biodiversity	Not Applicable
304-	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

### **GRI 305: Emissions 2016**

	DISCLOSURE	Applicable web page
305- 1	Direct (Scope 1) GHG emissions	> Sustainability Data Edition
305- 2	Energy indirect (Scope 2) GHG emissions	> Sustainability Data Edition
305- 3	Other indirect (Scope 3) GHG emissions	> Sustainability Data Edition
305- 4	GHG emissions intensity	> Sustainability Data Edition
305- 5	Reduction of GHG emissions	> Sustainability Data Edition
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

#### GRI 306: Waste 2020

	DISCLOSURE		Applicable web page	
3	306-	Waste generation and significant waste-related impacts	Impact is insignificant, due to the nature of our business	

Message from Management Our strategy for Sustainability Our Business Governance Social Social Environment Others

	DISCLOSURE	Applicable web page
306-	Management of significant waste- related impacts	Not Applicable
306-	Waste generated	> Sustainability Data Edition
306- 4	Waste diverted from disposal	Not Applicable
306- 5	Waste directed to disposal	Not Applicable

### GRI 308: Supplier Environmental Assessment 2016

DISCLOSURE		Applicable web page
308-	New suppliers that were screened using environmental criteria	Not Applicable
308-	Negative environmental impacts in the supply chain and actions taken	Not Applicable

## Social

### GRI 401: Employment 2016

	DISCLOSURE	Applicable web page	
401-	New employee hires and employee turnover	> Sustainability Data Edition	
401-	Benefits provided to full-time employees that are not provided to temporary or part-time employees	> Sustainability > Social > Initiatives for Human Capital > Diversity and Inclusion	
401-	Parental leave	> Sustainability Data Edition	

Message from Our strategy for Sustainability Governance Social Social Environment Others

### GRI 402: Labor/Management Relations 2016

DISCLOSURE		Applicable web page
402-	Minimum notice periods regarding operational changes	-

### GRI 403: Occupational Health and Safety 2018

DISCLOSURE		Applicable web page	
403-	Occupational health and safety management system	<ul> <li>Sustainability &gt; Social &gt; Initiatives for Human Capital &gt; Diversity and Inclusion</li> <li>Sustainability &gt; Social &gt; Initiatives for Human Capital &gt; Health Management</li> </ul>	
403-	Hazard identification, risk assessment, and incident investigation	-	
403-	Occupational health services	<ul> <li>Sustainability &gt; Social &gt; Initiatives for Human Capital &gt; Diversity and Inclusion</li> <li>Sustainability &gt; Social &gt; Initiatives for Human Capital &gt; Health Management</li> </ul>	
403- 4	Worker participation, consultation, and communication on occupational health and safety	<ul> <li>&gt; Sustainability &gt; Social &gt; Initiatives for Human Capital &gt; Diversity and Inclusion</li> <li>&gt; Sustainability &gt; Social &gt; Initiatives for Human Capital &gt; Health Management</li> <li>&gt; Sustainability &gt; Social &gt; Initiatives for Human Capital &gt; Communication with Employees</li> </ul>	
403- 5	Worker training on occupational health and safety	Sustainability > Social > Initiatives for Human Capital > Health Management	
403- 6	Promotion of worker health	<ul> <li>Sustainability &gt; Social &gt; Initiatives for Human Capital &gt; Diversity and Inclusion</li> <li>Sustainability &gt; Social &gt; Initiatives for Human Capital &gt; Health Management</li> </ul>	
403- 7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-	

Message from Our strategy for Sustainability in Our Management Sustainability Business	Governance Social Social Contribution Activities	invironment Others
--	--	--------------------

	DISCLOSURE	Applicable web page
403- 8	Workers covered by an occupational health and safety management system	-
403- 9	Work-related injuries	-
403- 10	Work-related ill health	-

# GRI 404: Training and Education 2016

DISCLOSURE		Applicable web page	
404-	Average hours of training per year per employee	Sustainability > Social > Initiatives for Human Capital > Human Resource Development and Skill Enhancement	
404-	Programs for upgrading employee skills and transition assistance programs	> Sustainability > Social > Initiatives for Human Capital > Human Resource  Development and Skill Enhancement	
404-	Percentage of employees receiving regular performance and career development reviews	-	

# GRI 405: Diversity and Equal Opportunity 2016

DISCLOSURE		Applicable web page
405- 1	Diversity of governance bodies and employees	> Sustainability Data Edition
405-	Ratio of basic salary and remuneration of women to men	> Sustainability Data Edition

### GRI 406: Non-discrimination 2016

DISCLOSURE		Applicable web page	
406-	Incidents of discrimination and corrective actions taken	<ul> <li>Sustainability &gt; Social &gt; Respect for Human Rights</li> <li>Sustainability &gt; Governance &gt; Risk Management</li> </ul>	

