



Daiwa Securities Group Inc.

Green Finance Framework

JAN 2024


Framework Overview


Daiwa Securities Group Inc. Green Finance Framework (“Framework”) aligns with the four core components and key recommendations of the Green Bond Principles 2021 established by the International Capital Markets Association (ICMA), the Green Bond Guidelines (2022) and the Green Loan Guidelines (2022) established by the Ministry of the Environment and the Green Loan Principles 2023 established by the Loan Market Association (LMA), the Asia-Pacific Loan Market Association (APLMA), and the Loan Syndications & Trading Association (LSTA).

1. Use of proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

1. Use of proceeds

The proceeds from the green finance will be allocated towards financing and/or refinancing following eligible green projects.

Eligible Green Projects	SDGs	Eligibility Criteria
Renewable Energy		<p>Expenditures or investments for the acquisition, development, construction and operation of following renewable energy generation projects.</p> <ul style="list-style-type: none">• solar power• wind-power• geothermal power (limited to projects with direct emissions of less than 100g-CO2/kWh)• hydroelectric power (excluding large hydros with more than 20 MW capacity)• biomass energy power (limited to projects with sourcing from the same or neighboring prefecture)

Green Building		<p>Expenditures or investments for the construction of green buildings as well as refurbishment to convert existing buildings into green buildings to meet the following criteria.</p> <ul style="list-style-type: none"> • 3,4 or 5 Stars under the DBJ Green Building Certification • B+, A or S Rank under CASBEE • 3,4 or 5 Stars under BELS
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2. Process for Project Evaluation and Selection

Daiwa Securities Group Inc.'s Treasury Department ("the Treasury Department") will evaluate and select projects in accordance with eligibility criteria. The Treasury Department will collaborate with relevant departments with specialized expertise, if necessary. The final decision will be made by the Chief Financial Officer based on the selected eligible green projects.

3. Management of Proceeds

The management and allocation of proceeds will be executed by the Treasury Department. The Treasury Department will use a separate ledger and continuously track budgets and actual spending for eligible green projects. Pending allocation to finance eligible green projects, the amount equal to the balance of the proceeds will be temporarily invested in cash and/or cash equivalents and will be allocated to eligible green project as soon as practicably possible.

4. Reporting

① Allocation Reporting

Throughout the term of the green finance, Daiwa Securities Group Inc. ("Daiwa Securities Group") will report annually on allocation of proceeds on corporate website, until the proceeds are fully allocated to eligible green projects. Daiwa Securities Group will also update the report in case where material changes. Allocation reporting will include the following information.

- Description of projects
- Amount allocated
- Whether each project is being refinanced or financed
- Amount of unallocated proceeds (if any)

② Impact Reporting

Throughout the term of the green finance, Daiwa Securities Group Inc. will report annually on the impact of eligible green projects on corporate website. Impact reporting will include the following information as feasibly possible.

Renewable Energy	<ul style="list-style-type: none">• CO2 Emissions Reduction by the eligible green projects• Power Generation by the eligible green projects
Green Building	<ul style="list-style-type: none">• Types of the certification• Level of the certification

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The Japanese Framework is the original and this English Framework is for reference purpose only.