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

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* This report is current as of November 30, 2024.

* Detailed data related to Sustainability and ESG are collected separately in Sustainability Data Edition.

> Sustainability Data Edition

https://www.daiwa-grp.jp/english/sustainability/data/pdf/daiwa_sustainability_data_2024.pdf

Message from Management

Daiwa Securities Group has revised its medium- to long-term management vision, Vision 2030, modifying its core concept for 2030 to "Creating a prosperous future through financial and capital markets" in April 2024. At the same time, the Daiwa Securities Group embarked on its new Medium-Term Management Plan "Passion for the Best" 2026 from FY2024. The basic Group management policy under the Plan is to "**Maximize the value of customer assets**". Guided by this policy, we will help maximize the asset and corporate value of customers over the medium to long term in each of our business domains by gaining a deep understanding of customers' needs and issues, and providing optimal high-quality solutions in line with customers' prevailing circumstances and the economic environment.

The dividend payment reached a historic high of 28 yen per share for the first half of FY2024, with a consolidated payout ratio of 50.6%. Against the backdrop of enhancing business stability by transitioning to a wealth management business model and diversifying a business portfolio that stands well to changes in capital market trends, we have set a minimum annual dividend of 44 yen per share for the period of the current mid-term plan.

In the era of 100 years of life, the Daiwa Securities Group will provide high-quality solutions as financial and capital markets professionals, promote innovation both within and outside the Group, and help realize a prosperous future for society through our contributions to a decarbonized society.

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

December 2024
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 Sustainability
Head of Financial Education Head of Sustainability
Head of Securities Asset Management
Head of Think Tank
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

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

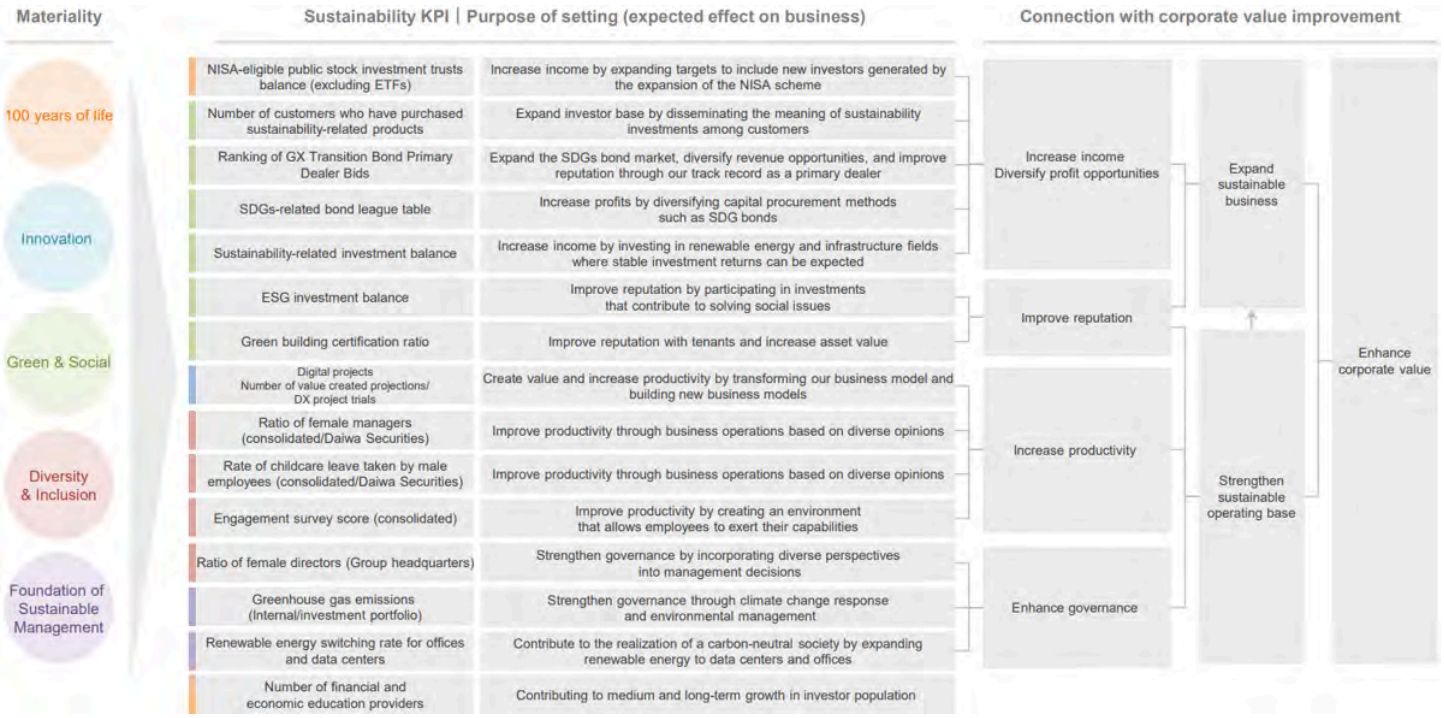
In order to strengthen our competitiveness, we aim to become an organization in which employees can express their individuality and demonstrate their expertise, and achieve personal growth and job satisfaction.

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.

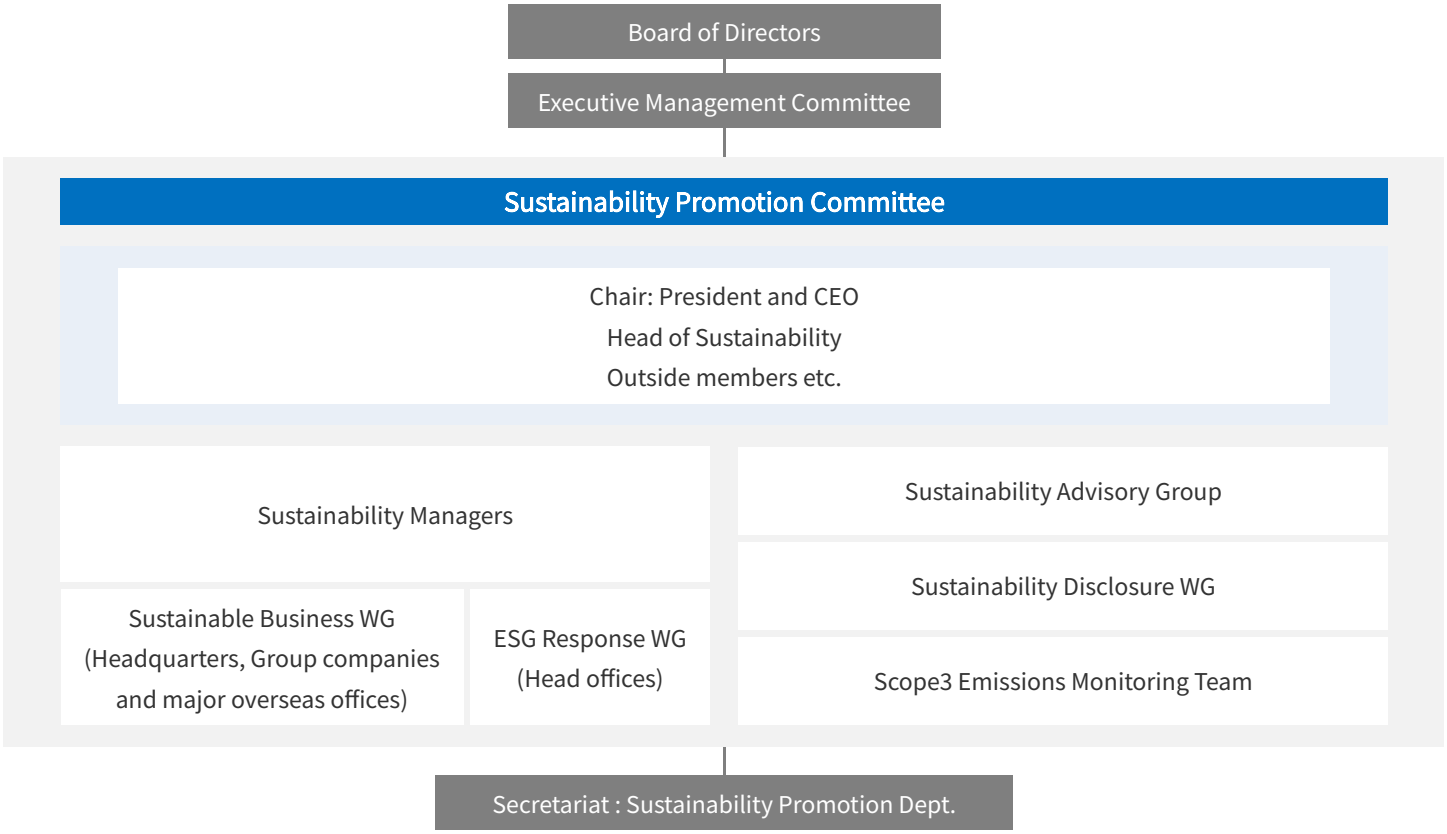


Sustainability Promotion Structure

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.

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 Managers	Promote sustainability-related businesses and manage the progress of KPI at each division and Group company
Sustainable Business WG	Monitor KPIs, grasp the progress of sustainability-related 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)

Sustainability Advisory Group	Internal experts with expertise in sustainability make recommendations on issues and future action
Sustainability Disclosure WG	Cross-departmental organizations that aim to expand sustainability-related disclosures from the perspective of integrated reporting
Scope3 Emissions Monitoring Team	Monitors emissions relating to the investment and loan portfolios, and sets targets

Members of the Sustainability Promotion Committee

Chairman

Akihiko Ogino
President and CEO

Internal Members

Shinsuke Niizuma
Deputy President
COO, Head of Wealth Management

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

Junichi Serizawa
Senior Executive Managing Director
Deputy Head of Wealth Management

Eiji Sato
Senior Executive Managing Director
Head of Corporate Planning

Kana Shirakawa
Senior Executive Managing Director
Head of Human Resources, CHO

Tsutomu Kobayashi
Executive Managing Director
CRO

Kotaro Yoshida
Executive Managing Director
CFO

Masahiro Kobayashi
Senior Managing Director
Head of Alternative Asset Management

Tomoo Fujioka
Senior Managing Director
Head of Global Markets
*Daiwa Securities Co. Ltd.
Head of Global Markets Division and
Global Markets Strategic Planning

Tomonori Tsuji
Senior Managing Director
Head of Real Estate Asset Management

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

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

Isao Tsujioka
*Daiwa Securities Co. Ltd.
Head of Corporate Business Division and Corporate Clients Marketing

Katsuyasu Murata
*Daiwa Securities Co. Ltd.
Head of Product Solutions Division

Mikita Komatsu
*Daiwa Asset Management Co. Ltd.
President

Atsushi Mochizuki
*Daiwa Institute of Research Ltd.
President

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.

Stakeholders		Method of Engagement	Main Contact Points	Relevant Web Pages
Customers	Investors	We strive to improve customer, satisfaction by providing products and services that meet the needs and risk tolerance of individual investors, institutional investors, and potential investors who are considering investing.	Wealth Management Division Contact Center Customer Support Center Global Markets & Investment Banking Division	> Initiatives for Customer-First Services > Support for Asset Building: Maximizing the Value of Customer Assets > Environmental and Social Policy Framework
	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.		

Stakeholders		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 Banking Division Risk Management Department General Affairs Department Sustainability Promotion Department Daiwa Securities Foundation Daiwa Anglo-Japanese Foundation Corporate Communication Department	> Role and Social Responsibilities of the Securities Business > Supply Chain Management > Environmental and Social Policy Framework > Tax Policy > Political Contributions (Sustainability Data Edition) > Financial Education and Research > For Your Dreams - Daiwa Securities Group Children's Smile Project > Contribution through Foundations and NPOs > Corporate Citizenship Initiatives > Daiwa Securities Group 120th Anniversary Children's Future Project ⟨Japanese only⟩
	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.		
	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.		
	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

Stakeholders		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

Statements

Introducing Daiwa Securities Group's various statements.

Management

- Corporate Principles
- Management Policy
- Basic Policy on Stakeholder Engagement
- Daiwa Spirit [PDF: 80 KB] (Japanese)
- Daiwa Securities Group's Management Vision "Vision2030" ・Materiality

Sustainability in general

- Sustainability Management
- Daiwa Asset Management Co. Ltd. "ESG Investment Policy"
- Daiwa Capital Markets America Inc. "Corporate Social Responsibility"
- Daiwa Asset Management Co. Ltd. "Sustainability Policy" (including "Environmental Policy" and "Human Rights Policy") (Japanese)
- Daiwa Real Estate Asset Management Co.Ltd. "Sustainability Policy"
- 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 Disclosure 2024 (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.
- Daiwa Corporate Investment Co., Ltd. (Japanese)
- 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"
- 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 trading～

Basic Policy on Avoiding Involvement with Anti-Social Forces

AI 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

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

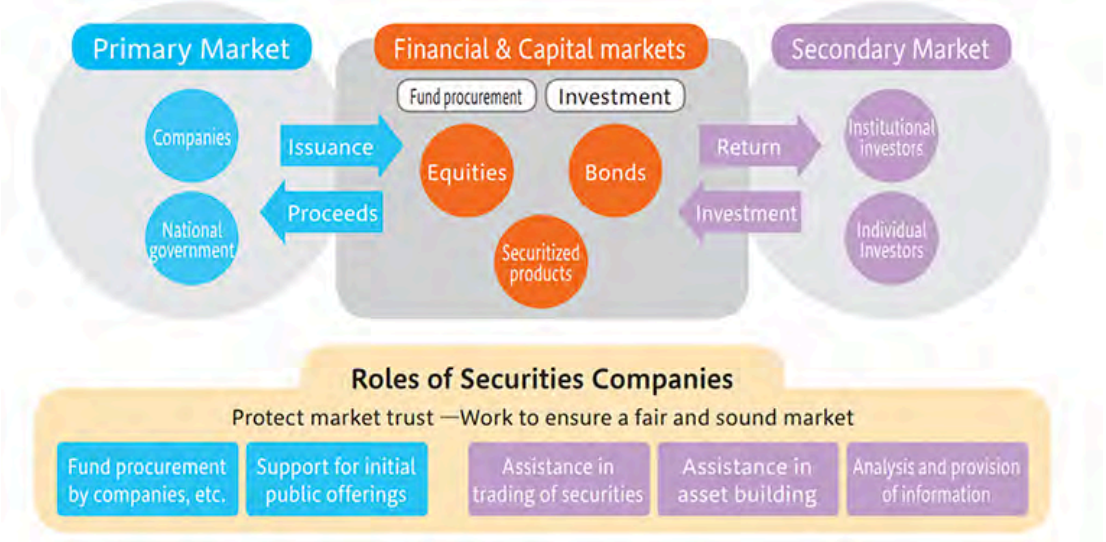
- Daiwa Securities "Accepting the Japanese Stewardship Code" (Japanese)
- Daiwa Asset Management Co. Ltd. "Stewardship"

Role and Social Responsibilities of the Securities Business

At Daiwa Securities Group, we believe that our role is not only to maintain and develop a fair and dynamic financial market, but also to incorporate a social perspective in finance in order to contribute to building a sustainable society. For example, the securities business - our core operations - plays a key role in society by building a bridge between the needs of investors to manage assets and those of the private and public sectors to raise funds.
On investing in securities, we promote methods of investment that take ESG (environment, society, and governance) factors, such as environmental and social initiatives into account together with financial information.

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

We support companies that need funds, from listing support to consulting. We will continue to support social infrastructure by creating a flow of funds, contributing to the creation of 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, etc.

Role 2: Support for initial public offerings

Role 3: Assistance in trading of securities

Role 4: Assistance in asset building

Role 5: Analysis and provision of information

Role 6: Protect market trust

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 with the best mix of the digital world and the real world. This includes the digital transformation (DX) of its operations to ensure efficiency and greater accuracy and personnel with a wide range of knowledge and expertise to quickly grasp the situation and respond appropriately in the event of an irregularity.

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.

Responsible Action as an Institutional Investor

Adoption of "Japan's Stewardship Code"

The Financial Services Agency of Japan published "Principles for Responsible Institutional Investors (Japan's Stewardship Code)" in February 2014. The Code, which has been revised twice, encourages institutional investors to fulfill their responsibilities of enhancing the medium- to long-term investment 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
- Stewardship Policy
- Sustainability Report 2023

ESG Education, Training and Exchange of Information

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

Education and Training for Executives and Employees

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

In 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 ESG-oriented personnel.

ESG Exchange Meetings for Investee Companies

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

In September 2023, we invited the chief financial officers (CFOs) of investee companies to attend our third ESG exchange meeting. Recognizing that these financial managers are facing a range of issues, we sought to provide them with an opportunity to discuss governance from the essential perspectives of management strategy and financial strategy and share tips for future measures. At the meeting, participants divided into groups and discussed measures to improve PBR.

> Report on the third ESG exchange meeting (held with the participation of CFOs of investee companies) ⟨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

Climate change has become a serious threat to all countries. It is said that developing countries are being impacted first and with the gravest results. Climate change may destroy the social initiatives for poverty reduction that have been steadily carried out over the last several decades, and it is impossible to separate it from poverty issues.
In the past few years, initiatives for sustainability have spread worldwide, and along with the expansion of the market for related bonds, customers' interest in sustainability has been growing. As a pioneer for SDG bonds in Japan (including conventional Impact Investment bonds), Daiwa Securities provides customers with opportunities to invest in bonds issued by public organizations, financial institutions, and other issuers for the purpose of solving social issues.
Daiwa Securities Group will continue to contribute to solving social issues through its business activities, including the underwriting and sale of Green Bonds and other SDG bonds.

SDG Bonds for Retail Investors Sold by Daiwa Securities (FY2023)

Issuers	Use of funds	Sales amount (estimate)
Hyogo Prefecture Local Government Bond*	Green Bond	¥300 million
Saitama Prefecture*	Sustainability Bond	¥300 million
Natixis	Green Bond	¥3.3 billion
Kitakyushu City*	Sustainability Bond	¥100 million
Kawasaki City*	Green Bond	¥300 million

Issuers	Use of funds	Sales amount (estimate)
Tokyo Metropolitan Government*	Green Bond	¥2.1 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 "Future Designer" comprehensive asset consultation service, which will be provided from a medium- to long-term viewpoint.

- 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. 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

ESG Funds

ESG funds are investment trusts that place an emphasis on ESG factors when selecting companies to invest in, including companies that are working to achieve ESG and SDG targets toward a sustainable society. These funds can disclose ESG information.

By investing in these funds in the financial market, investors can indirectly support countries and companies that are actively working on sustainability.

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_2. The fund's ESG information is disclosed in its Impact Report.

Candriam and some of its sales companies, including Daiwa Securities, donate a portion of trust fees to tree-planting activities in Japan through NPOs. In this way, we create opportunities to walk together with the beneficiaries toward a decarbonized society.

Following its winning of the governor's special prize for green finance at the Tokyo Financial Award 2021, Daiwa Asset Management in February 2024 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: ¥18,814.5 billion (As of March 31, 2024)

* Source: Data released by the Japan Investment Advisers Association

- Balance of Wrap accounts at Daiwa Securities: ¥4143.0 billion (As of March 31, 2024)

* Source: Data released by the Japan Investment Advisers Association

- Daiwa Social Contribution Wrap - Daiwa Fund Wrap with a donation service
  Amount donated in FY2023: ¥27.31 million (cumulative donations in the last 3 years: ¥78.51 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

Many small- and medium-sized companies and small-scale enterprises are now facing the issue of business succession due to the aging of their management team or owners. It is said that about half the managers exceeding the age of 70-the average retirement age-in the next 10 years are yet to decide on their successors. Moreover, even the continuity of their business activities, which support regional economies, has recently been at risk. Daiwa Securities recognizes that it is its duty, as a financial institution, to firmly support, in financial terms, small- and medium-sized companies' efforts to pass down their valuable business resources, employment, and technologies to the next generations, thereby helping to maintain regional supply chains. We will support the sustainable development

of local communities and the Japanese economy by encouraging the continuation, development, and growth of small- and medium-sized companies of good standing by providing solutions to inheritance, business succession, M&A, and other issues.

Workplace Business Initiative (Effective Use of System Product WEB Service)

In the workplace business, System Product WEB Service is offered as a support tool for customers building assets. Its aim is to realize a prosperous era of the 100-year life.
The service enables customers to centrally manage their stock-based employee benefit plans (such as stock ownership plans, workplace NISA, and defined contribution pension plans) and stock-based compensation plans (such as specified transfer-restricted stock (RS) and stock options) on a single online platform. The service enables us to support asset-building to help our customers realize their life plans and to actively encourage participation in a company's employee benefit plans, such as stock ownership plans and installment-type investment plans.
Utilizing the latest technologies in the context of digital transformation (DX), for companies and their employees, we are working to build highly flexible coordination based on an application programming interface (API), to provide a high degree of convenience, such as making use of cloud services to make opening accounts more effortless and less time-consuming, and to completely eliminate the need for paper and personal seals in various procedures.

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.
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).
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 2024 and issued ¥2.0 billion of social bonds in January 2022, using the funds raised to acquire healthcare facilities.

Total amount of investment in healthcare facilities

- Approximately ¥110.1 billion (as of May 31, 2024)

Investment in Renewable Energy

With regard to infrastructure assets, Daiwa Real Estate Asset Management has been managing photovoltaic power stations since FY2014, and was entrusted in FY2017 with the management of a biomass power generation plant invested in by Daiwa Energy & Infrastructure. In September 2021, the company was entrusted with management of DSREF Amaterasu Core Fund, Investment Limited Partnership, a private fund targeting investment in a solar power project which was established by soliciting investments from domestic institutional investors. The company will continue to expand the balance of its assets under management while striving to accumulate knowledge of investment and management in the renewable energy field.

Management results of renewable energy power plants

- Number of deals: 24
  (Hokkaido, Tohoku, Hokuriku, Kanto, Chubu, Kansai, Chugoku, and Shikoku regions)
- Output: Approximately 256 MW from solar power plants (excluding output from assets on land with leasehold interest), 20 MW from biomass power plants
- Annual energy output (April 2023 to March 2024):
  293,842 kWh at solar power generation facilities and 112,959 kWh at biomass power generation facilities
  (Assumed CO_2 reduction of 163,113 t-CO_2, calculated using emission factors of each regional electric utility)
- Balance of assets under management: Approximately ¥108.7 billion

FY2023 Initiatives Taken by the Group's Overseas Offices

DCMA Underwrites Blue Bond by Central American Bank for Economic Integration (CABEI)

In July 2023, DCMA was proud to underwrite a blue bond transaction for a period of ten years denominated in AUD issued under the Blue Bond Framework of The Central American Bank for Economic Integration ("CABEI"). CABEI is a regional supranational that was established with the objective of promoting economic integration and balanced economic and social development in Central America, providing financing to both the public and private sectors for the implementation of projects that foster sustainable development and improve the climate resilience of communities in the region. The proceeds will be used to support various initiatives, including Water Resources Protection, Sustainable Water Management, Renewable Energy, Blue Economy, and Nature Protection. These projects align with CABEI's Blue Taxonomy under its Green Bond framework under the Green Taxonomy publication. Through the underwriting of SDG bonds, DCMA will continue to contribute to the achievement of a sustainable society.

DCMA Underwrites Green Bond by Banco Santander Chile (Santander Chile)

In October 2023, DCMA was proud to underwrite the first green bond under the Santander Chile's ESG Framework to finance green mortgages for a period of two years denominated in JPY.