Message from Our strateg Management Sustainab		Governance Social	Social Contribution / Environment	Others
--	--	-------------------	-----------------------------------	--------

## GRI 407: Freedom of Association and Collective Bargaining 2016

DISCLOSURE		Applicable web page		
407-	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		

#### GRI 408: Child Labor 2016

DISCLOSURE		Applicable web page		
408-	Operations and suppliers at significant risk for incidents of child labor	Not Applicable, due to the nature of our business		

### GRI 409: Forced or Compulsory Labor 2016

DISCLOSURE		Applicable web page		
409-	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not Applicable, due to the nature of our business		

### **GRI 410: Security Practices 2016**

DISCLOSURE		Applicable web page		
410-	Security personnel trained in human rights policies or procedures	Impact is insignificant, due to the nature of our business		

## GRI 411: Rights of Indigenous Peoples 2016

DISCLOSURE		Applicable web page	
411-	Incidents of violations involving rights of indigenous peoples	Not Applicable, due to the nature of our business	

#### **GRI 413: Local Communities 2016**

DISCLOSURE		Applicable web page	
413-	Operations with local community engagement, impact assessments, and development programs	Impact is insignificant, due to the nature of our business	
413-	Operations with significant actual and potential negative impacts on local communities	Impact is insignificant, due to the nature of our business	

#### **GRI 414: Supplier Social Assessment 2016**

DISCLOSURE		Applicable web page	
414-	New suppliers that were screened using social criteria	Not Applicable	
414-	Negative social impacts in the supply chain and actions taken	Not Applicable	

### GRI 415: Public Policy 2016

DISCLOSURE		Applicable web page		
415	Political contributions	> Sustainability Data Edition		

### GRI 416: Customer Health and Safety 2016

DISCLOSURE		Applicable web page	
416-	Assessment of the health and safety impacts of product and service categories	Not Applicable, due to the nature of our business	
416-	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable, due to the nature of our business	

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

### GRI 417: Marketing and Labeling 2016

	DISCLOSURE	Applicable web page	
417-	Requirements for product and service information and labeling	> Sustainability > Social > Initiatives for Customer-First Services	
417-	Incidents of non-compliance concerning product and service information and labeling	Not Applicable	
417-	Incidents of non-compliance concerning marketing communications	Not Applicable	

### GRI 418: Customer Privacy 2016

DISCLOSURE		Applicable web page		
418-	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not Applicable		

### **SASB Index**

## **Sustainability Disclosure Topics & Metrics**

#### **Employee Diversity & Inclusion**

METRIC	CATEGORY	UNIT OF MEASURE	CODE	Applicable web page
Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees*1	Quantitative	Percentage (%)	FN-IB- 330a.1	> Sustainability Data Edition P.10-11

<sup>\*1.</sup> The entity shall describe its policies and programs for fostering equitable employee representation across its global operations.

# Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities

METRIC	CATEGORY	UNIT OF MEASURE	CODE	Applicable web page
Revenue from (1) underwriting, (2) advisory and (3) securitisation transactions incorporating integration of environmental, social and governance (ESG) factors, by industry	Quantitative	Presentation currency	FN-IB- 410a.1	<ul> <li>Sustainability Data Edition P.18-19</li> <li>Sustainability &gt; Sustainability in Our Business &gt; Support for Asset         Building: Maximizing the Value of         Customer Assets &gt; Products offered         to pursue shared value</li> </ul>

Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment



METRIC	CATEGORY	UNIT OF MEASURE	CODE	Applicable web page
(1) Number and (2) total value of investments and loans incorporating integration of environmental, social and governance (ESG) factors, by industry	Quantitative	Number, Presentation currency	FN-IB- 410a.2	<ul> <li>Sustainability Data Edition P.18-19</li> <li>Sustainability &gt; Sustainability in Our Business &gt; Support for Asset Building: Maximizing the Value of Customer Assets &gt; Products offered to pursue shared value</li> </ul>
Description of approach to incorporation of environmental, social and governance (ESG) factors in investment banking and brokerage activities	Discussion and Analysis	n/a	FN-IB- 410a.3	> Sustainability > Sustainability in Our Business > Role and Social Responsibilities of the Securities Business > Responsible Action as an Institutional Investor

### **Business Ethics**

METRIC	CATEGORY	UNIT OF MEASURE	CODE	Applicable web page
Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations*2	Quantitative	Presentation currency	FN-IB- 510a.1	
Description of whistleblower policies and procedures	Discussion and Analysis	n/a	FN-IB- 510a.2	> Sustainability > Governance > Compliance > Compliance System > Structure and Achievements of Whistleblowing System (Corporate Ethics Hotline)

<sup>\*2.</sup> The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.