Banco Santander Chile is the commercial bank in Chile and is part of the global financial institution, Santander Group. The proceeds will be used to finance new green mortgage loans for the purchase of homes that meet recognized energy efficiency industry certifications. This is the first green bond with use of funds for green mortgages in Chile. DCMA is committed to contributing to the conservation of the environment through the issuance of SDG bonds and green bonds.

DCMA Underwrites Sustainable Development Bond by the Inter-American Development Bank (IDB)

In July 2023, DCMA was proud to underwrite a sustainable development bond denominated in AUD for a period of fifteen years issued by the IDB. IDB is committed to promoting the economic and social development of its member countries in Latin America and the Caribbean as an international financial institution. IDB serves as the leading fundraising entity for development projects. Through the adoption of sustainable and climate-friendly practices, IDB seeks to advance economic and social growth in the region while mitigating poverty and inequality, with the proceeds being used towards these efforts in line with IDB's strategic priorities. DCMA is committed to supporting the development of the SDG bond market and contributing to helping resolve environmental challenges via underwriting IDB's initiatives using SDG bonds.

DCMA Underwrites Sustainable Development Bond by International Bank for Reconstruction and Development (IBRD)

In November 2023, DCMA was proud to underwrite a sustainable development bond denominated in Mexican Peso and South African Rand for a period of three years issued by IBRD.

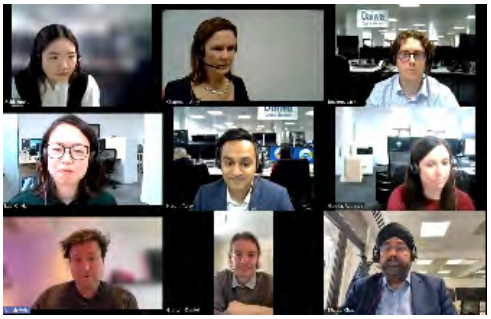
IBRD, owned by 189 member countries, provides support services to eliminate extreme poverty and promote shared prosperity. IBRD is a global financial institution committed to assisting its member countries in socially and environmentally sustainable development projects and programs.

The proceeds will be used as the primary source of loan capital for sustainable development projects and programs designed to promote environmentally conscious economic growth in line with the goals of IBRD.

Supporting ESG knowledge development to contribute to sustainability

Daiwa Capital Markets Europe Limited ("DCME") continues to support the SDGs with the issuance of green bonds and by conducting a firm-wide ESG development program, in partnership with the School of Oriental and African Studies (SOAS), University of London , between January-March 2024.

Across three modules, all employees were equipped with the tools to critically understand ESG challenges and its evolution, articulate these challenges and identify opportunities within the Daiwa product set to create new ESG products, services and solutions, tailored to our clients' needs. Each business area concluded the program by developing their ESG business plan and presenting to CEO Megan McDonald of DCME and professors at SOAS. Most importantly, the program helped employees understand the critical role they play in supporting DCME's strategy.



DCME colleagues took part in an online module of the ESG development program

Investment in Main Sequence, a Venture Capital Fund Backed by the Australian Government

Daiwa Securities Group decided to invest in Main Sequence (MS), an Australian government backed venture capital fund, in July 2023. MS is a venture capital fund established by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in 2017, to commercialize research. MS specializes in Australia's deep tech sector and aims to solve key global challenges, including environmental and social issues, through advanced technologies and innovations. There are many opportunities for collaboration between Japan and Australia in the areas that MS focuses on, such as decarbonization, food and agriculture, healthcare, aerospace, core technologies (quantum computers, cybersecurity, semiconductors), and AI. We aim to promote further collaborations between innovative Australian startup ecosystem and Japanese corporations, investors, startups, and universities, and enhance sustainability through the creation of new capital circulation mechanisms.

Then CEO of the CSIRO with Chairman Nakata (April 2023)

Main Sequence partners with President Ogino (October 2023)

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.

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.

The Investment Information Dept. is also proactively providing individual investors with related information through reports on ESG investment, videos and others.

Comprehensive Provision of Information and Policy Proposal Activities

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

We also actively deliver ESG information, with the ESG Research Section 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 FY2023, the Section published 20 reports related to the SDGs and ESG and visited 43 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: 451 reports (Results for FY2023)
- Full texts of reports available on the website
- Number of recent hits on the research division's page: 2.91million hits (Results for FY2023)

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.

Sustainable Finance

In recent years, Sustainable finance markets have expanded globally. In particular, the amount of SDG bonds issuance in Japan has continuously increased since fiscal 2016, with the issuance of 8,329.7 billion yen in fiscal 2023, 1.8 times compared to the previous fiscal year.

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 selected for the second time in 2024.

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.

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 "From Savings to SDGs - Realize the SDGs by creating a sustainable capital cycle -", we will continue to make concerted efforts to contribute to a sustainable future as a bridge connecting market participants such as issuers and investors.

Major Results

Japan

Social July 12, 2024
FUJIFILM Holdings Corporation ⟨ Japanese only ⟩

Sustainability Linked July 3, 2024
NEC Corporation
⟨ Japanese only ⟩

Social June 26, 2024
Tokyo Metropolitan
⟨ Japanese only ⟩

Green May 23, 2024
Central Nippon Expressway Company Limited ⟨ Japanese only ⟩

FY2023

Social March 22, 2024
Central Nippon Expressway Company Limited ⟨ Japanese only ⟩

Green March 1, 2024
Hitachi Construction Machinery Co., Ltd.
⟨ Japanese only ⟩

Green February 22, 2024
Hankyu Hanshin Holdings, Inc.
⟨ Japanese only ⟩

Green February 20, 2024
Daiwa Securities Group Inc. ⟨ Japanese only ⟩

Blue January 19, 2024
Mitsui O.S.K. Lines, Ltd.
⟨ Japanese only ⟩

Sustainability January 19, 2024
Keihan Holdings Co.,Ltd. ⟨ Japanese only ⟩

Social December 8, 2023
Alfresa Holdings Corporation ⟨ Japanese only ⟩

Green December 7, 2023
Mitsubishi Electric Corporation ⟨ Japanese only ⟩

Green November 30, 2023
DAIBIRU CORPORATION
⟨ Japanese only ⟩

Green November 29, 2023
Asahi Kasei Corp.
⟨ Japanese only ⟩

Transition November 8, 2023
Japan ⟨ Japanese only ⟩

Sustainability October 19, 2023
Miyagi Prefecture
⟨ Japanese only ⟩

Green October 13, 2023
Toyo Seikan Group Holdings, Ltd.
〈 Japanese only 〉

Green October 13, 2023
Tokyo Metropolitan
〈 Japanese only 〉

Sustainability October 11, 2023
NEC Capital Solutions Limited 〈 Japanese only 〉

Social September 8, 2023
Tokyo Metropolitan Housing Supply Corporation 〈 Japanese only 〉

Sustainability September 8, 2023
JICA 〈 Japanese only 〉

Sustainability July 7, 2023
Nagoya Railroad Co., Ltd. 〈 Japanese only 〉

Sustainability Linked July 5, 2023
NEC Corporation
〈 Japanese only 〉

Sustainability Rights Offering June 22, 2023
TESS Holdings Co., Ltd.
〈 Japanese only 〉

Sustainability Linked June 9, 2023
Kao Corporation
〈 Japanese only 〉

FY2022

Sustainability Linked March 16, 2023
KAJIMA CORPORATION
〈 Japanese only 〉

Sustainability March 3, 2023
Nankai Electric Railway Co., Ltd. 〈 Japanese only 〉

Green February 22, 2023
Tokyu Fudosan Holdings Corporation
〈 Japanese only 〉

Green January 18, 2023
TOKYU REIT, Inc.
〈 Japanese only 〉

Sustainability December 9, 2022
National University Corporation Tokyo Institute of Technology
〈 Japanese only 〉

Green December 9, 2022
Samty Residential Investment Corporation
〈 Japanese only 〉

Green December 9, 2022

Kyoto City ⟨ Japanese only ⟩

Sustainability Linked December 2, 2022

Shiseido Company, Limited ⟨ Japanese only ⟩

Sustainability November 30, 2022

Sustainability Linked

TOKYU RAILWAYS Co., Ltd. ⟨ Japanese only ⟩

Transition November 17, 2022

TOHO GAS Co., Ltd.

⟨ Japanese only ⟩

Sustainability October 21, 2022

KDDI CORPORATION

⟨ Japanese only ⟩

Green October 14, 2022

Tokyo Metropolitan Government ⟨ Japanese only ⟩

Green October 7, 2022

Sumitomo Metal Mining Co., Ltd. ⟨ Japanese only ⟩

Sustainability September 16, 2022

The Gunma Bank, Ltd.

⟨ Japanese only ⟩

Green September 8, 2022

INFRONEER Holdings Inc. ⟨ Japanese only ⟩

Social August 5, 2022

New Kansai International Airport Company, Ltd.

⟨ Japanese only ⟩

Sustainability Linked July 6, 2022

NEC Corporation

⟨ Japanese only ⟩

Green June 10, 2022

Sanken Electric Co., Ltd.

⟨ Japanese only ⟩

Green June 9, 2022

Sotetsu Holdings, Inc.

⟨ Japanese only ⟩

Sustainability June 3, 2022

Air Water Inc. ⟨ Japanese only ⟩

Green May 18, 2022

Sumitomo Corporation

⟨ Japanese only ⟩

Social April 14, 2022

FUJIFILM Holdings Corporation ⟨ Japanese only ⟩

SDGs-IPO April 13, 2022

Fuluhashi EPO 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)
- [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)
- [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 ⟩

Overseas

Sustainable — May 16, 2024
International Fund for Agricultural Development (IFAD) ⟨ Japanese only ⟩

Sustainable development — November 27, 2023
IBRD ⟨ Japanese only ⟩

Social Inclusion — October 12, 2023
Council of Europe Development Bank ⟨ Japanese only ⟩

Green — August 24, 2023
Natixis ⟨ Japanese only ⟩

Sustainable development — July 31, 2023
Inter-American Development Bank ⟨ Japanese only ⟩

Blue — July 28, 2023
Central American Bank for Economic Integration ⟨ Japanese only ⟩

SDG Housing — June 29, 2023
Nederlandse Waterschapsbank ⟨ Japanese only ⟩

FY2022

Blue December 29, 2022

Central American Bank for Economic Integration ⟨ Japanese only ⟩

Green September 13, 2022

African Development Bank ⟨ Japanese only ⟩

Sustainable development September 9, 2022

Inter-American Development Bank ⟨ Japanese only ⟩

Social April 26, 2022

African Development Bank ⟨ Japanese only ⟩

FY2021

- [Green] Hungary (February 2022) ⟨ Japanese only ⟩
- [EYE] Inter-American Development Bank (February 2022) ⟨ Japanese only ⟩
- [Sustainable development] Inter-American Development Bank (February 2022) ⟨ 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 ⟩
- [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)

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

Activity

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

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

Main Category (Green 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	• Support for building new houses and buildings with high energy efficiency and retrofitting to improve energy efficiency • Replacing windows with thermal insulated models with higher energy efficiency
		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	• Floating offshore wind • Next-generation solar cells (perovskite)
		Infrastructure	• Development of cities and communities contributing to decarbonization

Main Category (Green category)		Sub-category Eligibility criteria	Typical use of proceeds (eligible projects)
3	Low-carbon and decarbonized energy	Utilization of nuclear power	• Next-generation advanced reactors with built-in new safety mechanisms
		Establishing electricity and gas markets to achieve carbon neutrality	• Promoting zero-emission thermal power • Development of submarine DC transmission systems
4	Clean transportaition	GX in transport sector	• Support for the introduction of next-generation vehicles • Developing demonstration aircraft by 2030s and spreading the use of zero-emissions ships
		Infrastructure (repost)	• Development of cities and communities contributing to decarbonization
5	Circular economy adapted products, production technologies and processes	Restructuring the manufacturing industry (fuel and feedstocks transition)	• Development and introduction of innovative technologies such as hydrogen reduction steelmaking • Conversion to Carbon-Recycling production systems
		Facilitating introduction of hydrogen and ammonia	• Building supply chain both domestically and internationally • Research and development as well as the introduction support of production and usage of hydrogen derived from excess renewable energy sources
		Carbon Recycling and CCS	• Support for research and development of Carbon Recycling fuel
6	Environmentally sustainable management of living natural resources and land use, Circular economy	Food, agriculture, forestry, and fisheries industry	• Decarbonization of agriculture, forestry and fisheries
		Resource circulation	• Investment to accelerate resource circulation including plastics, metals, sustainable aviation fuel (SAF)

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

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.

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.

June 28, 2024

16th Seminar: Engagement with the Market through ESG

March 25, 2024

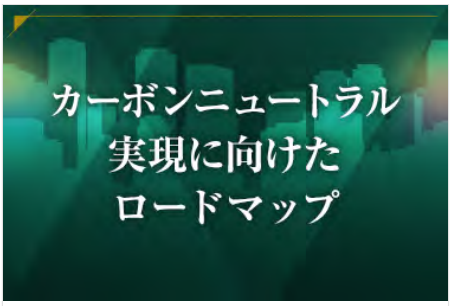
15th Seminar: Decarbonization to be accelerated -Financial practices to keep up with the transition-

September 25, 2023

14th Seminar: Impact Investing to Change the World

June 7, 2023

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



February 3, 2023

12th Seminar:
Roadmap for achieving carbon neutrality

November 25, 2022

11th Seminar:
The future opened up by social bonds

August 30, 2022

10th Seminar:
ESG Disclosure Required Now and Its Utilization

June 22, 2022

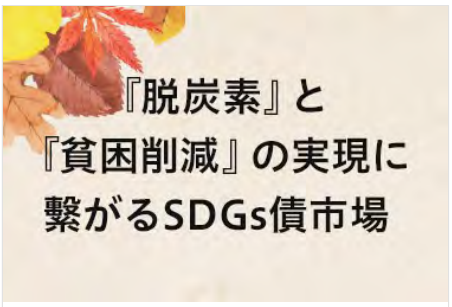
9th Seminar:
SDGs Bond Market and Valuation Methodology from the Perspective of European Companies

June 7, 2022

8th Seminar:
Passion for ZERO Carbon

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

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

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.

- 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 × Kitakyushu City

- Japan Automobile Recycling Promotion Center × 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×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, click here.〈Japanese only〉

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.

Fintertech Co., Ltd.

Creation of Next Generation Financial Services

Established in April 2018, Fintertech Co., Ltd. aims to be an agile provider of next-generation financial services developed through the use of state-of-the-art technologies and collaboration with external companies.
In Japan, the company became the first to offer cryptocurrency loans backed by digital assets. It also operates a crypto lending service called "Digital Asset Stake," a loan-type crowdfunding service called "Funvest" and the "KASSAI" cloud-based system for the creation of tipping websites as well as providing real estate investment loans.

> Fintertech Co., Ltd. ⟨ Japanese only ⟩

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 8 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 25,000 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.
In collaboration with Biomass Fuel, DEI has been working to expand the procurement of palm kernel shell (PKS) - fuel for biomass power generation - and develop wood pellet manufacturing plants mainly in Southeast Asia.
The woody biomass power generation business uses carbon-neutral power generation facilities that do not affect the amount of carbon dioxide. Moreover, since it adds new value as fuel to wood trimmings from forests and PKS that have been left and discarded, it is expected to generate new industries and employment and contribute to local economies in Japan as well as the 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, such as expansion of scale and increase in efficiency of the agricultural production business and new business initiatives, through the provision of risk capital.

> 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

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 developing an environment where the staff can demonstrate their expertise and improving the nursing care quality by utilizing network communications to improve work efficiency. The company is also working on enhancing its capacity to meet the increasingly diversified needs of the elderly.

Provision of High-Quality Nursing Care Services

Good Time Living is working to improve service quality with an emphasis on communication and reduce the amount of labor spent on indirect operations by using network communications to share information and knowledge among caregivers. By switching from old paper records to mobile devices, records on the health and daily life of residents of care facilities are input in a timely manner. Coordinating information among multiple professions helps to provide services tailored to the individual, such as environmental improvements and reviews of types of nursing care provided. LINE WORKS, a business chat tool, has been introduced at all locations, with the aim of providing residents with even more attentive support.
It is predicted that the number of elderly people who need both nursing and medical care will rapidly increase. In response, the company opened its first visiting nurse station as an annex to its care facilities for the elderly in FY2023. It is now operating a total of five such stations in the Tokyo metropolitan region and Kansai region, including the GTL Nursing Service Shinyurigaoka (in Kawasaki City, Kanagawa Prefecture), the GTL Nursing Service Senri Hinatagaoka (in Suita City, Osaka) and the GTL Nursing Service Takarazuka Sakasegawa (Takarazuka City, Hyogo Prefecture), which opened in May 2024. These stations operate around the clock, with nurses available to respond to calls from users and make home visits as necessary, to provide peace of mind to those who need 24/7 medical support.
In order to change the current state of nursing care services to address the progressive aging of the population, Good Time Living will further increase operational efficiency on the nursing care frontline and develop an environment that allows nursing care staff to demonstrate their expertise. The company will also enhance its capacity to meet the needs of residents of its nursing facilities and the communities they serve.

> 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 different professions, leading to more attentive services.

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 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)

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. The aim is to reduce staff workload and provide better services to residents by 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 indirect 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.
- CARE KARTE has reduced the time required for recording data, enabling us to increase time for conversation with residents.

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 portal site is expected to help reduce monthly administrative tasks by 400 hours per facility (in the case of a facility with 80 rooms).

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.

* The Photo Gallery service will also be started at care facilities where it is currently unavailable.

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.

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 (FY2023)

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

- Hydro Powtech Japan (DVGF2): Food processing business based on the effective use of the company's proprietary hydrolysis technology
- TopoLogic (DVGF2): Development of MRAM and heat flow sensors using topological substances

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 7.2 billion yen as of May 31, 2024. 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 FY2023:

- Chongqing Polycomp International Corporation (Chongqing): Manufacture of glass fiber (material for weight reduction)
- Yueyang Xingchang Petro-Chemical Co., Ltd. 〈Chinese only〉 (Yueyang, Hunan Province): Manufacture of energy-saving fuel additive agent, pollutant adsorbent material, etc.

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 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."

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

- Noile-Immune Biotech (listed on TSE Growth Market in June 2023): Development of CAR-T therapy for solid cancers and others based on the use of its proprietary base technology
- K Pharma (listed on TSE Growth Market in Oct. 2023): Development of therapeutic drugs and products based on the two mainstays of iPS drug discovery and regenerative medicine

The Great East Japan Earthquake SME Reconstruction Support Fund

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

Daiwa ACA HealthCare Inc.

> Daiwa ACA HealthCare Inc.〈Japanese only〉

Daiwa ACA Business Succession

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

Measures to support market development in Asia

The Daiwa Institute of Research has been proactively participating in the capital market development support and survey projects 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, the Project for Capacity Building on Improving Fairness and Transparency of Vietnamese Equity Market, which was started by JICA in 2019 based on a bilateral agreement between Japan and Vietnam, has been widely covered by the media as a project that marked and celebrated the 50th anniversary of the establishment of diplomatic relations between the two countries. This project is highly rated by the Vietnamese and Japanese governments as well as market participants. In April 2024, a three-year follow-up project was also launched for the further development of the market, with its implementation being commissioned to the Daiwa Institute of Research.

Corporate Governance

Corporate Governance Report [PDF:1,163KB]

Basic Views on Corporate Governance

Corporate Governance Guidelines

Corporate Governance System

Preventing Conflict-of-Interest Transactions between Group Companies

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

Internal Control System and Internal Audit

Risk Appetite Framework

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

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.

Corporate Governance Guidelines

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

Daiwa Securities Group Inc. Corporate Governance Guidelines

Preamble: Purpose of our corporate governance

Article 1: Basic approach to corporate governance and the positioning of these Guidelines

Article 2: Organizational design (adoption of a Three Committees system)

Article 3: Role of the Board of Directors

Article 4: Composition of the Board of Directors

Article 5: Chair of the Board of Directors

Article 6: Composition of the Committees

Article 7: Agenda setting and management of Board of Directors meetings

Article 8: The role and requirements of Directors

Article 9: The role and requirements of Outside Directors

Article 10: The Outside Directors' Committee

Article 11: Support systems for Directors (including the provision of information and training)

Article 12: Evaluating the effectiveness of the Board of Directors

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

Article 14: The role of the Nominating Committee

Article 15: Succession plans for the position of CEO

Article 16: The role of the Compensation Committee

Article 17: The authority and role of the Audit Committee

Article 18: Internal control systems

Article 19: Information disclosure

Article 20: Securing equality of shareholders

Article 21: Related party transactions

Article 22: Dialogue with shareholders and investors

Article 23: Dialogue with stakeholders

Article 24: Basic policy on strategic shareholding

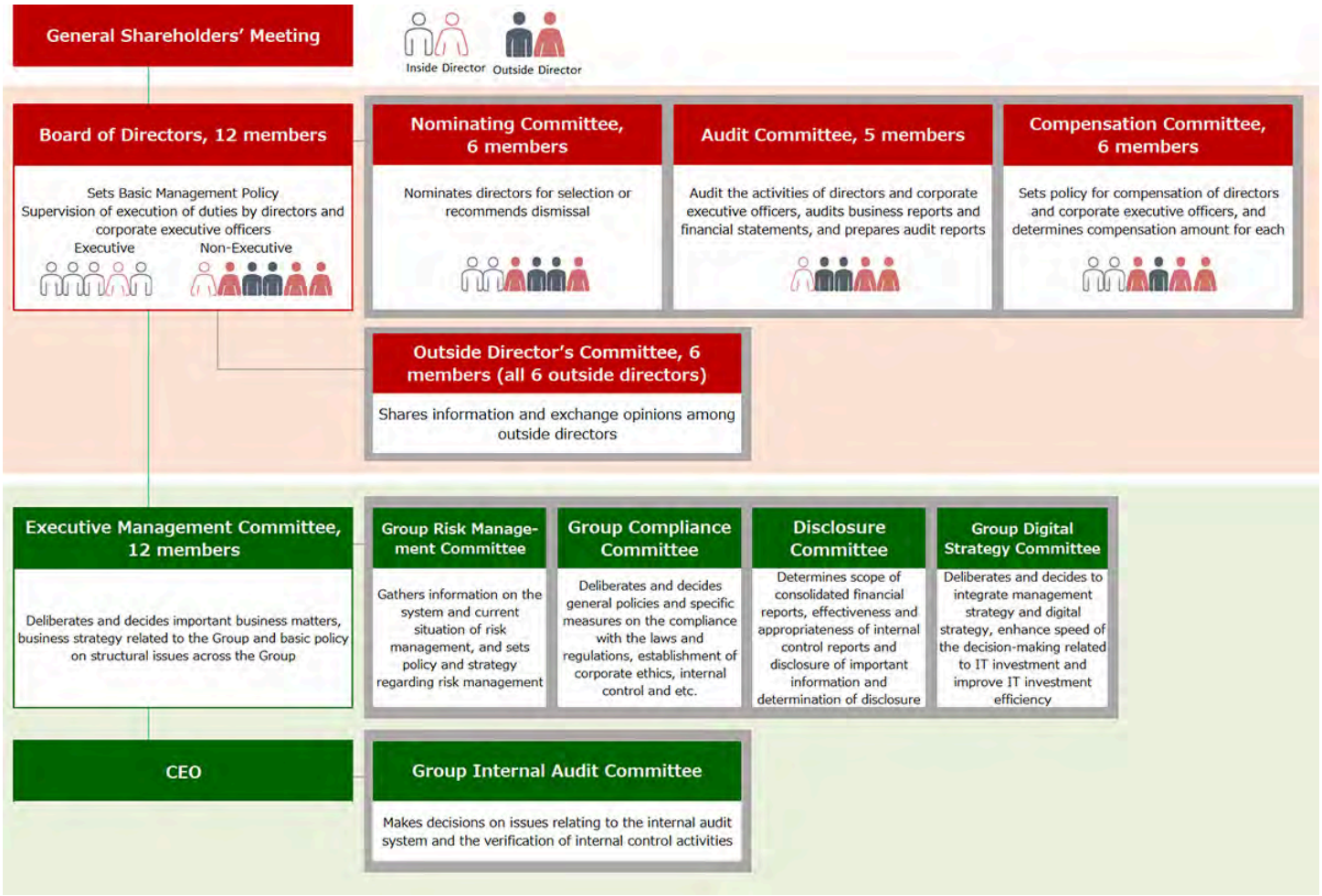
Article 25: Amendments to and revocation of the Guidelines

Corporate Governance Guidelines (as of 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 Director's Committee as a subcommittee of the Board of Directors, Executive Management Committee and its subcommittees (Group Risk Management Committee, Group Compliance Committee, Disclosure Committee, Group Digital Strategy Committee, and Group Internal Audit Committee), which is in direct control of the CEO as an internal audit body.

Corporate Governance System at Daiwa Securities Group



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

List 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 Committee	Role and responsibility	●	●
	Composition	●	●
	Subcommittees	●	●
Group Internal Audit Committee	Role and responsibility	●	●
	Composition	●	●

The Skill Matrices of Internal Directors

	Title and charge in the Company				Years on Board	Corporate management	Finance / Accounting	Legal / Compliance	DX / ICT	Global business	Sustainability *1
Seiji Nakata	Chairperson of the Board and Corporate Executive Officer	Nominating Committee		Compensation Committee	9 years	They have expertise and experience to execute adequately the management and control of the Group.					●
Akihiko Ogino	Member of the Board, Representative Corporate Executive Officer, President and CEO	Nominating Committee		Compensation Committee	4 years						●
Shinsuke Niizuma	Member of the Board, Representative Corporate Executive Officer, Deputy President, COO and Head of Wealth Management				-						
Keiko Tashiro	Member of the Board, Corporate Executive Officer and Deputy President, Head of Sustainability, Financial Education, Securities Asset Management and Think Tank				10 years					●	●
Eiji Sato	Member of the Board, Senior Executive Managing Director, Head of Corporate Planning				-						
Sachiko Hanaoka	Member of the Board		Audit Committee		5 years						

The Skill Matrices of Outside Directors

	Title and charge 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	6 years		●			●	●
Katsuyuki Nishikawa	Outside Director	Nominating Committee	Audit Committee		5 years			●			●
Toshio Iwamoto	Outside Director	Nominating Committee★		Compensation Committee	4 years	●			●	●	●
Yumiko Murakami	Outside Director		Audit Committee	Compensation Committee	3 years	●				●	●
Noriko Iki	Outside Director	Nominating Committee	Audit Committee		1 years			●		●	●
Mami Yunoki *2	Outside Director		Audit Committee	Compensation Committee	-		●				

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

*2. Ms. Mami Yuzuki's name in her family register is Mami Kato.

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 Three Committees (a company with 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.

< 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"

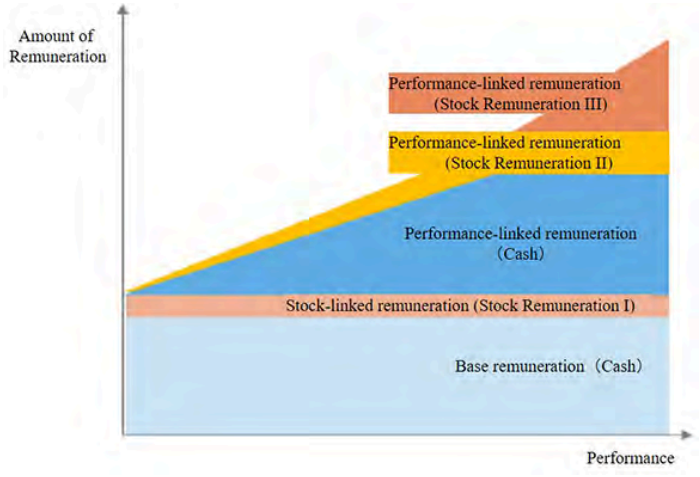
2026 to calculate Performance-linked remuneration.
The performance assessments used in calculating Performance-linked remuneration reflect the financial performance evaluation, which is based on the Performance KPIs using the financial information and the quality evaluation, which is a comprehensive 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 and the performance evaluation, and reflecting the degree of individual contribution. The same calculation formula is applied to all positions for performance evaluation.

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

Category	Financial Performance Evaluation (100) KPI	Points	Reference Value	±	Quality Evaluation (-20 – +20) KPI	Reference Value
Performance	Consolidated ROE	40	10%			
	Consolidated Ordinary Income	40	240 billion yen			
	Base Income	20	150 billion yen			
Client assets					AUC	120 trillion yen
					Stock-related asset	13.6 trillion yen
					AUM of Asset Management Division	44 trillion yen
Digital					Number of digital value creation projects	10
					Number of trial digital projects	50
Sustainability					SDG-related bond league table	In top 2
					Engagement Survey score	80 % or higher
					GHG emissions produced by the Company	FY2030 Net zero
					GHG emissions from investment and loan portfolio	186 – 255 g-CO2/kWh

(Notes) The standard value is determined at Compensation Committee, based on Medium-Term Management Plan.

< Image of remuneration >



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

< Restricted Stock Compensation Plan >
The Company introduced the Restricted 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 Remuneration I (Stock-linked remuneration)	It is intended to provide restricted stock 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 he/her position as director, officers etc., of the Company and its subsidiaries and affiliates.
Stock Remuneration II (Performance-linked remuneration)	Performance-lined remuneration is paid in the form of restricted stocks of a value corresponding to a certain percentage of performance-linked remuneration (cash). The restricted transfer period is three years, which functions both as an incentive to boost long-term performance and to defer actual compensation.
Stock Remuneration III (Performance-linked remuneration)	Fixed limit is set for Performance-linked remuneration, which is provided by cash based on the performance, and if the amount exceeds the limit, part of the remuneration will be replaced by restricted stock. Restriction period is 3 years, it will function as substantial fee defer when Performance-linked remuneration exceeds a certain limit.

(Note 1) Stock Remuneration II is calculated by multiplying the ratios established by position by performance-linked remuneration (cash). Regarding the Representative Corporate Executive Officer, President and CEO, a structure is in place to decide the ratio of performance-lined remuneration based on the Company's TSR (total shareholder return) during the results evaluation period, the rate of change of the TOPIX, and a comparative valuation with the TSR of competitors.

(Note 2) Where serious compliance violations are discovered at 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.

> Corporate Governance Report

< Consolidated Compensation, etc. by officer >
For details on Consolidated Compensation, etc. by officer, please see below.

> Securities Reports

Internal Control System and Internal Audit

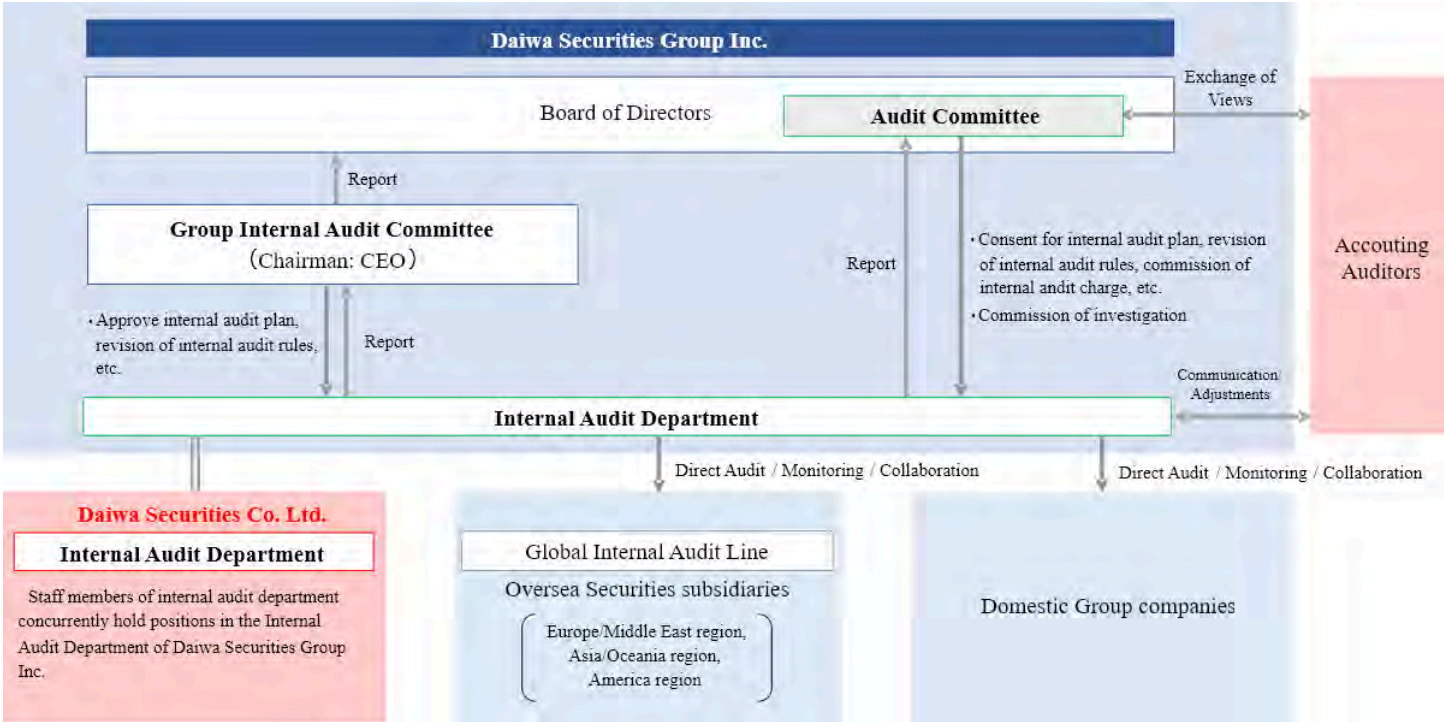
The Company group has created management structure centered on the Company with regard to the group's various main risks, and seeks to ensure the effectiveness and efficiency of operations, the reliability of the finance report, compliance with the laws and regulations concerning business operations, 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

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.

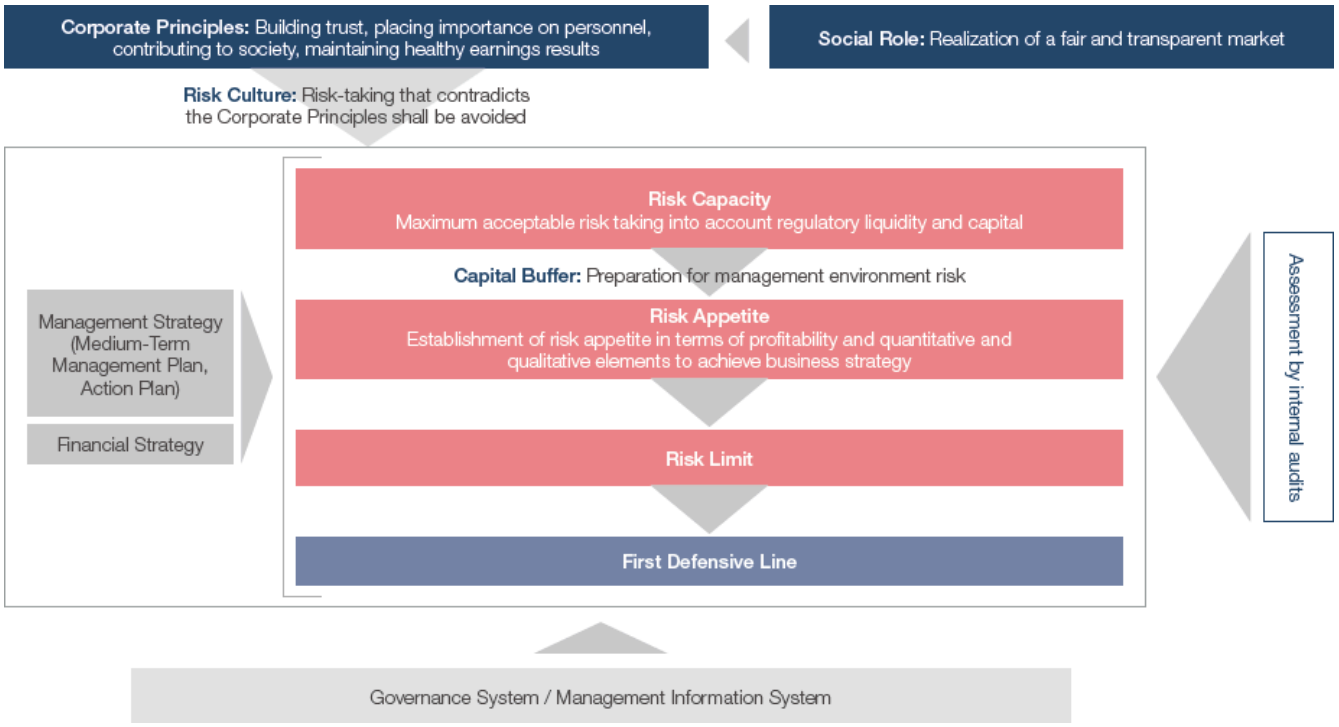
Collaboration with Parties Inside and Outside the Group and Improvement of System

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 Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing," the global standard for internal auditing, is routinely evaluated by independent outside third parties. The Group thus strives to constantly improve its system.

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.

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 Medium-term 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.

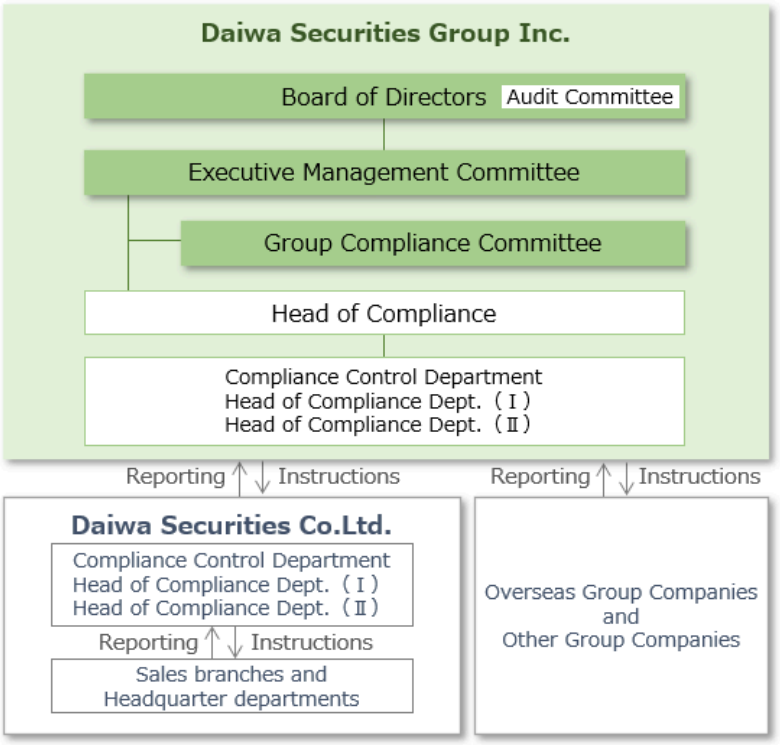
Decisions on general policies and specific measures related to legal compliance, corporate ethics and internal control for Daiwa Securities Group as a whole are deliberated and made at meetings of the Group Compliance Committee.

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.



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. Full implementation of appropriate market gatekeeper functions
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

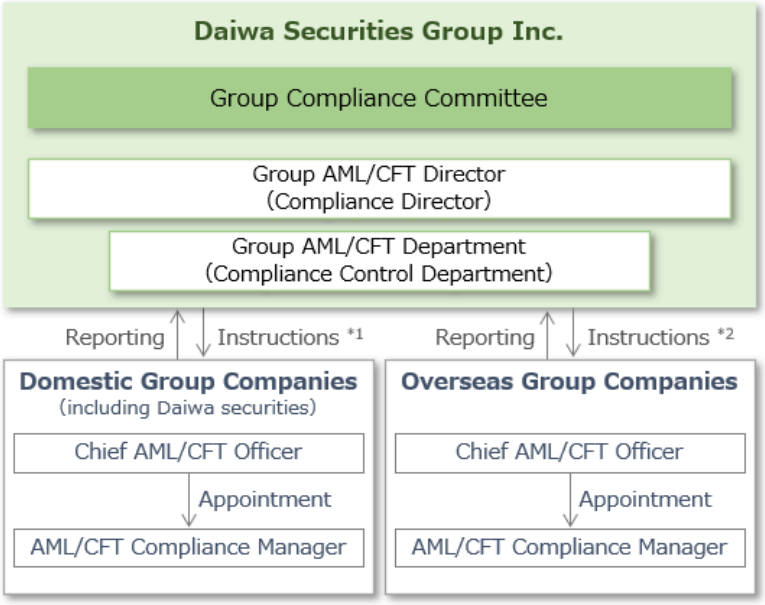
Daiwa Securities deals with various financial products, including stocks and investment trusts. When soliciting investment from customers, we ensure compliance with the principles of integrity and fairness, suitability, and self-responsibility, from the perspective of investor protection. We have adopted 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

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>

- 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 conducts 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 our 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 a problem is detected, we may immediately suspend or terminate transactions. 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 operational 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 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. We have therefore adopted a compliance-related program in training for new employees and a number of other internal training courses. We also give tests on compliance regularly through e-learning. At Daiwa Securities, we post a 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)

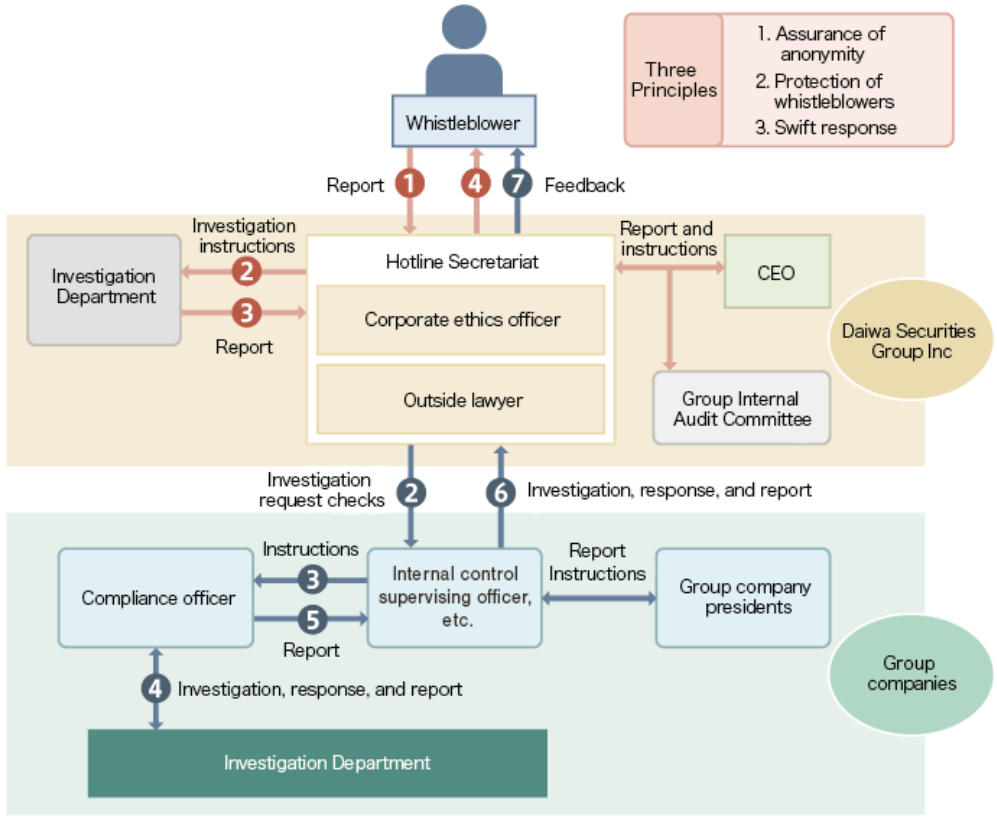
In January 2003, the Group introduced a Corporate Ethics Hotline enabling reports to be made directly to Daiwa Securities Group Inc. corporate ethics officers or to outside lawyers. The hotline's primarily goal is the early detection and prevention of behavior that risks damaging the Group's corporate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

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

In terms of reporting methods, in addition to telephone and in-person reports, information can also be reported via the incident reporting page on the intranet and via email, allowing for reports to be made 24 hours a day, 365 days a year.
When the hotline is contacted, the corporate ethics officer, in cooperation with the officer responsible for whistleblower response operations at each Group company, carries out a factfinding investigation, while taking steps to protect the caller. In FY2023, 82 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.

Corporate Ethics Hotline System



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

Matters to be reported; and number and breakdown of reports to Corporate Ethics Hotline

Matters to be reported		FY2020	FY2021	FY2022	FY2023
		No. of reports	No. of reports	No. of reports	No. of reports
Harassment and other human rights violations	Workplace bullying	27	19	23	43
	Sexual harassment	2	5	3	7
	Maternity harassment	0	1	0	0
Compliance violations*	Violation of laws and regulations	6	1	3	4
	Information management	0	1	0	1
	Violation of internal rules	9	2	7	2
Workplace environment		9	15	14	11

Matters to be reported	FY2020	FY2021	FY2022	FY2023
	No. of reports	No. of reports	No. of reports	No. of reports
Etiquette and civility	3	0	1	0
Expenses and costs	1	1	3	2
Labor management (time management)	0	0	2	4
Personnel and conditions	0	1	0	2
Other	0	2	8	6
Total	57	48	64	82

* 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

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

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

Information Security

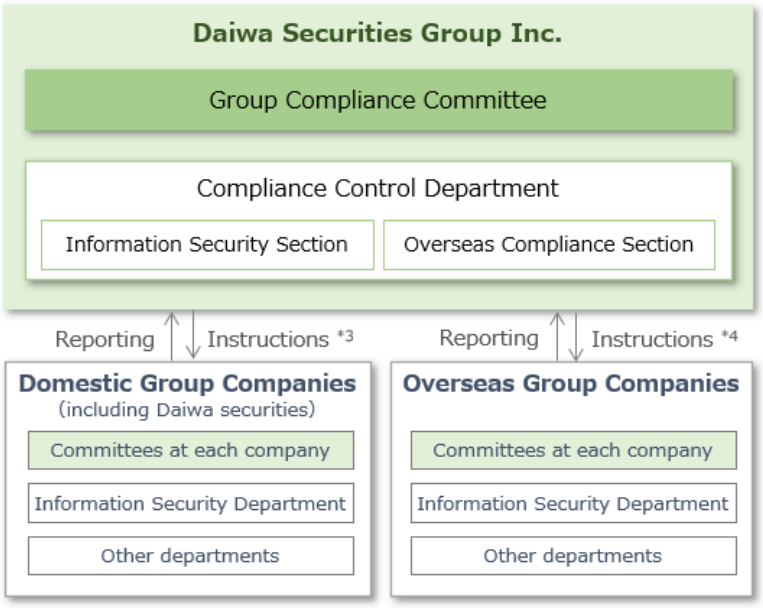
We at Daiwa Securities Group have established basic standards (the Group Minimum Standards) for information security measures to protect personal information entrusted to us by customers in a safe and precise manner. In line with the Standards, each of the Group companies has formulated rules on the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



*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 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 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.

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 Accrued (*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%

(*1) 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.