Our strategy for Sustainability Sustainability in Our Business

Governance

S

Social

Social Contribution Activities

Environment



### **Professional Integrity**

METRIC	CATEGORY	UNIT OF MEASURE	CODE	Applicable web page
(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer- initiated complaints, private civil litigations, or other regulatory proceedings*3	Quantitative	Number, Percentage (%)	FN-IB- 510b.1	
Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	Quantitative	Number	FN-IB- 510b.2	
Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care*4	Quantitative	Presentation currency	FN-IB- 510b.3	
Description of approach to ensuring professional integrity, including duty of care	Discussion and Analysis	n/a	FN-IB- 510b.4	> Sustainability > Governance > Compliance > Compliance System

<sup>\*3.</sup> The entity shall describe how it ensures that covered employees file and update FINRA and SEC forms in a timely manner.

### Systemic Risk Management

METRIC	CATEGORY	UNIT OF MEASURE	CODE	Applicable web page
Global Systemically Important Bank (G-SIB) score, by category*5	Quantitative	Basis points (bps)	FN-IB- 550a.1	> Annual Report > Situation of Soundness in Management > Key Indicators ⟨Japanese only⟩ ▶

<sup>\*4.</sup> The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.

Message from | Our strategy for | Sustainability in Our | Governance | Social | Social Contribution | Environment | Others

METRIC	CATEGORY	UNIT OF MEASURE	CODE	Applicable web page
Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	n/a	FN-IB- 550a.2	> Sustainability > Governance > Risk  Management

<sup>\*5.</sup> The entity shall describe whether the Global Systemically Important Bank (G-SIB) score is calculated by the entity or obtained from regulatory authorities and whether the entity is required to report the underlying data to the regulators.

### **Employee Incentives & Risk Taking**

METRIC	CATEGORY	UNIT OF MEASURE	CODE	Applicable web page
Percentage of total remuneration that is variable for Material Risk Takers (MRTs)*6	Quantitative	Percentage (%)	FN-IB- 550b.1	
Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied*7	Quantitative	Percentage (%)	FN-IB- 550b.2	
Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	Discussion and Analysis	n/a	FN-IB- 550b.3	

<sup>\*6.</sup> The entity shall discuss its remuneration policies for Material Risk Takers (MRTs).

<sup>\*7.</sup> The entity shall discuss whether its initial ex-ante adjustments were sufficient in risk mitigation.

Our strategy for Sustainability Sustainability in Our Business

Governance

Social

Social Contribution Activities

Environment



# **Activity Metrics**

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	Applicable web page
(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitisation transactions*8	Quantitative	Number, Presentation currency	FN-IB- 000.A	> Sustainability Data Edition P.24-25
(1) Number and (2) value of proprietary investments and loans by sector*9	Quantitative	Number, Presentation currency	FN-IB- 000.B	
(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and € commodity products	Quantitative	Number, Presentation currency	FN-IB- 000.C	

<sup>\*8.</sup> For syndicate transactions, the entity shall include only the value for which it was accountable.

<sup>\*9.</sup> The entity shall use the Global Industry Classification Standard (GICS) for classifying investees and borrowers.

Our strategy for Sustainability Sustainability in Our

Governance

Social

Social Contribution

Environment



## **Editorial Policy**

Daiwa Securities Group discloses sustainability information related to its business and other activities on the Sustainability pages of the company's website, and posts updated information as required.

We also release the Sustainability Data Edition (a compilation of quantitative data), and the Sustainability Report (a PDF version of the information posted as of September 30 each year, for printing and archival purposes). These documents and their back numbers can be found on <u>Sustainability Library</u>.

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, investment and loan destinations, 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	Fiscal Year 2023 (April 2023 - March 2024) *Includes some information outside of this period.
Inquiries	Sustainability Promotion Department, Daiwa Securities Group Inc.
Tel	<u>+81-3-5555-1111</u> (Main)
E-mail	daiwa sustainability@daiwa.co.jp
URL	https://www.daiwa-grp.jp/english/sustainability/
Reference Guidelines	GRI Standards 2021 ISO 26000: Guidance on social responsibility SASB Standards (SASB: Sustainability Accounting Standards Board) Environmental Reporting Guidelines 2018

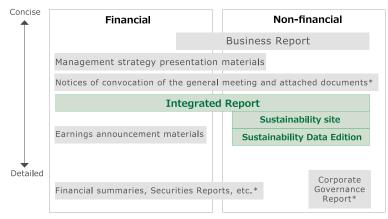
#### For Deeper Understanding of Corporate Activities of Daiwa Securities Group

At Daiwa Securities Group, we issue an Integrated Report, referring to the International Integrated Reporting Framework published by the IFRS Foundation 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**



<sup>\*</sup>Documents systematically stipulated under the Companies Act, Financial Instruments and Exchange Law, etc.