(*2) 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 FY2021, in FY2022 and also in FY2023.

In order to thoroughly prevent corruption, we carry out annual 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 FY2023, Daiwa Securities Group did not have any serious matters of note such as violations of laws and regulations related to the prevention of corruption.

Daiwa Securities Group Anti-Corruption Policy

Daiwa Securities Group Anti-Corruption Policy

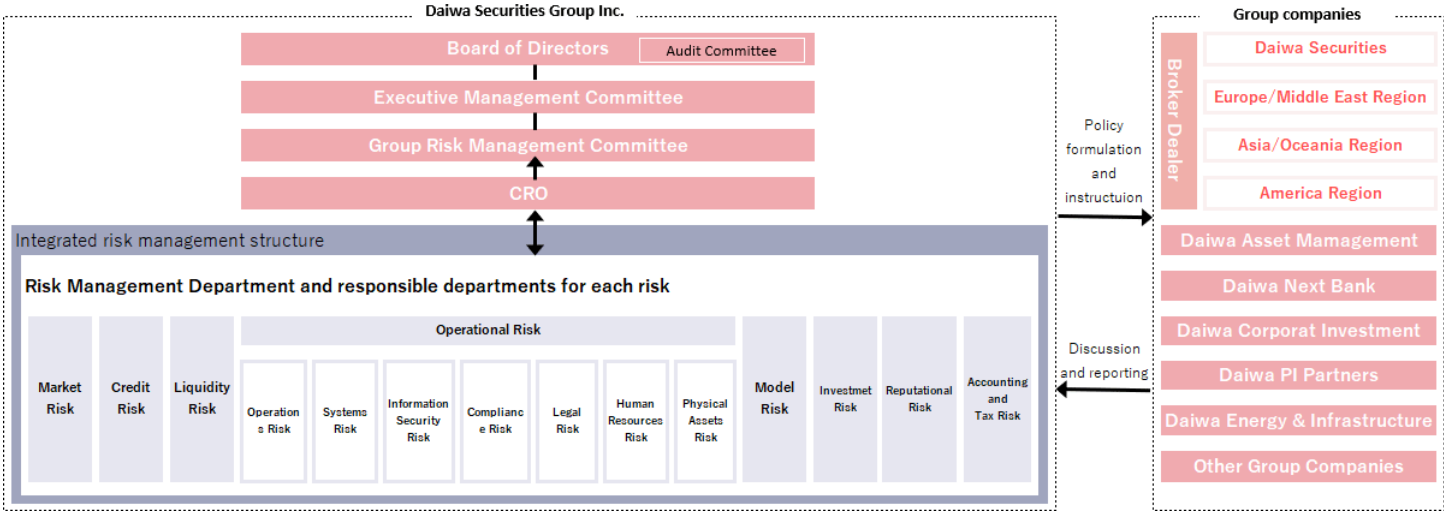
The Daiwa Securities Group (the "Group") has established the following Anti-Corruption Policy based on its corporate philosophy. With high ethical standards, we strive to prevent corruption and ensure fair and sound relationships with all stakeholders including our customers with high ethical standards.

1. Prevention of corruption
   The Group prohibits receiving and giving of any form of bribery. Also, the Group prohibits the receiving and giving of inappropriate entertainment, gift, facility, and other benefits that exceed acceptable limits under normal social conventions.
2. Management involvement
   The management of the Group recognizes the importance of corporate ethics, sets a good model through its daily activities, and is responsible for preventing corruption.
3. Compliance with laws and regulations
   The Group complies with anti-corruption laws and regulations and international treaties that apply in the jurisdictions where it does business. Relevant laws and regulations include the Unfair Competition Prevention Law (Japan), the Foreign Corrupt Practices Act (US), the Bribery Prevention Law (UK), the Commercial Bribery Regulations (China), and others.
4. Internal control
   The Group appropriately prepares internal rules and other regulations regarding anti-corruption based on relevant laws and regulations. The Group regularly checks the operation and effectiveness of these internal rules to take necessary actions such as reviewing them.
5. Education / training
   The Group provides all officers and employees with regular education and training on anti-corruption, such as the prohibition of bribery and raising awareness about the whistleblowing system.
6. Reporting / whistleblowing
   The Group establishes a system for receiving reports or whistleblowing from officers and employees regarding activities that breach or might breach anti-corruption laws and regulations and internal rules and other regulations. The Group will thoroughly protect whistleblowers so that any officer or employee who reports will not be disadvantaged.
7. Dealing with breaches
   If any officer or employee of the Group breaches relevant anti-corruption laws and regulations or internal rules, the Group will strictly apply the applicable sanction procedures based on internal rules.
8. Understanding and embedding the policy
   All management and employees of the Group fully understand this policy and make annual attestation.

Risk Management

Daiwa Securities Group recognize the importance of identifying and evaluating the various risks associated with our business operations accurately, and controlling them effectively, while we 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

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

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

Daiwa Securities Group "Environmental and Social Policy Framework"

1. Introduction

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

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

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

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

2. Governance on this Framework

The Group discusses SDG and ESG issues related to the environment and society at the 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 human rights violations such as child labor, forced labor and 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.

2) Business involving land expropriation that leads to involuntary relocation of residents
When providing financing to a business, we will carry out ESG due diligence, carefully assessing whether they result in land expropriation that forces residents to relocate against their wishes and whether appropriate measures are taken to prevent them, and utilize these results in making decisions.

3) New construction of coal-fired power generation and expansion of existing facilities
We prohibit any financing where the use of proceeds are directed toward this type of business.
Regarding the underwriting of bonds and stocks issuance, however, issuers that announce a target for net zero greenhouse gas (GHG) emissions by 2050, or businesses adopting new technology aligned with the goals of the Paris Agreement, may be considered on a case-by-case basis.

4) Weapons of mass destruction / inhumane weapons manufacturing
We prohibit any financing where the use of proceeds are directed toward this type of business. Weapons of mass destruction include nuclear weapons, chemical weapons, biological weapons, and inhumane weapons include cluster munitions and antipersonnel land mines.

5) Palm oil plantation development
When providing financing to a business, we will carry out ESG due diligence, carefully assessing whether the loss of wildlife habitat due to overdevelopment may lead to a loss of biodiversity, or land conflicts with indigenous residents, or human rights violations such as child labor/forced labor/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 are directed toward businesses using the mountaintop removal (MTR) method and new thermal coal mining businesses.
When providing financing to a business, we will carry out ESG due diligence, carefully assessing whether appropriate measures are taken to ensure occupational safety and a sanitary environment to prevent cave-in accidents, flood accidents, gas explosions, and human rights violations such as illegal labor. We will utilize these results in making decisions.

8) Large-scale hydroelectric power generation construction
When providing financing to a business, we will carry out ESG due diligence, carefully assessing whether appropriate

measures will be taken against the destruction of the environment and ecosystems and negative impacts on local residents due to the construction of a dam. We will utilize these results in making decisions.

9) Oil and gas development
When providing financing to a business, we will carry out ESG due diligence, carefully assessing whether appropriate measures are taken against their impact on the environment, ecosystems and local communities. We will utilize these results in making decisions. In particular, we will make careful decisions when providing financing to development businesses in the Arctic, oil sands and shale oil and gas development businesses, pipeline businesses which may have significant negative impacts on the environment and society.

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

December 27, 2023

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.
In particular, the Group positions climate-related risks as one of the top risks and reports to the management of the Group and discloses results after conducting a scenario analysis utilizing a stress test.

Managing Climate-related Risks

Climate-related Disclosure 2024 (former TCFD)

List of top risks

Risk events	Specific examples
Intensifying international disputes and conflicts	• The acceleration of division into competing economic blocks, and the redrawing of global supply chains due to factors such as the US-China conflict (Taiwan emergency), the protracted Russia- Ukraine war, and increasing tensions in the Middle East that lead to the deterioration of the global economy
Downgrading of JGBs and crash of yen assets caused by instability of Japan's financial situation	• A credit downgrading of JGBs due to concerns about deterioration in Japan's budget leading to sales of yen-denominated assets such as Japanese equities and government bonds by foreign investors
Japan stagflation risk	• The Japanese economy falling into stagflation with progress in structural inflation, mainly due to workforce shortages caused by the low birthrate, aging population and a reduction in foreign workers amid a stagnant domestic economy
US recession	• The US economy falling into recession with a greater than anticipated slowdown in consumption and investment due to sharp pace of interest rate hikes by the FRB
China 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
Recurrence of the financial crises	• Global financial crisis triggered by management instability of banks, etc.
Inadequate response to DX (digital transformation)	• Decline in the Group's competitiveness due to inadequate response to DX
Misinformation and disinformation through AI	• Frequent election interference caused by the spread of disinformation utilizing generative AI, accelerating social and political divisions • Fake news concerning the Group's management situation, etc. spread by SNS, etc. with a sharp rise in withdrawals of assets under management
Large-scale earthquake	• Human and physical damage caused by a large-scale earthquake (earthquake directly beneath Tokyo, Nankai Trough earthquake, etc.)
Climate change (extreme weather)	• Disaster/economic damage caused by extreme weather (El Nino phenomenon, etc.) • Turmoil caused by rapid transition to a low-carbon economy
Epidemic of a new infectious disease	• The spread of infections inside and outside Japan due to an outbreak of an unknown infectious disease with long-term world-wide stagnation of economic activity
Losses on trading operations during stress	• Significant fluctuations in stock prices, interest rates, credit spreads and foreign exchange rates, etc. in times of market stress, with substantial losses incurred on the positions held by the Group

Risk events	Specific examples
Deterioration in major investees' performance and damage to the value of assets	• Accounting for allowances and provisions due to deterioration in major investees' performance, etc. as well as incurring losses due to impairment
Cyberattack	• Systems down due to a cyberattack and difficulties in continuing essential operations. As a result, the Group's reputation is damaged and business opportunities are also lost.
System failure	• System failures caused by human error, equipment failure, natural disaster, etc. and difficulties in continuing essential operations. As a result, the Group's reputation is damaged and business opportunities are also lost.
Compliance risk	• Payment of a fine due to the inability to prevent money laundering and involvement in terrorist financing • Deterioration in the Company's reputation due to inappropriate behavior by employees such as insider trading and behavior that has a negative impact on customers
Information security risk	• Damage to the Group's reputation due to leak of customer information, etc. Disadvantages including damage compensation costs and legal sanctions.

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

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.

(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.

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)
   - Japanese government bonds for individual investors
   - Ordinary deposits

Measures to Address Disaster Risk by Region

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

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, Web 3.0 and other current and future leading-edge technologies.

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 has integrated the Data-Driven Promotion Council to foster 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

The Group has been investing in IT in order to provide products and services responding to customer needs, realize digital transformation*1 through digitalization of business processes and analysis, research and utilization of data, develop infrastructure to ensure business efficiency and safety, comply with laws and regulations, and enhance risk management. In FY2023, for Daiwa's online trading service, we established a system that enables real-time entrusted trading of US stocks during US market trading hours and have launched the "US Stock Real Market Price Information" service, which provides real-time market price information on US stocks. We also introduced functions such as the timely notification of stock prices and trade results. Additionally, as an investment in cutting-edge technology, we developed a highly scalable security token wallet*2 in preparation for a future expansion of the security token market. Furthermore, we implemented system development to respond to the market system reforms undertaken in Japan, including the launch of the new NISA in January 2024 and the inclusion of Roman alphabet characters in securities codes. For the zero trust*3 security infrastructure that we built in the previous fiscal year, we proceeded with technical verification to enable our collaborators and partners to use our systems with safety and speed.

*1. Digital transformation means a company's initiative to innovate products and services as well as business models based on the needs of customers and society by utilizing data and digital technologies in response to drastic changes in business environment, and to establish competitive advantage by transforming its businesses, organizations, processes, corporate culture and corporate climate.

*2. A system for managing the private keys of security tokens, which are digitized securities whose rights are transferred and recorded using blockchain technology, and for processing the transfer of rights on the blockchain.

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

Systems risk management

Daiwa Securities Group has worked to maintain and enhance the management of systems risk in order to reliably provide high-quality services to customers while protecting information assets from various threats and risks originating from inside or outside the company. Recognizing the importance of cyber security as a group management issue, we are working to strengthen systems for detecting and monitoring cyberattacks. At the same time, we continue to work toward improving our defense and resilience to cyberattacks, collaborating with outside organizations in an effort led by a dedicated organization (Daiwa-CSIRT*) that works throughout the Group.

In improving our cyber security management systems, we are considering specific measures in light of cyberattack trends, periodic penetration tests and vulnerability assessments by external specialist firms, and risk assessments conducted within the Group based on these results. During the current Medium-term Management Plan, we will continue to enhance "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 AI-based security measures; and enhancing education and training for officers and employees.

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

AI Governance Mission Statement

＜Daiwa Securities Group AI 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 AI
   Daiwa Securities Group uses AI in an appropriate range and manner and strives to ensure that AI is driven from high quality data sources that are pre checked and monitored.
5. 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 AI
   Daiwa Securities Group takes appropriate security measures and monitors AI systems to prevent malicious attacks such as data breaches.
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.

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 2024). 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	Five department heads including the head of the Corporate Planning Department, General Affairs Department, and Compliance Control Department	
Promoters	All Group managers at the head office or branch level	

Initiatives in FY2023

Human rights education

In FY2023, we provided human rights education to consider human rights from multiple viewpoints for the Group's new employees as part of the training conducted immediately after their induction ceremony and for those newly becoming general managers, managers, and associate managers. For all executives and employees, we provided study sessions to watch a video related to the themes of "providing persons with disabilities with reasonable accommodation" and "deepening understanding of LGBTQ+" and subsequently discuss, in groups set at the head office or branch level, how companies and individuals should understand responses with consideration for human rights of persons with disabilities and LGBTQ+ and what responses they should make when there are any issues. The chief of the Human Rights Awareness Promotion Committee Secretariat has taken charge of all of these training courses.

Human rights education for employees for FY2023

Training participants	355 new employees
Objective	To acquire basic knowledge concerning human rights and to understand and raise awareness of the Group's fundamental principles concerning respect for human rights

Training participants	1,162 promoted employees
Objective	To acquire knowledge and raise awareness concerning human rights required for their respective positions

Training participants	All Group executives and employees
Objective	To watch a video 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 Corporate Principles. 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.

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.

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

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 co-prosperity with our business partners through collaboration that goes beyond scale and existing business relationships. At that time, from the perspective of business continuity in the event of a disaster and work style reform, we will also promote support such as the introduction of telework for business partners and advice on BCP (Business Continuity Plan) formulation.

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

d. Greening efforts

It is also necessary to solve environmental problems in order to create a sustainable and prosperous society. We have formulated the "The Daiwa Securities Group Net Zero Carbon Declaration", and we support a smooth transition to a carbon-free society through financial businesses, including support the realization of a decarbonized society through finance, support for new technologies that contribute to the realization of a decarbonized society, the provision of investment opportunities for them, promoting solution businesses such as advisory businesses for customers in the field of renewable energy. In addition, in order to reduce the environmental load of society as a whole, including the supply chain, we have announced 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

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

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)

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.

* 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

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 FY2023

- Number of calls received: 5,892 calls (up 1,040 calls)
  Inquiries: 89%
  Complaints: 11%
- Based on customer feedback, we have made a number of improvements. For example, we have simplified documents we ask customers to fill in. We have also revised product information on our website to make such information easier to understand.

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 and motivation, 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.
Daiwa Securities Group offers internship programs for prospective new graduate applicants to provide opportunities for gaining firsthand experience in the securities business through interaction with employees.

Fairness in Hiring

Daiwa Securities Group has formulated and announced its Guidelines for Fair Hiring, comprising three fundamental principles for ensuring fair hiring practices.
We also provide training to employees involved in the hiring process to ensure that they are fully aware of the Guidelines for Fair Hiring.

Guidelines for Fair Hiring

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

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"respecting both external and internal diversity of subordinates and encouraging them to demonstrate their individuality and abilities to the maximum" and "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," 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 satellite 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 satellite 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.

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. 3% (as of the end of FY2023 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 six female directors (50.0%), and the Group as a whole has 19 female executives as Directors, Corporate Executive Officers (Shikkoyaku), Executive Officers (Shikkoyakuin), and Audit & Supervisory Board Members.
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.

Women from our Group have been introduced by Nikkei Inc. in its Nikkei Womenomics Project and by Nikkei Inc. and Nikkei Business Publications Inc. in their Nikkei Women's Empowerment Project. Please have a look. (Japanese only)

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).

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

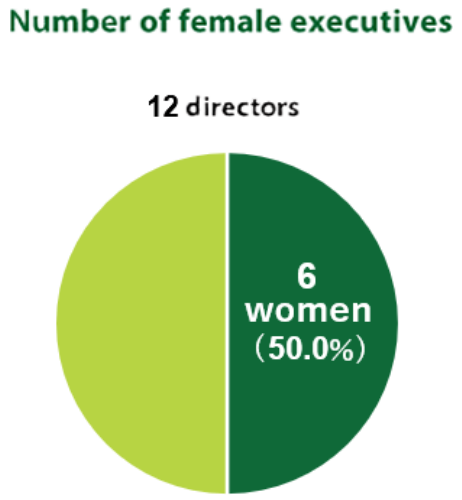
Support for Female Employees' Career Development

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 1,720 employees switching to career-track, broad regional career-track, and regional career-track positions. 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 19 women in top managerial positions who work as directors, corporate executive officers, executive officers, and auditors. They include six 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 883 as of the end of June 2024. The ratio of women in managerial positions has risen from 2.2% at the end of FY2004 to 18.4% on a group-wide basis (up from 2.3% to 21.1% at Daiwa Securities).



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 even 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.

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

Employment of People with Disabilities

As of FY2023, Daiwa Securities Group had more than 200 employees with disabilities handling a wide range of responsibilities in our head office, sales branches and contact centers. We started recruiting new graduates with disabilities as regular employees (general office staff) in FY2008, and in FY2011 broadened the scheme to career-track employees, regional career-track employees, and customer service employees. Once people with disabilities are hired, we provide support for their career advancement by, for example, creating opportunities for them to enter the career-track and regional career-track employment opportunities. To further strengthen our support to employees, we also introduced the Daiwa LEAP Plan in 2018. This provides comprehensive support including a leave program for outpatient treatment, subsidies for expenses incurred to start work, and the introduction of support tools according to the type of disability. The Plan is a measure for bringing out employees' talents while taking their respective circumstances into consideration, and developing a pleasant working environment.
We have vigorously increased recruitment opportunities by holding briefings about the company for new graduates, participating in career expos, and implementing job placement support programs for university students with disabilities.
Moreover, Daiwa Securities Group participates in the Accessibility Consortium of Enterprises (ACE), a general incorporated association, as a member. ACE was founded for the purpose of establishing a model for people with disabilities that contributes to corporate growth, and communicating information to society concerning human resources sought by businesses. As of April 2024, ACE has 40 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

FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
2.33%	2.57%	2.58%	2.62%	2.59%	2.63%

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 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 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.

Promoting Diverse Work Styles (Work-Life Balance)

Approaches and Policy

Daiwa Securities Group's management strategy states, "Daiwa Securities Group is working to create a working environment which flexibly responds to change and in which all employees can continue to work energetically" and "We are creating a workplace in which no one is left behind by achieving a high degree of work-life balance that enables diverse personnel to thrive". We are making efforts to promote diversity, inclusion and work-life balance, aiming to achieve work styles in which work and life are in harmony, and to enhance the work environment, in which both men and women can work using a variety of work styles.

Various systems

Childcare leave	Employees can take childcare leave until the day before their child's third birthday.
Childcare support leave for male employees	From 2022, wages of up to 4 weeks are guaranteed, in addition to childcare leave at birth and childcare support leave, and in principle, the taking of leave of at least two consecutive weeks is being promoted as mandatory. An environment enabling men to actively participate in child rearing has been developed.
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 employees to leave the company up to 90 minutes early (in 10-minute units) until their children graduate from elementary school
Exemption/restriction on overtime work	Exemption from overtime work is possible until the employee's children complete the third grade of elementary school. Overtime work can be limited until graduation from elementary school
Sick/injured child care leave	Up to 5 days per child before elementary school, up to 10 days per year if the employee has 2 or more children (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 by a total of over 1,500 employees.
Support desk for employees looking for nursery schools	Offers free-of-charge services that check information on nursery school facilities, the status of availability, and other such matters on behalf of employees, thereby assisting them to find nursery schools. This system has been used over 200 times in total.
Job location change system	If an employee needs to relocate due to marriage, spouse job transfer, nursing care time care, etc., the Group will provide a work position at the new location. Since fiscal 2007, approximately 400 people have used this system
Spouse work reassignment leave system	Employees can take up to 5 years of leave if their spouse is transferred overseas. This system has been used by a total of over 70 employees.
Birth gift of 2 million yen from the third child	The Group pays 2 million yen as congratulations for the birth of the third and subsequent children
Nursing care leave	Employees can take up to four periods of nursing care leave within 3 years (1095 days) for each family member requiring care
Nursing care time	Employees can take up to 2 hours per day of family care time within 3 years from the start of use
Nursing care-support leave	Employees can take leave to take care of family members who need nursing care, to accompany them to a hospital, etc. or to carry out procedures on behalf of family members. Up to 5 days per year can be taken (10 days for 2 or more family members, in a unit of hour). A cumulative total of more than 2,000 people have made use of this benefit.
Nursing Care Travel Home Expense Allowance	The Group subsidizes travel expenses incurred when employees return to their parents' home to provide nursing care. A cumulative total of more than 230 people have made use of this benefit.
Life Support Paid Leave	Employees can take paid vacation when it is required for injury/illness, nursing care preparation, fertility treatment, or nursing a child (up to 50 days)
Diversity and Inclusion phone line	The Diversity and Inclusion phone line provides various types of advice to employees regarding balancing work and child care/ nursing care, career planning, etc.
Professional Return Plan (re-hiring of sales staff)	A system to re-employ employees who have retired due to marriage, childbirth, or nursing care, etc. with the same treatment as when they retired. A cumulative total of more than 80 people have made use of system.

Expanded leave system	The Group has defined marriage preparation vacation; kids' ceremony vacation (for children's entrance ceremonies, etc.); family day vacation (to deepen family friendships); parents' longevity vacation (to coincide with longevity celebrations for own or spouse's parents); and volunteer vacation, and encourages employees to take paid vacation
Telecommuting system	This has been instituted in every department, including Sales, as a means of promoting employee autonomy and improving organizational productivity.
Flex time system	Depending on the nature of its operations, a unit can choose flextime (with a required core time) or super flextime (no required core time) to improve organizational productivity.
Daiwa ELLE Plan	Regarding health issues for women who are active at various life stages, the Group provides comprehensive support including measures for the menopause; ELLE vacations (for poor physical condition during menstruation/menopause and fertility treatment); improvement of 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

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 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, in conjunction with "Nursing Care Day" on November 11th, the Group held study sessions at all branches entitled "Responding to an Aging Society and Balancing Work and Family Care," to raise employee awareness and foster a corporate culture that makes it easy to use the systems.

Enforcement of leaving the office before 7 p.m.

Since 2007, led by our policy of creating an environment in which employees can work efficiently within time constraints, the Group has encouraged employees to leave the office before 7 p.m. and has set the goal of achieving a 100% implementation rate in all divisions. Furthermore, the Group has developed guidelines for work and meetings where multiple departments collaborate. The Human Resources Division regularly confirms if employees are leaving the company by 7:00 p.m., and the Diversity and Inclusion Promotion Committee has established a system for verifying the implementation status of this initiative.
Since 2015, the Group has been expanding investment in human resource development by capitalizing on the results of productivity improvements. In addition, in 2017 and 2018, the Group provided a "special allowance for work-life balance and work style reform," and in 2019 provided a "special allowance for productivity improvement." Lump sum payments, funded by the results of productivity improvement, were paid to employees separately from their bonuses.
Further, the Group operates an "hourly leave system" that allows employees to take annual leave in units of one hour, which enables flexible work styles. The Group has also set up the "flextime system" according to the business situation of each department.

Promotion of taking annual leave

The Group promotes "taking planned annual leave" for the purpose of improving productivity and work efficiency by refreshing the mind and body and bringing out new vitality. As part of its efforts, the Group introduced a System Usage Calendar and various initiatives, such as Kids' Ceremony Leave, Family Day Leave, Parents' Longevity Celebration Leave, Long Service Gratitude Leave, Expecting Mother Escort Leave, Volunteer Leave, and Marriage Preparations Leave. Employees are made aware of the objectives and importance of the different kinds of leave through training, in-house broadcast, and the like.

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 status of compliance with the Minimum Wage Act, the Labor Standards Act "36 Agreement", and other relevant laws and regulations.

"Daiwakko" Daiwa Child Care Club

In 2021, we created "Daiwakko," the Daiwa child care club, to provide both work and child care support to expecting mothers and mothers taking care of children, assisting them to improve their skills and shape their careers so that they can feel secure and motivated as they continue to work while expecting children and providing child care. It is hosted on a dedicated site within Daiwa WLB Station and offers ways for colleagues to connect and introduces various ways of using Daiwa's systems.

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 for eight consecutive years from 2015 to 2022 as a listed company that excels in promoting women's advancement. The Company has been selected nine 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.
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.

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 new e-learning programs for all employees in the second half of FY2023. Out of about 14,000 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 e-learning 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.

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 setting up Daiwa Digital College to improve the IT skills of all employees.

Daiwa Securities Group's Education System

Training Record in FY2023

Average hours of mandatory and career development education per employee	56.4 hours
Cost for the Group's educational investment:	¥21.6 billion
Cost per employee	¥171,000

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 IT, communication, leadership and other business skills, employees can use Udemy Business to choose courses to gain practical and up-to-date knowledge, from about 14,000 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.

Development of Next-Generation Leaders

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.

Supporting Employees Trying to Earn Credentials

With the aim of offering high-quality solution proposals in response to diversifying customer needs, 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 in IT, language, professional services, 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, 2024)

Number of persons earning CFP® certifications:	1,570 people
Number of Certified Member Analyst of the Securities Analysts Association of Japan (CMA)®:	1,553 people

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 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.

In FY2023 we 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.

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.
In FY2023 we introduced the Talent Management System that allows the real-time visualization of the ideas, thoughts, skill levels, half-year goals, etc. of individual employees. Information input and updated in one-one-one meetings between employees and their superiors can be taken over on an individual basis, so that even newly appointed immediate supervisors can share and develop career visions and goal management based on the information.
Regarding the evaluation of employees, we conduct comprehensive evaluations that take their compliance-related performance into account. In addition, we endeavor to create a personnel evaluation system that motivates all employees, regardless of years they are with us, whether they are young, middle of career, or experienced veterans, to take on the challenges of the next stage of their careers and to work in positions with greater responsibilities. In evaluating employees, we focus mainly on whether, in light of their respective abilities, roles, and responsibilities, they are always changing and continuing to grow in their performance, contribution, and the achievement of the Medium-term Management Plan. Even while on childcare leave, employees are still eligible for promotions as we properly evaluate their contributions to date.

Health Management

Declaration on Health Management (Approaches and Policy)

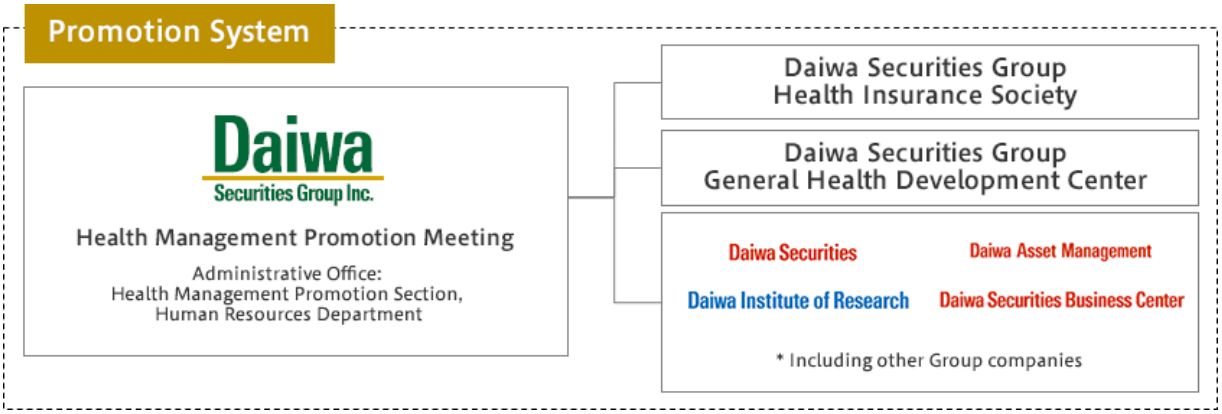
Included in the Group's Corporate Principles is "placing importance on personnel." Based on the idea that the source of the Group's competitiveness lies in the capabilities of its employees, we seek to raise productivity by enhancing employees' well-being* and to maintain high performance as an organization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

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

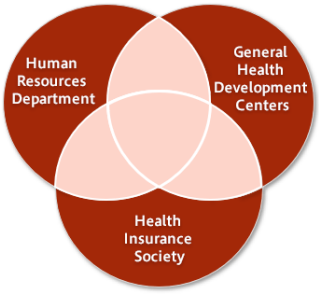
Promotion System

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



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



History so far

	Main achievements	External Evaluations
FY2008	• Started specific counseling guidance (metabolic syndrome guidance) • The Human Resources Department, General Health Development Center, and Human Resources Department started working together to promote health	
FY2009	• Introduced a system for checking past health checkup results and various health information online • Started following-up with persons with possible medical issues with the "yellow paper" system	
FY2010	Started walking and quit smoking challenges	
FY2011	Started "Eating to 80% full" (Harahachi) campaign	
FY2012	Started Red Case Support Program (for severely ill persons)	
FY2013		Received the Minister of Health, Labour and Welfare "Extending Healthy Life Expectancy Award"
FY2014	Our Group's efforts were published in the " Ministry of Health, Labour and Welfare White Paper"	健康経営銘柄 Press Release [PDF:85KB]

	Main achievements	External Evaluations
FY2015	• Started point incentive * * Points are given to self-help efforts for employee health promotion. When the points reach a certain level, it is reflected in the employee's salary after age 55 • Appointed Human Resources Officer of Daiwa Securities Group Inc. to "Chief Health Officer (CHO)" • Implementation of "Promote Health Management Meetings" • Established "Health Management Promotion Section" in the Human Resources Department of Daiwa Securities Group Inc. • Issued "Daiwa Securities Group White Book on Health"	2016 健康経営銘柄 › Press Release [PDF: 114 KB]〈Japanese only〉
FY2016	KA-RA-DA iki-iki Project Introduction › Press Release [PDF: 91 KB]〈Japanese only〉	2017 健康経営銘柄 / 2017 健康経営優良法人 Health and productivity ホワイト500 › Press Release [PDF: 99KB] 〈Japanese only〉 • Ministry of Health, Labour and Welfare-commissioned project "Cancer Measures Promotion Company Action" Received the Minister of Health, Labour and Welfare Award for companies promoting cancer control › Press Release [PDF: 80KB]〈Japanese only〉
FY2017	Introduced Employment Support Plan for Employees with Cancer › Press Release [PDF: 121KB]〈Japanese only〉	2018 健康経営銘柄 / 2018 健康経営優良法人 Health and productivity ホワイト500 › Press Release [PDF: 141KB]〈Japanese only〉 • Received the Tokyo Metropolitan Government "Company Award for Excellent Initiatives for Balancing Treatment of Cancer Patients and Work" › Press Release [PDF: 78KB]〈Japanese only〉

	Main achievements	External Evaluations
FY2018	Introduced Daiwa ELLE Plan > Press Release [PDF: 191KB]〈Japanese only〉	2019 健康経営銘柄 2019 健康経営優良法人 Health and productivity ホワイト500 > Press Release [PDF: 98KB]〈Japanese only〉
FY2019	• Introduced a new health checkup plan (a system that allows people to have a cancer checkup together with their regular health checkup, specific counseling guidance using ICT, online health consultation by a doctor) • Started health promotion measures for young customers (fitness app, counseling guidance for people in their 20s and 30s)	2020 健康経営銘柄 2020 健康経営優良法人 Health 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 健康経営銘柄 2021 健康経営優良法人 Health and productivity ホワイト500 > Press Release [PDF: 113KB] 〈Japanese only〉
FY2021	• Mindfulness Training for New Employees in Cooperation with Keio University • Introduced smoking cessation during working hours	2022 健康経営銘柄 2022 健康経営優良法人 Health and productivity ホワイト500 > Press Release [PDF:165KB] 〈Japanese only〉
FY2022	• Launched Good Sleep Daiwa to improve sleep literacy and skills • Started subsidizing the cost of dental checkups	2023 健康経営優良法人 Health and productivity ホワイト500
FY2023	• Assigned gynecologists to General Health Development Centers	2024 健康経営銘柄 2024 健康経営優良法人 Health and productivity ホワイト500 Selected as "Health & Productivity Stock 2024" and "Certified Health and Productivity Management Outstanding Organization (White 500)"

Targets

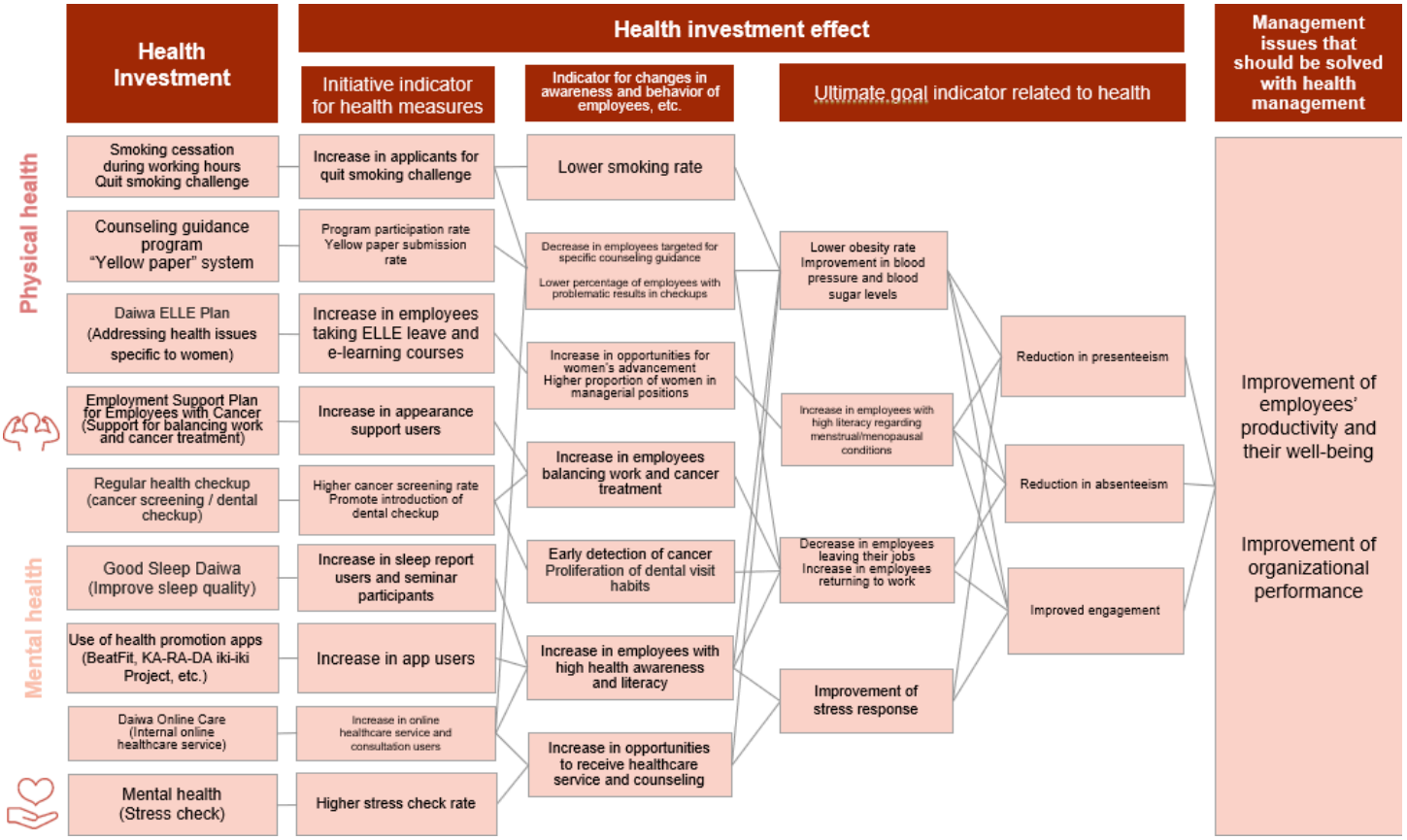
To measure the improvement of productivity through health management, we use presenteeism*1 and absenteeism*2 as indicators.

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.)
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

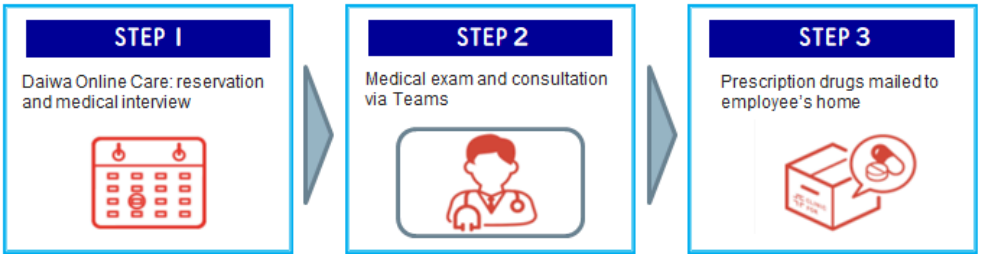
Increased Use of Daiwa Online Care

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), gynecological care/consultation, health consultation (industrial physician), mental health consultation (psychiatrist/clinical psychologist)

[Flow of usage]



Daiwa ELLE Plan +

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

Daiwa ELE Plan＋

	20s	30s	40s	50s	60s
Checkups	・Subsidies for breast cancer and cervical cancer examinations (Employees aged younger than 35 years)		・Thorough medical examination (cancer screening) (employees aged 35 years or older) *Options for the milestone ages of 50, 55, and 60(Vaginal ultrasonography and bone densitometry)		
New ・Expanding the target age group for vaginal ultrasonography					
Gynecological symptoms	・Watashi Shinhakken (Rediscover Myself) Program to mitigate illness caused by mensuration				
	・Seminars on mensuration-associated symptoms, menopausal symptoms, and gynecological cancers by medical specialists (e-learning)				
Pregnancy and childbirth	・Mother and child health management ・Childcare leave ・Seminar on preconception care and infertility treatment by a medical specialist (e-learning)				
Leave	・ELLE leave (For illness caused by mensuration, infertility treatment, illness caused by menopause) ・Annual paid vacation ・Annual leave by the hour ・Life support paid leave (to be available in half-day increments) ・Unpaid leave				
Health literacy and health culture development	・Health management seminar by a doctor/public health nurse (carried out in training for new employees and on other occasions) ・"Why is it necessary to be aware of women's health issues?" (for all employees in managerial positions) (e-learning)				
Medical treatment and consultation system	・Gynecological care/consultation by gynecologists at General Health Development Centers (Expanded handling of Chinese herbal medicines as well as supplements on Daiwa Online Care) ・first call				
Support for balancing work and treatment	・Support for balancing work and fertility treatment ・ELLE leave ・Teleworking ・Life support paid leave ・Medical expense loans from the Mutual Aid Society				
	・Employment Support Plan for Employees with Cancer, a support system for balancing work and cancer treatment				

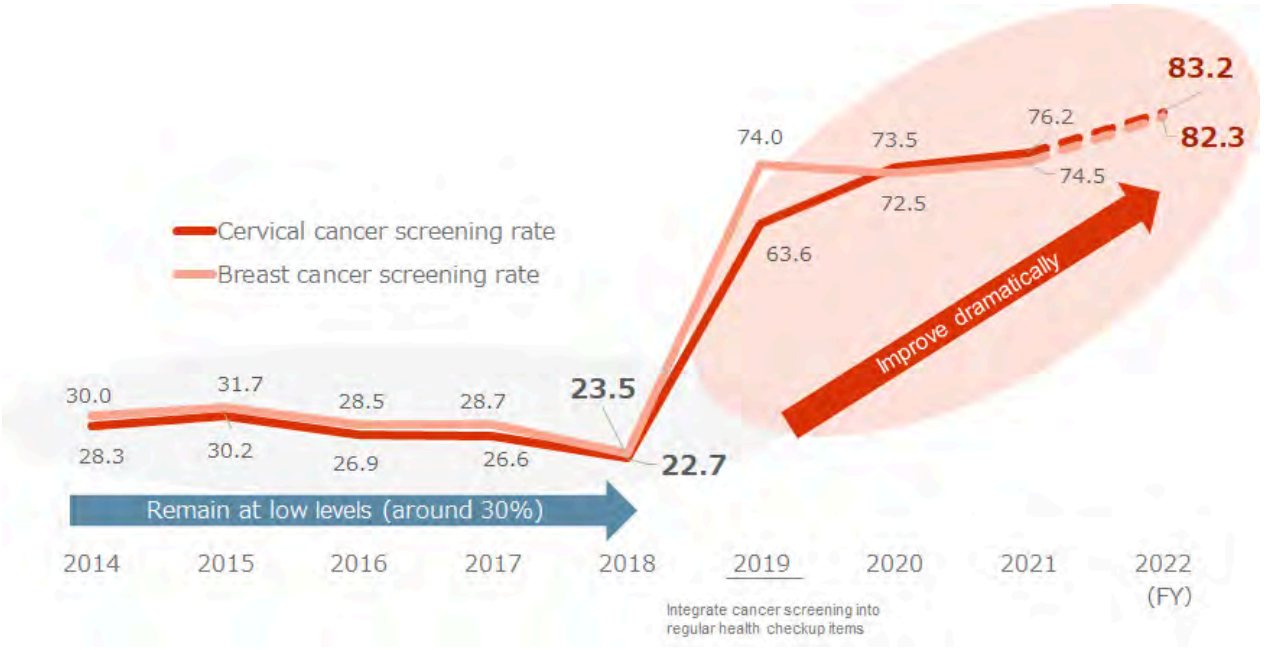
* Newly added measures are shown in red.

* The number of days off taken under the ELLE leave system totaled 4,868 in FY2023.

Continuous Improvement in Female Cancer Screening Rate

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

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



(Source) Daiwa Institute of Research

Note: The survey was conducted on all female workers affiliated with the Group.

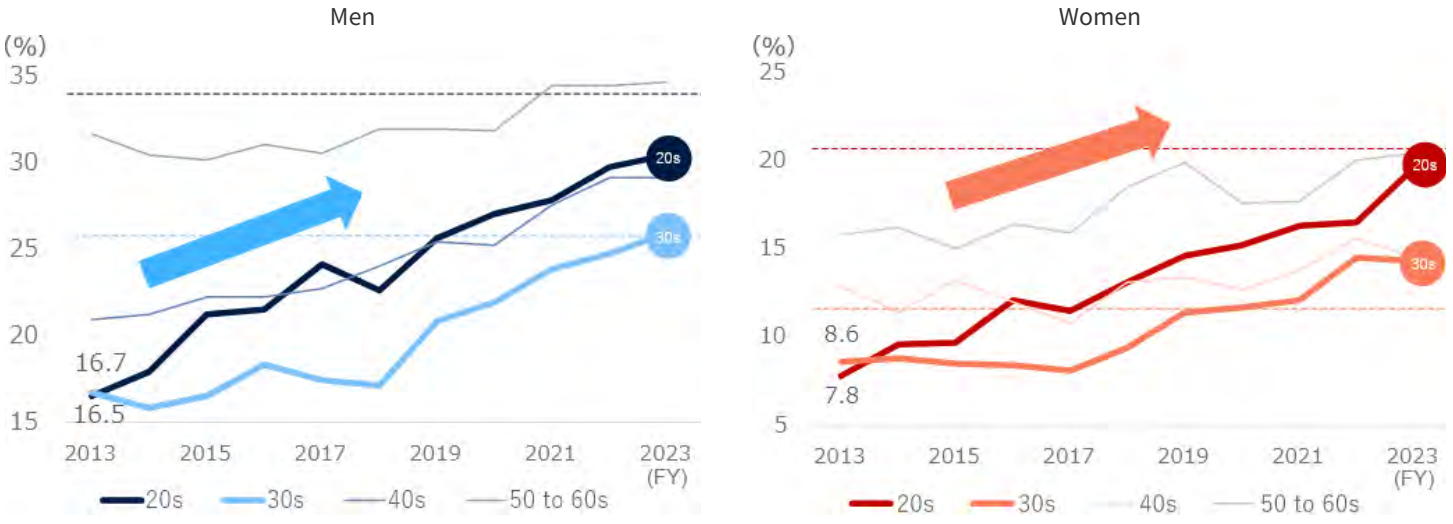
Upward Trend in Younger Generation with Exercise Habits

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*1, 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*2 and continue to enhance their awareness of healthy lifestyles.

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

*2. The amount of investment in KA-RA-DA iki-iki Project is approximately ¥1.60 million. In a survey of participants, 27% of the respondents answered that they were "very satisfied" and 55% "satisfied."

Proportion of employees with exercise habits



(Source) Daiwa Institute of Research

Note: Subjects were employees when registered. The percentage of respondents who answered in the 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 "

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

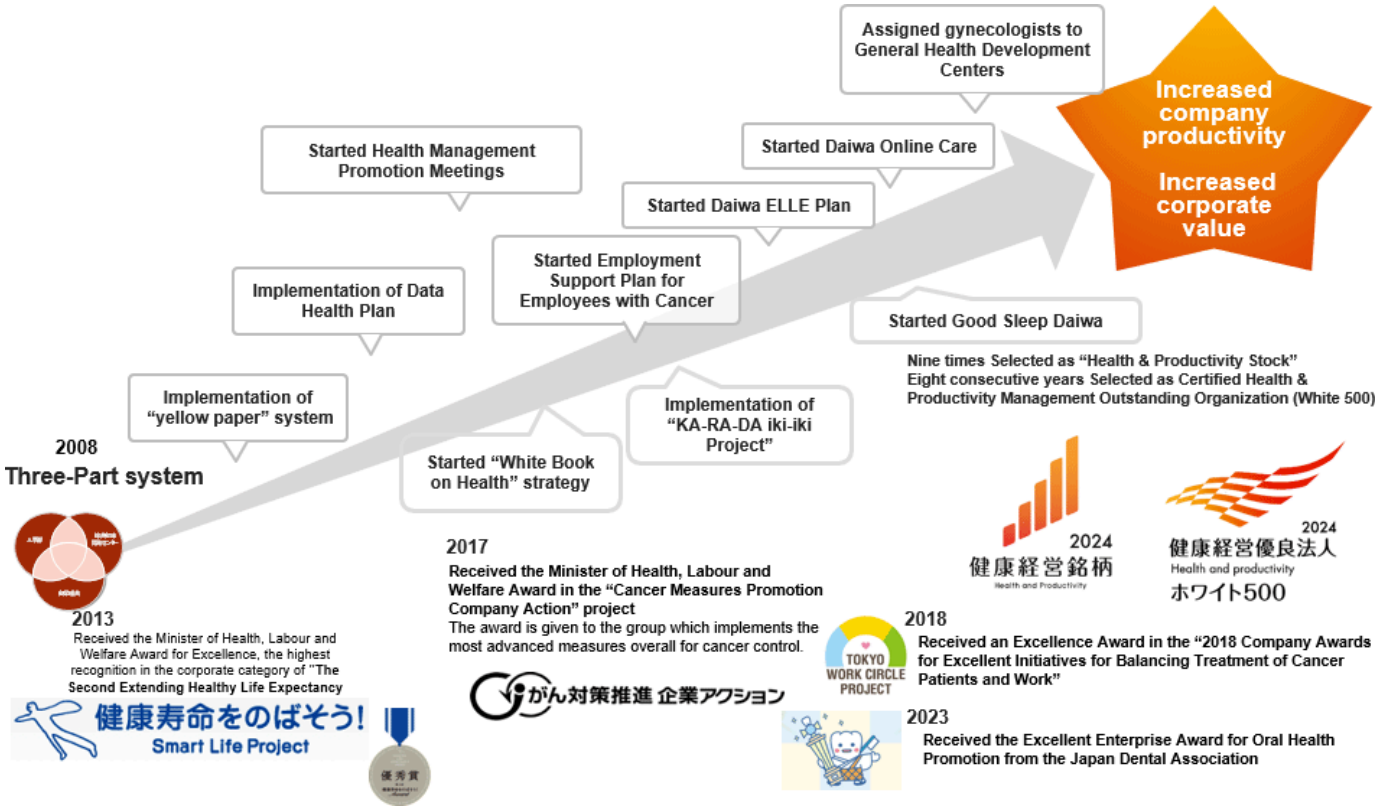
By understanding that my thoughts, body, emotions, and actions are connected, I have learned that I can control my own physical and mental condition to a certain extent. From now on, I will incorporate the "Being Mode" in my daily thoughts and consider that each event occurs independently so that I can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

* MBCT program: Mindfulness-based cognitive therapy

Initiatives to Support Health Management at Other Companies

Within our Daiwa Group, Daiwa Institute of Research provides mission-critical business systems and data analysis services to health insurance associations nationwide, and holds the largest market share in the industry. In the "Third Data Health Plan" that started in FY2024, we are providing PDCA monitoring support for health services, using data analysis results that comply with the group of indicators specified by the government. For "Collabo-health" with business owners, which is of increasing importance, we have an enhanced lineup of services, including supporting business owners with reports and collaboration meetings. In addition, we have independently developed an "Employee Well-Being" tool that assesses the health and well-being of employees and provides reports to our corporate clients. By using this service, our clients can understand issues in their health and productivity management and human capital management. Through these health data analyses, we contribute to the enrichment of employees' lives and sustainable corporate activities.

External Evaluations



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

Other related data

			FY2021	FY2022	FY2023
Obesity rate (30s)*1		Men	25.5%	25.7%	26.2%
		Women	9.3%	9.9%	9.6%
Smoking rate		Men	28.7%	27.1%	27.3%
		Women	6.6%	6.2%	6.2%
Exercise habits rate	(20s)	Men	27.8%	28.5%	29.9%
		Women	16.2%	16.9%	19.2%
	(30s)	Men	23.1%	23.8%	24.3%
		Women	12.0%	13.7%	13.2%
Proportion of employees taking enough rest through sleep			69.2%	67.9%	65.8%
Percentage of loss from presenteeism*2			15.2%	12.6%	13.9%
Average of absenteeism*2			3.4 days	3.1 days	3.9 days
Engagement survey*3			81%	79%	80%
Work Motivation Survey*4		Work	3.3	-	-
		Organization	3.3	-	-
		Colleagues	3.3	-	-
		Growth / Career advancement	3.3	-	-
		Compensation	3.1	-	-
Female ratio in managerial positions		(consolidated)	15.1%	16.9%	18.4%
		(Daiwa Securities alone)*5	18.3%	19.9%	21.1%
Stress check rate			91.8%	91.3%	93.1%
Ratio of employees with high stress			10.2%	11.2%	10.0%
Regular health checkup rate			100%	100%	100%

	FY2021	FY2022	FY2023
Medical institution attendance rate for employees with problematic results in regular health checkups	82.2%	82.9%	82.2%

*1. Target: Reduce the obesity rate for employees in their 30s by 30% from FY2018 by 2024 (men 20%, women 8%). From FY2021, the target was changed from the obesity rate at age 35 to the obesity rate for employees in their 30s.

*2. A total of 12,726 employees responded to the survey for FY2023 (with the response rate reaching 100%). The average of absenteeism was calculated by including absence from illness and injuries in the target.

*3. 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 tend to exceed the industry's average growth rate in their business. The awareness survey started to be conducted for Daiwa Securities alone in FY2021 and 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 the latter half of FY2022, 12,490 employees replied, and the response rate reached 93%. The figures were provided by the survey partner Towers Watson.

*4. Ended in FY2021.

*5. Target: At least 25% by 2025.

* We hold safety and health committee meetings with the participation of the employee unions. For FY2023, we had a total of 48 occupational and commuting incidents (such as minor injuries).

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.

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.

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 FY2023, 6,131 employees belong to employee unions, and the union membership ratio is 54.2%.

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 2023, these events were held at workplaces for the first time in three years, (the events were held online during the Covid-19 pandemic), and roughly 5,700 family members participated.

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.

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

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

Initiatives to Enhance People's Financial Literacy

Message from the Head of Financial Education

Our Concept, KPI, and Promotion Structure

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.

Experience-Based Programs

Provision of Support for "Nikkei Denshiban for Education"

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 in society there. At our pavilions, as consultants for the securities company, they conduct research on investees (pavilions) that meet the investors' needs and compile the results into a report.
They will be able to understand about investments and learn that customer trust is important.

Kidzania Tokyo

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.

Finance Park in Shinagawa

Number of participants in Finance Parks for FY2023

Total: 13,162 people

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.

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

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.

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

Our Concept, KPI, and Promotion Structure

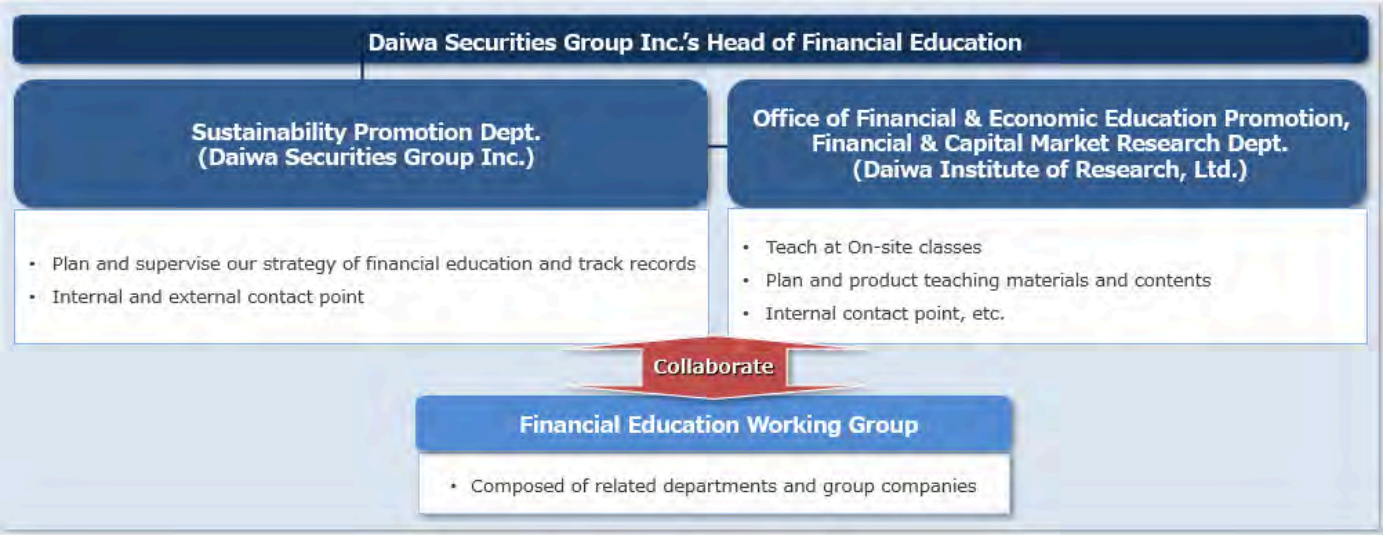
Our Concept

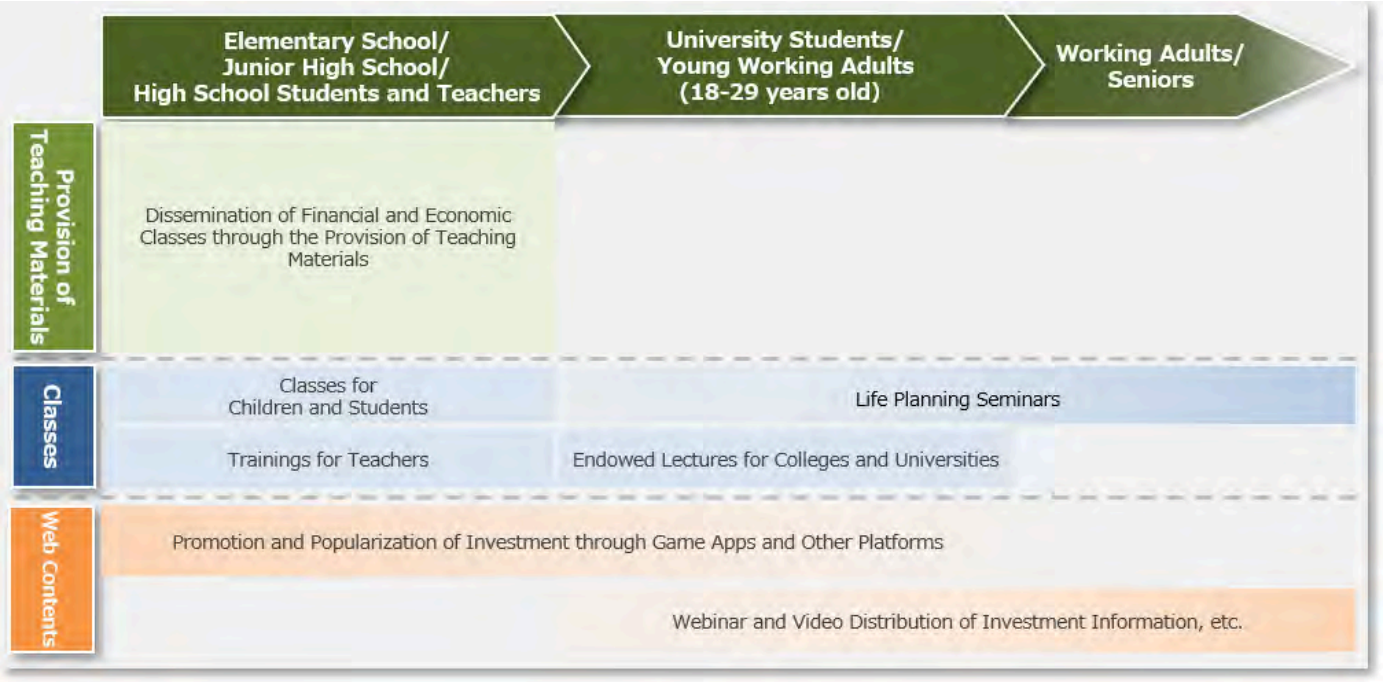
We improve the financial literacy of a wide range of people to enable them to fulfill their lives.

KPI

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

Promotion Structure





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 Future Support Bonds Child Support Group Sustainable Fund

The Daiwa Securities Group decided to donate \102.5 million of the total amount raised through the issuance of bonds (nicknamed "Daiwa Securities Group Future Support Bonds") in June 2020 to the "Daiwa Securities Group Future Support Bonds Child Support Group Sustainable Fund," which was established in collaboration with the Public Resources Foundation.

View details

Daiwa Securities Group Child Support Fund for Bright Future

The Daiwa Securities Group has created "Daiwa Securities Group Child Support Fund for a Bright Future" in collaboration with Public Resources Foundation, a public interest incorporated foundation. The Fund is designed to improve the environment for children and break the chains of poverty. It assists groups supporting children's future.

View details

Santa Charity Program >

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, 2024)
1,446 cases
Total amount: 1,416.6 million yen

Support for Volunteer Activities

Grant results (as of March 31, 2024)

Contents of Grants	Number of projects receiving grants	Total amount of grants
Volunteer Activities Grants	4,423 projects	1046.67 million yen
Grants to activities supporting children	50 projects	24.41 million yen
Grants to designated post-disaster volunteer activities	45 projects	43.35 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.

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

Donations for the 2024 Noto Peninsula Earthquake	About 20.74 million yen from corporations About 10.77 million yen from officers and employees
Contribution to Areas Damaged by the 2023 centered in the southeastern part of Turkey Earthquake	About 4.15 million yen from officers and employees
Torrential Rain Disaster in July 2020	5 million yen
Donation in response to damage caused by Typhoon Hagibis in 2019	10 million yen

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".

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 -."

(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 ⟨ Japanese 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.

Initiatives to Promote Volunteer Activities

President's Awards program
Daiwa Securities has the President's Awards program to recognize outstanding achievements by employees. As part of the program, we introduced the Volunteer Award in FY2007, which is given twice a year to employees and groups involved in volunteer initiatives and activities that provide ongoing support to communities.

Donation activities by employees

"Jeans Day" (2021 to 2024)

For the purpose of charity, we hold an event "Jeans Day" on the 1st of a month where officers and employees come to work in casual clothes and raise funds.
We create opportunities to participate in social contribution activities, and a different atmosphere and communication style are created, contributing to a well-ventilated work environment and improving employee engagement.

Santa Charity Program

Since 2017, we have been implementing a Santa Charity Program—an initiative in which executives, employees, and former members of Daiwa Securities Group donate Christmas presents to children. Contributions collected under the Program are used to purchase assorted snacks and toys and donated to children's homes, livelihood support facilities for fatherless families, and NPOs supporting children across Japan. The donations are made through the Public Resources Foundation , a public interest incorporated foundation.

Employee donations record

	unit	FY2020	FY2021	FY2022	FY2023
Number of participants*	(persons)	3,030	20,946	19,288	16,488
Total donations	(million yen)	12.80	30.81	29.79	24.68
Total number of donation recipient	(groups)	99	129	157	95

* The number of transfers to the dedicated account is counted as the number of participants.

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.

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.

Attracting kitchen cars (Daiwa Nakano Sakaue building)

Implementation of disaster drills

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.

State of summer festival (Alpha Living Takamatsu station square)

State of planting pruning (Alpha Living Takamatsu Hyakkenmachi)

Initiatives Taken by the Group's Overseas Offices

Daiwa Capital Markets America (DCMA) Initiatives

Initiatives to Support the Next Generation through Financial Education: Financial Education Workshop with the NJ Japanese School

In October 2023, Daiwa Capital Markets America (DCMA) partnered with the TV Tokyo New York Bureau and the New York Stock Exchange to provide a one-day financial education program for middle school students enrolled at the New Jersey Japanese School.
The students toured DCMA's trading floors and attended lectures on stocks and finance before going to the New York Stock Exchange to see how stocks are traded. They also visited the TV Tokyo studio and observed the real-time broadcast of a US financial news segment. We were proud to host the New Jersey Japanese School students and provide them with experiential financial education in line with the SDGs objective of promoting quality education for all.

Initiatives to Support the Community: LGBTQ+ Food Delivery Volunteer

In the United States, the month of June is celebrated as "Pride Month," a time to recognize and support the LGBTQ+ community, and there are a number of Pride events held each year. In honor of Pride Month in FY2023, Daiwa Capital Markets America (DCMA) partnered with God's Love We Deliver, a non-profit organization that supports minority groups. A group of approximately 15 employees volunteered for the initiative to show their commitment to the cause. The volunteer team worked to support our local community by delivering medically tailored and nutritious meals to those in need in Manhattan. The organization carries out the initiative to benefit people who may be struggling with nutritional challenges due to illness or inability to access stores. DCMA is committed to contributing to such initiatives and making a positive impact in the community and society.

Daiwa Capital Markets Europe Limited (DCME) Initiatives

Employee Networks Aligned to Charity Partners

Daiwa Capital Markets Europe Limited (DCME) continues to support charitable activities. On April 17, 2024, it relaunched its Employee Networks to ensure that each network was aligned to both an SDG ("Good health and well-being," "Gender equality" or "Zero hunger") and a specific charity partner. The three Employee Networks and their respective charity partners are: Inclusion, partnered with SmartWorks; Wellbeing and Social, partnered with Royal Brompton and Harefield Hospitals Charity; and Charity, partnered with Hackney Foodbank.

These partnerships will be pivotal in helping Daiwa Securities contribute to a society where everyone can enjoy a 100-year life, which is one of Daiwa Securities Group's issues of materiality included in its 2030 Vision. The relaunch event, which also celebrated International Women's Day, was a great way to remind everyone at DCME of how fundraising events and volunteering can make a difference in the world.

Caption: DCME announced a partnership with Royal Brompton and Harefield Hospitals Charity on 19 April. Royal Brompton is the UK's largest specialist center for the treatment of heart and lung conditions.

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 FY2023. As part of its social contribution program, Daiwa Korea also participated in the ninth "Love Kimchi Fair" in the latter half of the same fiscal year.

This was the first "Love Kimchi Fair" held face-to face since the COVID-19 pandemic. Around 700 people participated in the event, producing around 50,000 kg of kimchi, which 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 an NGO called "Korean Hunger Relief" to contribute to the realization of social harmony.

In recent years, the South Korean government has been strongly promoting the achievement of an appropriate "work-life balance" 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 three 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); introduction of family-friendly flexible working hours and start and finish times for parents of early elementary school-aged children)

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) and improve employee welfare measures (financial subsidies for self-development activities such as foreign language classes and for health promotion and maintenance programs, 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 CSR activities.

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.

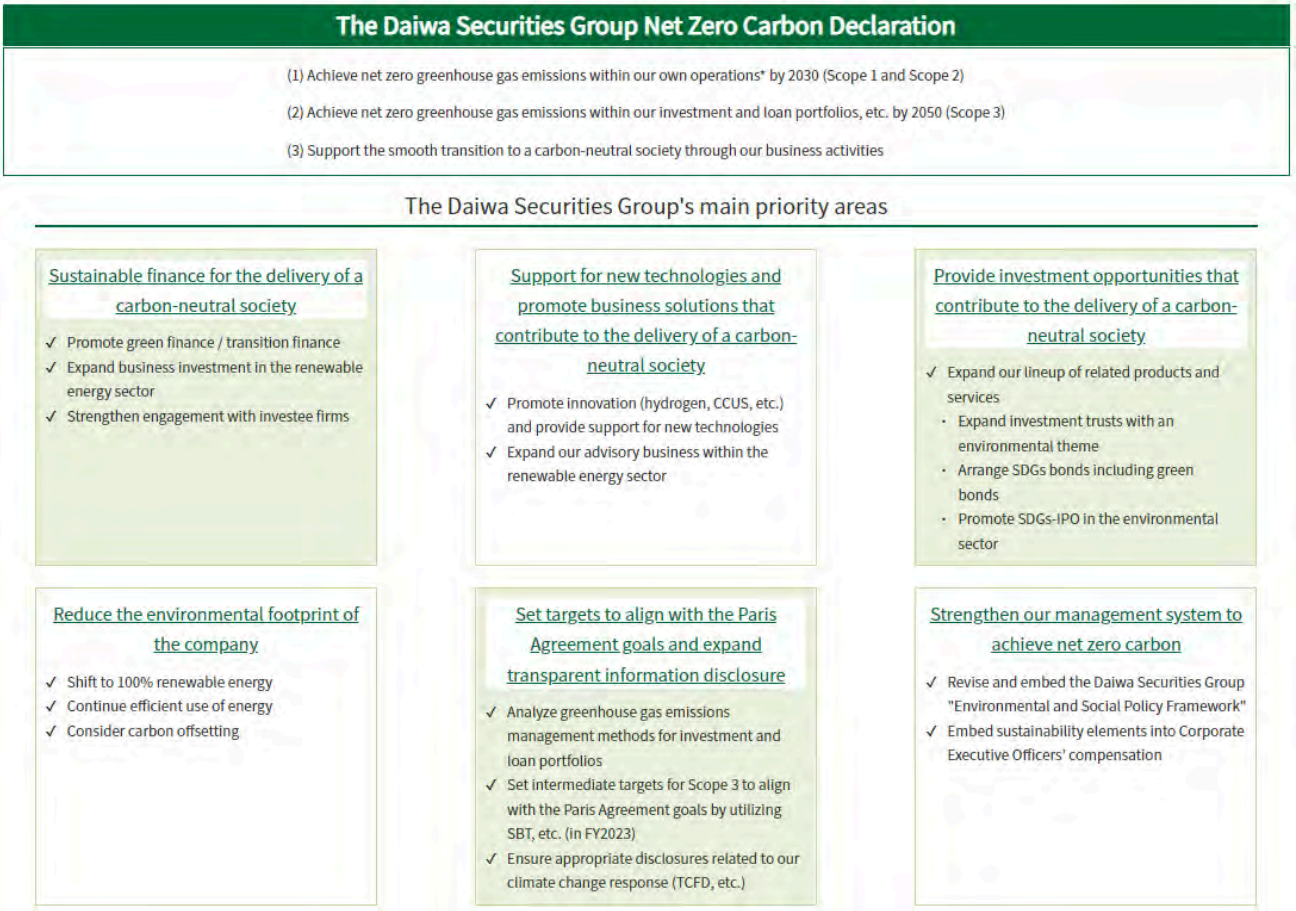
Daiwa Securities Group Inc. (May 22, 2012)

Targets for FY2023

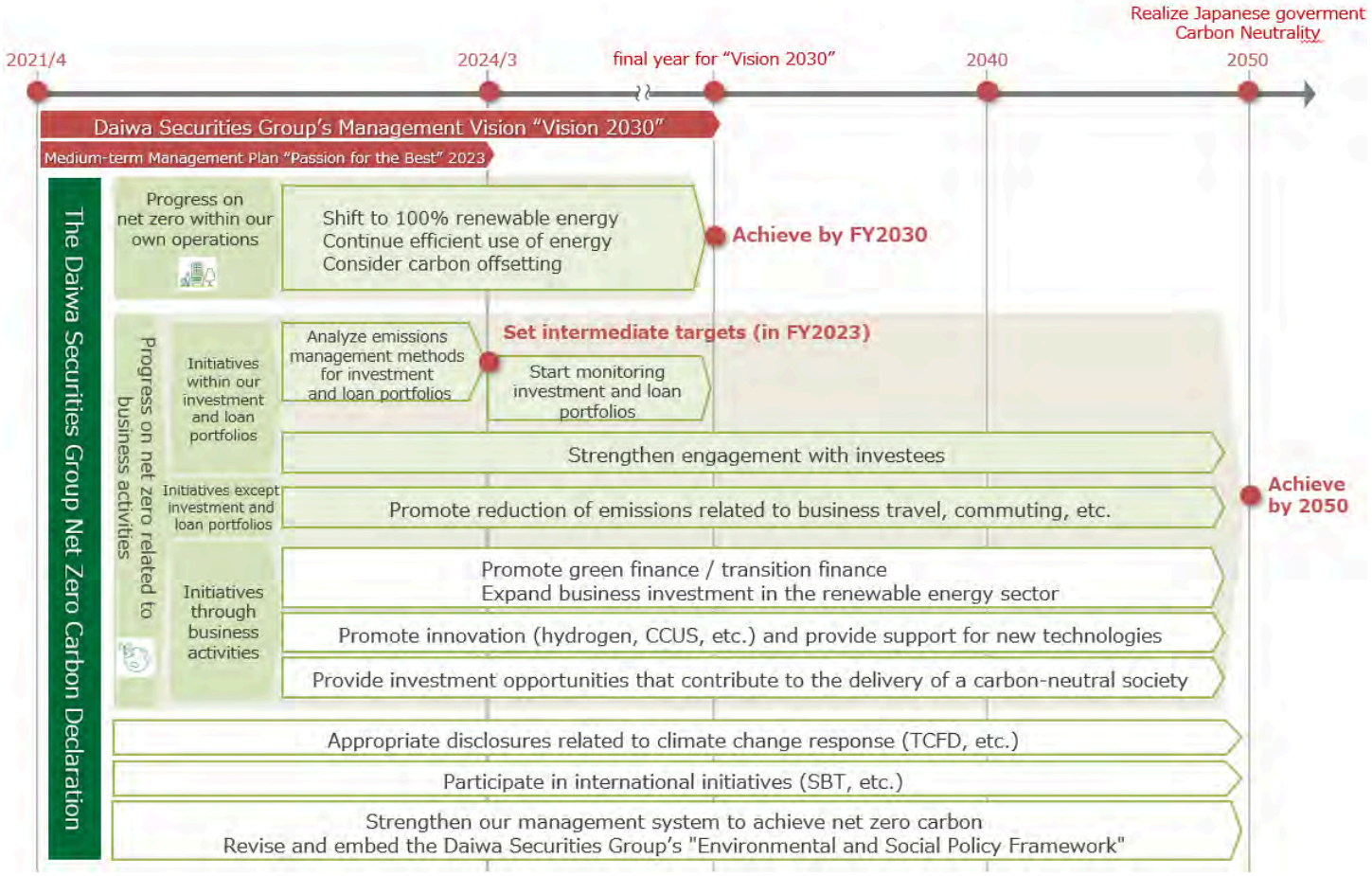
- ✔ Initiatives for the reduction of GHG emissions
  Continue to reduce CO_2 emissions by at least 1% compared with the previous fiscal year.
  * On a Domestic consolidated basis
- ✔ Initiatives for the reduction of electricity consumption
  Achieve a reduction of at least 51% in GHG emissions from electricity 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



Roadmap for achieving Net Zero Carbon



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_2 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 Disclosure 2024 (former TCFD)."

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, 2024)
Number of properties with environmental certifications: 34 properties; Environmental certification acquisition ratio (On the basis of total floor area of properties): 63.4%

Environmental certification acquisition ratio for properties owned by Daiwa Securities Living Investment Corporation (As of March 31, 2024)
Number of properties with environmental certifications: 26 properties; Environmental certification acquisition ratio (on the basis of total floor area of properties): 19.7%

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_2 emissions associated with redelivery.

Delivery box installation ratio in rental residences owned by Daiwa Securities Living Investment Corporation (as of the end of March 2024)
Delivery box installation ratio (based on the number of buildings): Approx. 89.3%

Installation of rooftop garden (Daiwa Azabu Terrace)

Installation of delivery boxes (Gran Casa Omorikaigan)

Climate-related Disclosure 2024 (former TCFD)

1. Introduction

2. Governance

3. Strategy

4. Risk Management

5. Metrics and Targets

6. Response as an Asset Manager

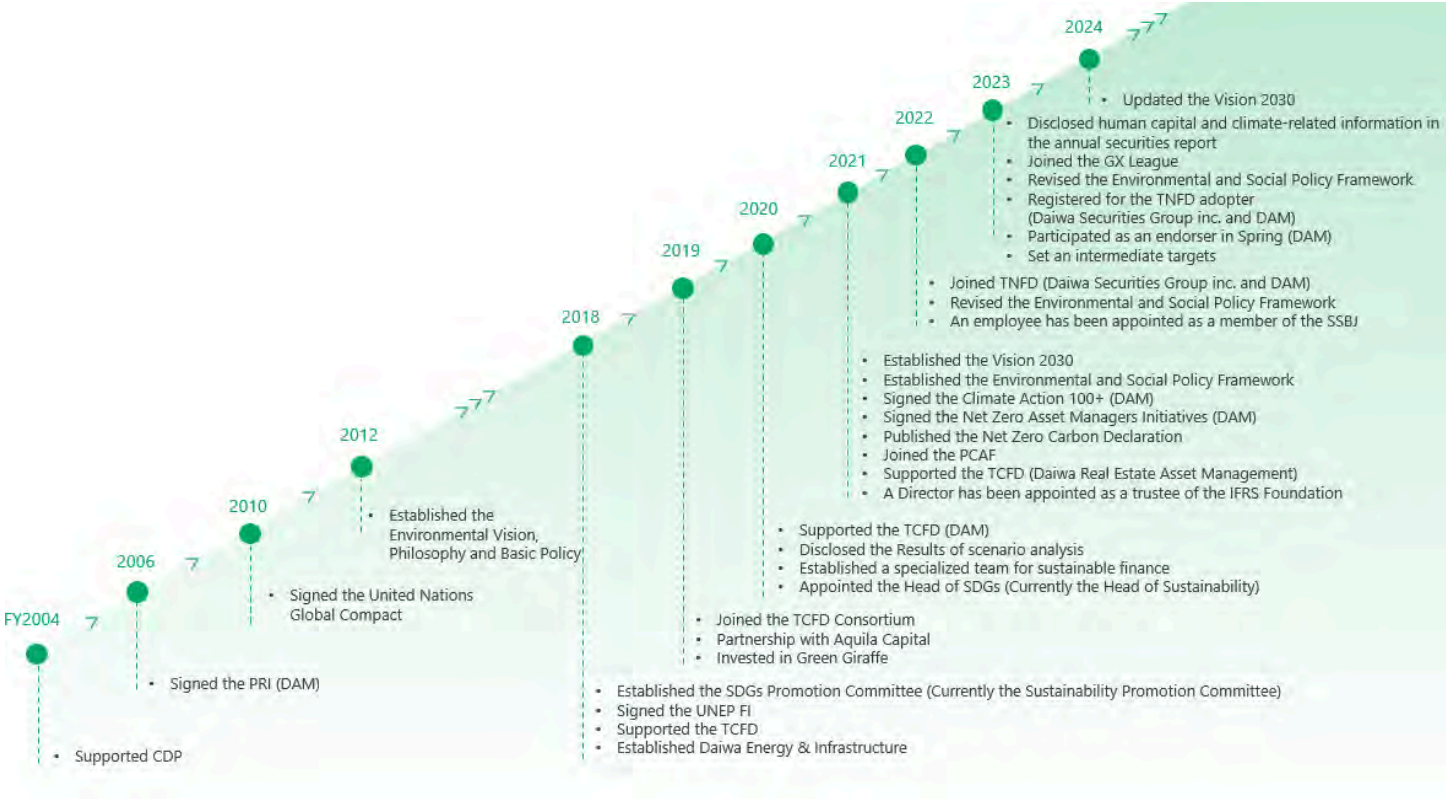
Appendix

1. Introduction

Daiwa Securities Group is developing climate-related disclosure to realize a carbon-neutral society. This website provides information on Governance, Strategy, Risk Management, and Metrics and Targets in reference to the Task Force on Climate-related Financial Disclosures (TCFD) and IFRS S1 and S2, published by the International Sustainability Standards Board (ISSB) under the IFRS Foundation in June 2023.

(1) Our History

We support various climate-related initiatives and is advancing our efforts. We were among the first domestic securities companies to support the TCFD in 2018, and since then, we have been issuing climate-related disclosure annually.



(2) Our Approach to Climate Change

① Management Vision and Materiality

In May 2021, we formulated the Vision 2030, outlining what kind of company we want to be by 2030. In 2024, we updated this Vision as circumstances changed. In the Vision, we position Green & Social as a key materiality and promote sustainable finance.

Also, we set sustainability KPIs as part of the Medium-Term Management Plan, "Passion for the Best" 2026, to measure progress toward the Vision. These KPIs are monitored by Sustainability Managers and reported to the Sustainability Promotion Committee and the Board of Directors.

② Environmental Vision, Environmental Principles and Basic Environmental Policies

In order to combat environmental issues and respond to climate-related risks, we published the Environmental Vision, the Environmental Principles, and the Basic Environmental Policies in May 2012.

Environmental Vision, Environmental Principles and Basic Environmental Policies

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 in our efforts to reduce the use of natural resources and energy, and seek ways to improve materials and energy efficiency (including efforts to improve business efficiency). We shall also take steps to reduce water use and reduce, reuse, and recycle other materials to contribute to a more environmentally friendly society. Furthermore, considering the importance of biodiversity, we shall seek a symbiotic relationship with the environment and use safe, clean methods of materials procurement.

4. Promote environmental communication
   Working in concert with business partners, the local community, NGOs and NPOs, we shall actively disseminate information about environmental issues, and communicate our concern for the environment to customers and society at large.
5. Strictly observe environmental regulations
   We shall always endeavor in environmental preservation, observing environmental laws and regulations in addition to the Group's environmental policies.

③ The Daiwa Securities Group Net Zero Carbon Declaration

We recognize the importance and urgency of climate change, one of the most serious issues facing the world. To that end, we formulated the Daiwa Securities Group Net Zero Carbon Declaration to achieve a carbon-neutral society as early as possible.

In this declaration, we commit to achieving net zero GHG emissions within our own operations* by FY2030 (Scope1 and Scope2), and net zero GHG emissions within our investment and loan portfolios, etc. by 2050 (Scope3). In addition, we help our clients' transition and support new technologies that contribute to the realization of a carbon-neutral society through our business.

The Daiwa Securities Group Net Zero Carbon Declaration

① Achieve net zero greenhouse gas emissions within our own operations* by FY2030 (Scope1 and Scope2)

② Achieve net zero greenhouse gas emissions within our investment and loan portfolios, etc. by 2050 (Scope3)

③ Support the smooth transition to a carbon-neutral society through our business activities

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

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 energy sector
- 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

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 SDGs bonds including green bonds
  - 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

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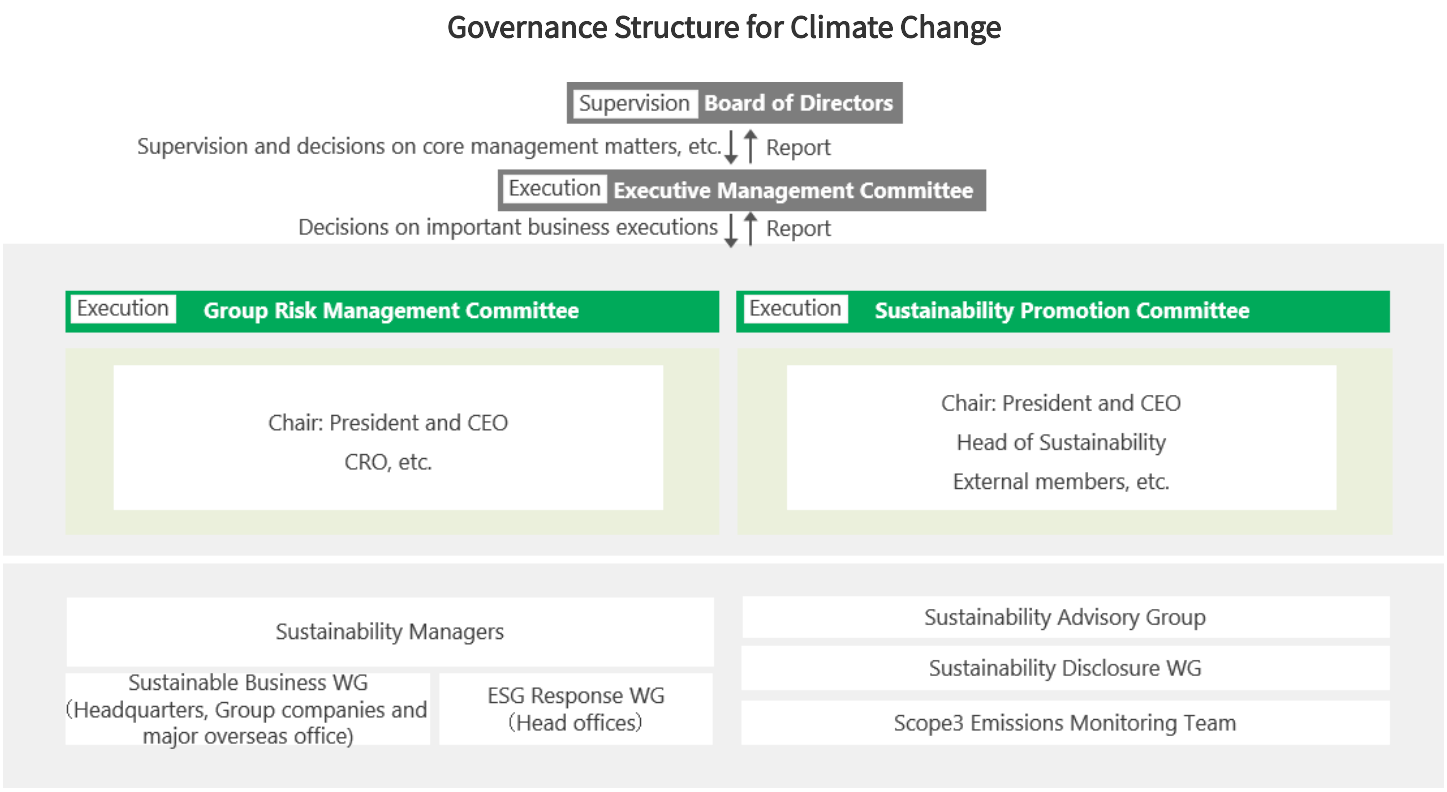
2. Governance



(1) Board's Oversight

The Board of Directors oversees a response to sustainability-related issues, including climate change. The Board of Directors receives reports as needed in accordance with the rules of the Board of Directors on issues and responses to sustainability-related issues 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.

Thus far, in addition to deciding on the formulation or revisions of the Environmental and Social Policy Framework, and the Daiwa Securities Group Net Zero Carbon Declaration, the Board of Directors decided to add climate change as one of the top risks in our risk appetite statement. In addition, the Board of Directors discusses reports that are received such as on climate-related disclosures and confirms the status of progress of sustainability KPIs when reviewing the financial results and the Medium-Term Management Plan.

In FY2023, the Board of Directors decided on the new Medium-Term Management Plan "Passion for the Best" 2026 (including revisions of the Vision 2030). Within this,

sustainability, including climate change, were also raised as topics. In total, climate has been placed on the agenda of the Board seven times.

Roles and Major Agenda of Committees

Committee		Members	Roles	Major Agenda
Supervision	Board of Directors	Chair: Chairperson of the Board Outside Directors: 6 Internal Directors: 6	• Receive reports on climate-related issues and responses and supervise	• Formulation and update of the Vision 2030 • Formulation of the Net Zero Carbon Declaration • TCFD response • Revision of the Environmental and Social Policy Framework • ESG evaluation response • Risk appetite framework and top risks • Results of ESG meetings with institutional investors • Intermediate targets • Decision on sustainability KPIs in the Medium-Term Management Plan
	Nominating Committee	Chair: Outside Director Outside Directors: 4 Internal Directors: 2	• Decide on proposal for the appointment and dismissal of directors	• Addition of sustainability to the skill matrix of the Board of Directors
	Compensation Committee	Chair: Outside Director Outside Directors: 4 Internal Directors: 2	• Consider policies related to executive compensation	• Decision on executive compensation system linked to sustainability KPIs
Execution	Executive Management Committee	Chair: President and CEO	• Decide on important business and policies related to climate issues • Report to the Board of Directors	• Formulation and update of the Vision 2030 • Formulation of the Net Zero Carbon Declaration • TCFD response • Revision of the Environmental and Social Policy Framework • Risk appetite framework and top risks
	Group Risk Management Committee	Chair: President and CEO	• Monitor responses to climate-related risk • Report to the Executive Management Committee	• Management of status of climate change risk (quantitative analysis results based on scenarios)
	Sustainability Promotion Committee	Chair: President and CEO Internal members: 17 External members: 3	• Discuss on important matters related to climate change • Report to the Executive Management Committee	• Formulation and update of the Vision 2030 • Revision of the Environmental and Social Policy Framework • ESG response • Intermediate targets • Registration for the TNFD adopter

Comments from Outside Directors

Climate-related Disclosure

- It is important to disclose not just results, but also the company's future milestones.

Environmental and Social Policy Framework

- It would be beneficial to take the lead on certain initiative that makes the company unique, while taking into account external circumstances and competitors.
- The supply chain is expected to be managed in close collaboration with relevant departments to ensure compliance with the framework.

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. We formulated a skill matrix after discussions at the Nomination Committee to ensure the appropriate skills and competencies of the directors. As criteria for Sustainability, we take into account if an individual has work experience in the sustainability field, including promoting sustainability-related strategies within the Group.

Skill Matrix of the Board of Directors

Name	Committee Responsibility			Years on the Board	Expertise and Experience					
					Corporate Management	Finance/ Accounting	Legal/ Compliance	DX/ICT	Global Business	Sustainability
Seiji Nakata	Nominating		Compensation	9	They have expertise and experience to execute adequately the management and control of the Group.					●
Akihiko Ogino	Nominating		Compensation	4						●
Shinsuke Niizuma				-						
Keiko Tashiro				10					●	●
Eiji Sato				-						
Sachiko Hanaoka		Audit		5						
Eriko Kawai Outside Non-executive	Nominating		Compensation	6		●			●	●
Katsuyuki Nishikawa Outside Non-executive	Nominating	Audit		5			●			●
Toshio Iwamoto Outside Non-executive	Nominating		Compensation	4	●			●	●	●
Yumiko Murakami Outside Non-executive		Audit	Compensation	3	●				●	●
Noriko Iki Outside Non-executive	Nominating	Audit		1			●		●	●
Mami Yunoki Outside Non-executive		Audit	Compensation	-		●				

Outside Outside director

Non-executive Independent officer based on the provisions of the stock exchange

To strengthen executives' incentives related to initiatives toward sustainability-related issues, we have incorporated the sustainability KPIs in the evaluation system for performance-linked remuneration. These KPIs include the SDG bond league table and GHG emissions. For details, please refer to 5. Metrics and Targets (4) Executive Remuneration.

(2) Executive 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 Environmental and Social Policy Framework and the Daiwa Securities Group Net Zero Carbon Declaration.

The Committee is composed of the Head of Sustainability, who is responsible for promoting sustainability based on the rules for Corporate Executive Officers 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.

Sustainability-related Expertise of External Experts

Name	Affiliation/Job Title	Main Areas of Expertise
Toshihide Arimura	• Professor, School of Political Science and Economics, Waseda University • Faculty Fellow, The Research Institute of Economy, Trade and Industry	• Environment Economics • Energy Policies • Carbon pricing
Arisa Kishigami	• Independent consultant, En-CycleS (Engagement Cycle for Sustainability) • Trustee, Japan Sustainable Investment Forum (JSIF)	• Sustainable investment • Sustainable index/ESG ratings • Engagement
Daisuke Takahashi	• Attoney at Law, Shinwa Law	• Business and human rights • Environmental law compliance • Global compliance

Comments from External Experts

Climate-related Disclosure

- Detailed explanations of the identified climate-related risks and opportunities should be provided, along with their corresponding responses.
- Discussions on a Just Transition are progressing overseas, especially in countries and regions where coal is a major industry. In response, the company should consider initiatives for a fair transition.

Interim Targets for Emissions associated with Investment and loan Portfolios.

- Given the recent increasing focus on a Just Transition, the company should disclose not only its targets but also the background and social significance behind them.

② Group Risk Management Committee

Policies and measures relating to risk management, including climate change, are discussed at the Group Risk Management Committee, a subcommittee of the Executive Management Committee, and attended by the Chief Risk Officer (CRO), who is responsible for risk management. After climate-related 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.

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 discussions of this WG are reported to the Sustainability Promotion Committee as appropriate.

Group-wide Working Group

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

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3. 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 examples of climate-related risks that could be expected to affect business (transition risk/physical risk), while also identifying examples of opportunities available through the development and provision of core financial products and services to realize a carbon-neutral 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 qualitative analysis based on climate-related scenarios and identifies examples of risks that could be expected to affect businesses.

Examples of the main transition risks include the deterioration in clients' earnings due to carbon pricing, etc., and the consequent deterioration in profits (policy/legal), the decline in value of assets under management due to the delayed response to energy-related technologies (technology), lower value and decreased balance of assets held in the fund (market), and deterioration in the Group's reputation associated with a lack of efforts 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 each of the Group's offices and data centers being struck by disasters and the increased costs of restoration and repairs (acute/chronic) as well as damage to and loss of solar and wind generation facilities due to an increase in torrential rain and powerful typhoons (acute/chronic). While recognizing these climate-related risks, we consider the responses in light of effects on business and frequency of occurrence, and promote strategies.

Examples of Climate-related Risks

Risk Type		Climate-related risks	Timeline	Risk Categories	Reponses
Transition	Policy/legal	Deterioration in business performance of counterparties due to carbon pricing, etc. and the consequent deterioration in profits	Short to long	Credit Risk Operational Risk	② Sourcing and Investment Focused on Sustainability ⑥ Realizing Carbon Neutrality within Our Own Operations ⑦ Strengthening Engagement with Stakeholders
		Delayed response in preparing the Group's systems associated with carbon pricing and mandatory information disclosure, etc.	Short to long		
	Technology	Decline in value of assets under management due to the delayed response to energy-related technologies	Medium to long		
		Increased costs for the Group associated with change in energy-related technologies	Medium to long		
	Market	Decrease in the balance of assets or decline in value of assets held by funds	Medium to long	Market Risk	① Development and Provision of Products and Services that Contribute to a Carbon-neutral Society ⑤ Providing Sustainability-related Solutions
		Decline on the value of assets or properties held by the Group and decrease in sales opportunities	Short to long		
	Reputation	Deterioration in the Group's 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	③ Promoting Sustainable Finance ⑥ Realizing Carbon Neutrality within Our Own Operations
		Decrease in business opportunities and an increase in funding costs as a result of the above reputation damage	Short to long		
Physical	Acute/chronic	Decline in the value of assets or properties held and decrease in sales opportunities due to market turmoil caused by abnormal weather	Medium to long	Credit Risk Market Risk	② Sourcing and Investment Focused on Sustainability ③ Promoting Sustainable Finance ⑤ Providing Sustainability-related Solutions ⑦ Strengthening Engagement with Stakeholders
		Increased health hazards and constraints on employment for customers due to extreme heat, etc. and the consequent deterioration in profits	Short to long		
		Increase in restoration costs and bankruptcies of counterparties associated with disasters suffered from wind and flood damage and the consequent deterioration in profits	Short to long		
		Damage to and loss of solar and wind generation facilities due to an increase in torrential rain and powerful typhoons	Short to long		
		Increased health hazards and constraints on employment for the Group's Directors and employees due to extreme heat, etc. and the consequent deterioration in profits	Medium to long	Operational Risk	Formulation of disaster mitigation measures and a BCP
		Damage to each of the Group's offices and data centers, and increased costs for restoration and repairs	Short to long		

* Please refer to 3. Strategy (5) Climate-related Strategies for detail on responses from ① to ⑦.

The climate-related time horizon is defined to link to the management plan. Given that for the short-term, the term of the Medium-Term Management Plan is 3 years, for the medium-term, 2030 is the target year for the Vision 2030 and the target for our own net zero net GHG emissions, and for the long-term, 2050 is the target for net zero GHG emissions for the investment and loan portfolios, etc. Therefore, we use respective time horizon of 3 to 5 years, 5 to 10 years, and 10 to 30 years.

(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 in reference to the TCFD*1 and IFRS S2*2 to assess its resilience to future climate-related changes, progress, and uncertainty.

For transition risk, we estimate the loss of climate-related exposures to carbon-intensive industries using the NGFS climate scenarios*3.

For physical risk, we estimate costs arising from damage to our real estate from wind and water hazards using the IPCC climate scenarios*4.

These results and our strategies are reported to the Executive Management Committee after discussions at the Sustainability Promotion Committee. The following are the details of the scenarios and the assumptions used in analysis.

*1. TCFD Recommendations Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities (2017)

*2. IFRS S2 Paragraph 22 and Appendix B1 to B18 (2023)

*3. Scenarios for assessing the impact on the financial system of climate risks issued by the Network for Greening the Financial System (NGFS).

*4. GHG emission scenario issued by the Intergovernmental Panel on Climate Change

Scenario Analysis Assumptions

Items	(a) Qualitative Analysis	Quantitative Analysis		
		(b) Transition Risk		(c) Physical Risk
Target Period	Long-term	Long-term	Short-term	Long-term
Reference Scenarios	NGFS climate scenario	NGFS climate scenario: Net Zero 2050/Delayed Transition/Fragmented World/Current policies		IPCC climate scenario: RCP 4.5/RCP 8.5
Scope of Analysis	effects that transition risk and physical risk have on the Group's business	Mainly transition risk (effects on financial markets due to changes in policies, regulations, supply and demand conditions, etc.) ● Target: Non-trading assets, investments and equity holdings by major Group companies, Daiwa Next Bank loans (CLO), carbon-related assets held as LMS collateral financial products. ● Indicator: Cumulative expected loss and average annual loss of carbon-related assets	Mainly transition risk (effects on financial markets due to changes in policies, regulations, supply and demand conditions, etc.) ● Target: Trading assets and corporate bonds (carbon-related sectors) held by Daiwa Securities and overseas offices ● Indicator: Expected credit spread loss of corporate bonds (carbon-related sectors)	Physical risk (wind and flood damage) ● Target: Real estate-related exposure of major Group companies and non-operational real estate held by the Group ● Indicator: Expected average annual loss of the target
Change form Last Year		Expanded the scope to consolidated subsidiaries in investments and equity holdings.	New	New

Envisioned Scenarios

		(i) Orderly (Proactive response)	(ii) Disorderly (Poor response)	(iii) Too Little, Too Late (Delayed response or inadequate)	(iv) Hot House World (Reluctant response)
NGFS 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. CO_2 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.
Scenario assumptions	Introduce policies	Promptly and smoothly	Delayed	Delayed and inadequate	With the current policies
	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	Over 2°C	Approx. 3°C
	CO_2 emissions	Reduction (steady)	Reduction (headwinds present)	Reduction (inadequate)	Maintain current pace of reduction
	Coefficient for country and regional level	Basically, only consider domestic	Basically, only consider domestic	Basically, only consider domestic	Basically, only consider domestic
Envisioned risks		Transition risk **High** Physical risk **Low**	Transition risk **Moderate** Physical risk **Moderate**	Transition risk **Moderate** Physical risk **High**	Transition risk **Low** Physical risk **High**

* Source: NGFS Climate Scenarios Phase IV

① Analysis Results

(a) Effects on Our Business

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_2 emission reductions lead to economic or social turmoil, and physical risks could appear as (iv) Hot House World in cases where CO_2 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 burdens such as the costs associated with transition and taxes. Furthermore, climate change initiatives such as CO_2 emission reductions could affect corporate reputation, which in turn affect the business indirectly.

In this way, the Group is thought to have the capacity to adjust to climate phenomena, such as the 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-related Assets

Compared to (iv) Hot House World, the long-term analysis resulted in a loss of approximately 6 billion yen in (iii) Too Little, Too Late, while the short-term analysis resulted in a loss of approximately 200 million yen in (ii) Disorderly.

Based on this analysis, we believe that the effects of climate-related risks and opportunities on financial soundness over the short-term, including the current and next fiscal years, are limited. We will review these results and work towards reducing carbon-related assets, particularly those with high risk, over the medium to long term.

We also believe that societal transition to a carbon-neutral society is necessary. In response, we are actively engaged in various discussions and initiatives both domestically and internationally.

(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 wind 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 wind and flood damage and consists mainly of robust structures and high-rise properties. Therefore, the effects on the Group are likely to be limited.

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. There are a wide range of topics for consideration regarding climate-related risks, and we envision a wide range of patterns in terms of the timing and magnitude of these risks. We will acquire a broader range of information and related data and improve the method of analysis to assess the medium and long-term effects on the financial position, financial performance, and cash flows, thereby increasing our climate resilience.

In addition to carrying out scenario analyses, we will enhance stakeholder engagement regarding risks associated with policy and regulatory changes, market shifts, and technological advancements due to climate change. We will also promote sustainable finance and BCP to mitigate physical risks, thereby strengthening our resilience. For details, please refer to 3. Strategy (5) Climate-related Strategies.

(4) Climate-related Opportunities

Taking account of the effects assessed through scenario analysis after consultation with Group companies and various headquarters, the Group identifies climate-related risks and opportunities and assesses their importance.

Examples of main opportunities include 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), increase in underwriting to raise funds needed for green projects and the transition to a carbon-neutral society (Global Markets & Investment Banking Division), and stimulation of the entire market through participation in sustainability-related rulemaking (the entire Group).

Examples of Climate-related Opportunities

Business Division	Climate-related Opportunities	Timeline	Strategies
Wealth Management Division	Increased opportunities to provide new financial products and expansion of opportunities for profit through market change	Short to long	① Development and Provision of Products and Services that Contribute to a Carbon-neutral Society
Asset Management Division	Capital inflows into investment trusts that incorporate companies with decarbonization technologies	Short to long	
	Investment into renewable energy such as solar power generation facilities and greater investment opportunities through the introduction of external capital	Short to long	② Sourcing and Investment Focused on Sustainability
	Greater investment opportunities into new industries and companies that contribute to the transition to a carbon-neutral society	Medium to long	
	Structuring and management investment corporations and private funds with underlying assets that are real estate and real assets with high environmental performance	Short to long	
Global Markets & Investment Banking Division	Increased underwriting for the fundraising required for green projects and the transition to a carbon-neutral society	Short to long	③ Promoting Sustainable Finance
	Increase in M&As in the renewable energy field	Short to long	④ Enhancing M&A Advisory in the Sustainability Field
Others	Greater opportunities for solution businesses that support the transition to a carbon-neutral society	Short to long	⑤ Providing Sustainability-related Solutions

Business Division	Climate-related Opportunities	Timeline	Strategies
Group-wide	Expansion in business opportunities resulting from improvement in reputation through net-zero initiatives	Short to long	⑥ Realizing Carbon Neutrality within Our Own Operations
	Support the transition to a carbon-neutral society and response to climate change through engagement with issuers and investors, etc.	Short to long	⑦ Strengthening Engagement with Stakeholders
	Stimulation of the entire market through participation sustainability-related rulemaking	Short to long	⑧ Involvement in Rulemaking

(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, and 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.

We are also promoting human resource development such as the implementation of training to improve expertise related to sustainability including climate change for Directors and employees. Specifically, since 2022, we have conducted annual Vision training for all Directors and employees aimed at improving their sustainability-related knowledge and awareness, and further enhancing the "Take it as your own matter" mindset.

① Development and Provision of Products and Services that Contribute to a Carbon-neutral Society

The Group will strengthen our development and provision of products and services that contribute to the realization of a carbon-neutral society. Daiwa Asset Management provides investment trusts comprised of companies with initiatives to achieve ESG and SDG goals toward the transition to sustainable society.

One of these is the Decarbonization Technology Fund (referred to as Carbon ZERO), which has total net assets of 41.8 billion yen*.

For the initiatives taken with this fund, 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.

This fund has three clear investment objectives.

* As of the end of March 2024

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. Over the past two years, we have planted a cumulative total of 16,104 trees*1 across Japan.
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%*2.

*1. Implemented portions of donations in 2022 and 2023

*2. Morningstar Direct (as of December 31, 2022)

② 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.

FY2019, the company decided to invest in Electricity North West Limited, which conducts a power distribution business in the UK, and to enter into a strategic partnership with Germany's Aquila Capital Holding GmbH, which develops and manages renewable energy businesses. In FY2023, the company acquired a stake in Aurora Infrastructure, which operates a power distribution business for the industrial sector in Finland, and invested in the UK's Hornsea One offshore wind farm, one of the largest in operation in the world.

Furthermore, Daiwa Real Estate Asset Management provides alternative assets and opportunities to invest in those 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 the end of March 2024

③ Promoting Sustainable Finance

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, by adding SDGs elements, we also see opportunities for new business and an increase in added value that we can provide to customers.

In FY2023, we expanded 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. We also provided advice and support on creating a draft framework and obtaining a second party opinion for the issuance of the Japanese government's climate transition interest-bearing bonds.

In addition, we participate in the bidding for these bonds as a primary dealer and help ensure the stable absorption and liquidity of the bond market.

FY2023 Main SDG Bonds Underwriting

Issuer	Type of Issue	Issue Amount
Republic of Indonesia	Samurai blue bond	20.7 billion yen
Kao	Sustainability-linked bonds	25.0 billion yen
NEC	Sustainability-linked bonds	Total 40.0 billion yen
JICA	Sustainability bonds	Total 32.0 billion yen
Tokyo	Green bonds	Total 40.0 billion yen
Mitsubishi electric	Green bonds	Total 50.0 billion yen

For equity finance, we engaged in the first domestic sustainability rights offering for TESS Holdings and the first domestic IPO for a B Corp-certified company, Kuradashi Co. Ltd.

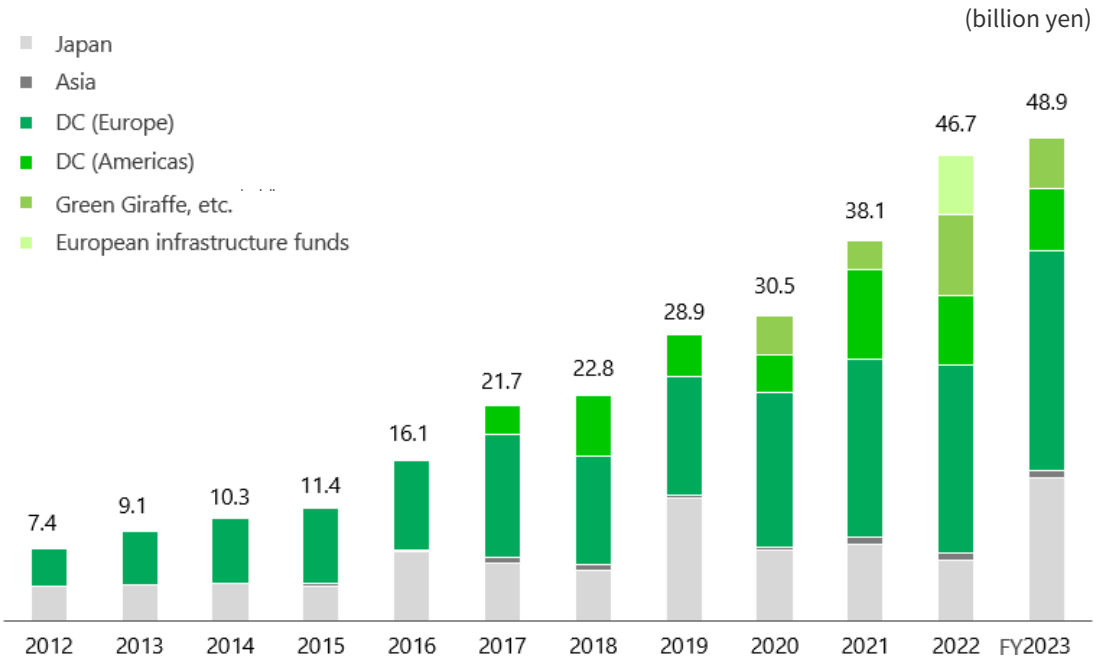
In addition, the Group issued its own green bond through a domestic public offering, based on the Green Finance Framework we established and disclosed on January 31, 2024. The proceeds of the issuance were allocated toward the redemption of bonds related to investment and lending for Renewable Energy Power Generation Project through consolidated subsidiaries.

④ 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 business development through a 50% stake in Green Giraffe, which conducts a financial advisory business in this field, and a capital/business alliance with Aquila Group, an investment management company in the same field.

The Group's overseas M&A business is steadily increasing its top line, and in FY2023 M&A-related revenue reached 48.9 billion yen. Looking ahead to FY2030, we are aiming for revenue of more than 70 billion yen while strengthening personnel. At the present time, we employ 650 personnel globally, including in Japan, but will have increased that number to 900 by FY2030.

Trend in M&A-related Revenues



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, as we connect our efforts to enhancing our customers' corporate value.

⑥ Realizing Carbon Neutrality within Our Own Operations

We formulated the Daiwa Securities Group Net Zero Carbon Declaration and are advancing efforts to realize carbon neutrality. For details, please refer to 3. Strategy (6) Transition Plan to Realize Carbon Neutrality.

⑦ Strengthening Engagement with Stakeholders

The Group strengthens engagement with all of our shareholders including issuers and investors to help our customers' transition.

For example, based on the Environmental and Social Policy Framework, 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 engagement activities with investee companies. The company defined an anticipated vision of management (best practices) to realize sustainable growth of corporate value, and encourages them to adopt these efforts through engagements. From January to December 2023, the company implemented 1,377 engagements, with 27.9% 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

⑧ Involvement in Rulemaking

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 Directors and employees have taken on active roles as a trustee of the IFRS Foundation, which includes the ISSB in its umbrella, and as a member of the Sustainability Standards Board of Japan (SSBJ), which formulates domestic sustainability disclosure standards.

In addition, we contribute to various rulemaking 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.

Furthermore, Daiwa Securities served as a market maker in the carbon credit market established by the Tokyo Stock Exchange. By meeting criteria for order display time and sales quantity in the renewable energy (electricity) category, and contributing to market liquidity and fair price formation, we earned the Good Market Maker Award in FY2023.

(6) Transition Plan to Realize Carbon Neutrality

① Net Zero GHG Emissions within Our Own Operations by FY2030 (Scope1 and Scope2)

We promote net zero GHG emissions within our own operations (Scope1 and Scope2) towards becoming carbon neutral by FY2030.

The trend in Scope1 and Scope2 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.

Scope1 and Scope2

(GHG emissions within our own operations)

* GHG emissions within our own operations (domestic and overseas) are calculated for approximately 95% of the locations base on the number of employees.

* FY2023 results are market-based emissions. For location-based, please refer to 5. Metrics and Targets (2) GHG Emissions (Scope1 and Scope2 and Scope3).

Initiatives to promote Net Zero Scope1 and Scope2

Previous Efforts	Future Efforts

• Efficient use of energy
  • Replacement of equipment (air conditioning, LED)
  • Optimization of operations
• Switch to renewable energy using tracking non-fossil fuel certificates
  • Switched the electricity used at all domestic offices of Daiwa Securities (from January 2024) and Daiwa Institute of Research (from April 2024) to renewable energy
	• Improve energy efficiency
	• Consider the introduction of renewable energy at overseas offices
	• Utilize a carbon offsetting
	  • Purchase carbon credits such as J-credit

Currently, we are introducing energy-saving technologies and systems, and improving energy efficiency at each office. We will continue these efforts.

In addition, since April 2021, all Group companies in the headquarters building (the GranTokyo North Tower) have been using tracking non-fossil certificates to switch to renewable energy. Since October 2022, Daiwa Securities has been switching its properties to renewable energy using certificates. By January 2024, all Daiwa Securities domestic sites, and by April 2024, all Daiwa Institute of Research domestic sites switched their Scope2 electricity consumption to renewable energy. For domestic sites, we have set interim 2025 targets

and submitted them to the GX League (Scope1: 416 t, Scope2: 55 t).

Going forward, we will work on switching overseas sites to renewable energy and considering carbon offsets like carbon credits to achieve our targets.

When selecting renewable energy options for our offices, we consider not only the GHG emission reduction effect but also apply Internal Carbon Pricing in decision-making. Specifically, we compare future estimated costs based on J-credit prices* with the additional costs of introducing renewable energy. For this calculation, we use data provided by suppliers. Going forward, we will review the price and use it to assess the additional costs of introducing renewable energy.

* 3,278 yen/t-CO_2 in FY2023

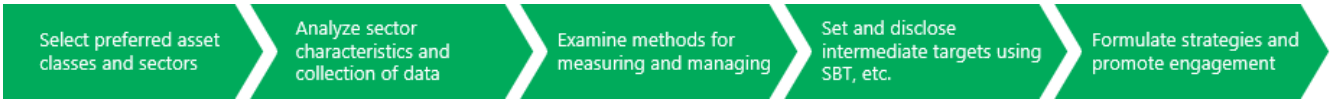
② Net Zero GHG Emissions within Our Investment and Loan Portfolios, etc. By 2050 (Scope3)

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 in particular are required to manage Scope3 Category15 emissions, which include emissions from their investment and loan portfolios (Financed Emissions) and those related to capital market activities such as underwriting (Facilitated Emissions).

■ Financed Emissions

For the specific process to reduce Financed Emissions, we start with the selection of preferred asset classes and sectors, analysis of sector characteristics and collection of analytical data, examination of methods for measuring and managing emissions within the Group, and the establishment and disclosure of intermediate targets using Science Based Targets (SBT), etc., then set strategies and promote engagement to achieve these targets.

Process for Monitoring Financed Emissions



The Group joined PCAF and the PCAF Japan coalition in December 2021, and measures GHG emissions while utilizing PCAF's knowledge and database. In addition, we will set intermediate targets for FY2030 for each sector. In FY2023, we set targets for project finance in the power generation sector, which currently accounts for the largest proportion of emissions in our own investment and loan portfolios. Please refer to 5. Metrics and targets for details.

■ Facilitated Emissions

We are closely monitoring discussions on GHG emissions related to capital market activities, such as underwriting, which are core businesses of the Group. In 2023, PCAF issued guidance on the relevant methods for measurement.

The Group will collaborate with related departments to estimate actual values. Daiwa Securities focuses on capital market activities such as promoting transition finance, 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 3. Strategy (5) Climate-related Strategies for details.

(7) Efforts Toward Nature Capital and Biodiversity

After the 15th Conference of the Parties to the Convention on Biological Diversity (COP15) was held in December 2022, discussions on biodiversity conservation have been accelerating. Given that societal and economic activities, including our businesses, heavily depend on and affect natural capital, degradation of natural capital and biodiversity could pose significant risks to the Group. At the same time, we believe we can contribute to nature positivity through capital circulation.

In May 2021, we formulated the Vision 2030, outlining what kind of company we want to be by 2030. In 2024, we updated the Vision as circumstances change. In the Vision, we position Green & Social as a key materiality and promote sustainable finance. Also, the Environmental Vision, the Environmental Principles, and the Basic Environmental Policies emphasize the importance of resource circulation and biodiversity.

The Group thus positions natural capital as a key priority. We joined the TNFD Forum with Daiwa Asset Management in 2022 and registered as a TNFD Adopter in December 2023. To align our disclosures with the TNFD framework, we began LEAP analysis in 2023 and carried out preliminary analysis with tools like ENCORE.

Going forward, we will implement more detailed analyses of priority sectors to identify risks and opportunities and gradually disclose natural capital-related information. Furthermore, we will restore natural capital and promote sustainable finance to create a prosperous future through financial and capital markets.

* The TNFD is an international initiative launched in June 2021 by the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), the World Wide Fund for Nature (WWF), and the Global Canopy, to develop and provide a framework for disclosing nature-related financial information. The TNFD Forum is a stakeholder organization that supports TNFD discussions.

4. Risk Management

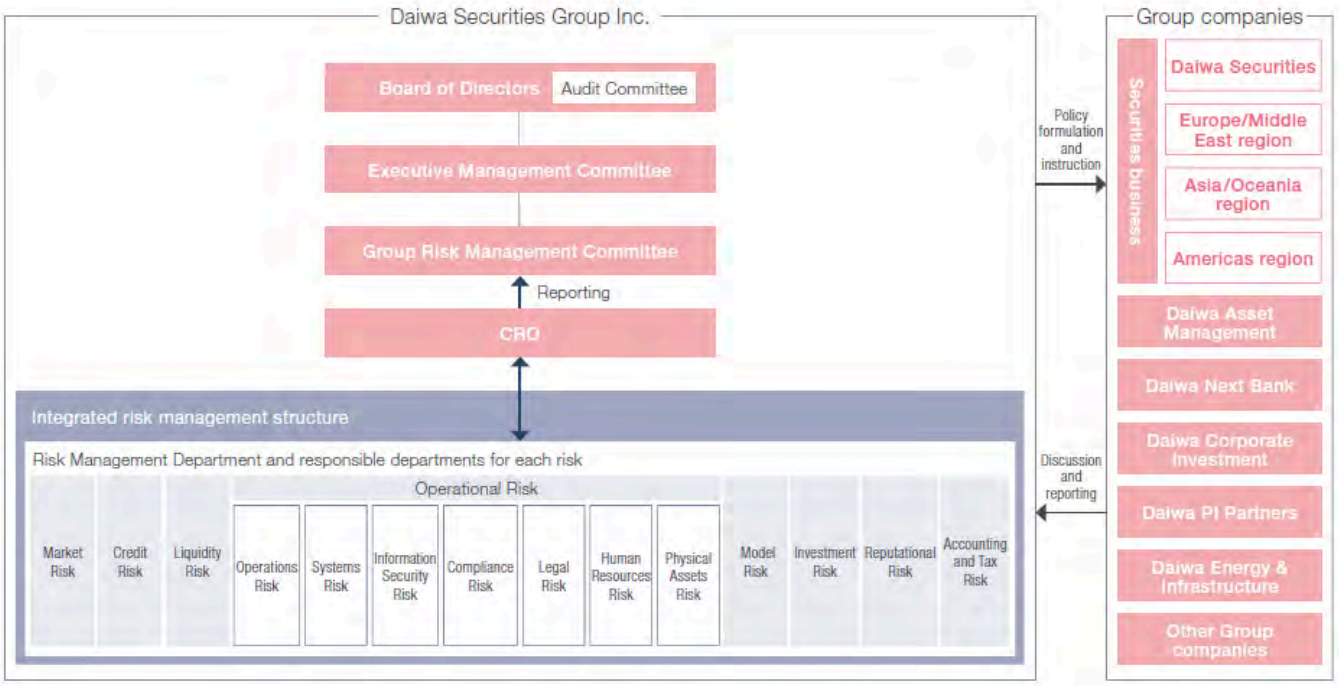
(1) Management of Climate-related Risks

① Overview of Risk Management

It is important to recognize sustainability-related risks in light of business characteristics and risk profile, and to manage them based on appropriate evaluation to achieve the core concept of "creating a prosperous future through financial and capital markets" in the Vision 2030.

Climate-related risks, one sustainability-related issue, 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 existing risks. As such, we consider the effects of climate-related risks in our existing risk management framework. The definitions and management processes for various risks are as follows.

Risk Management System



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*1 (VaR: Maximum expected loss under certain confidence level) 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.

We carry out stress tests based on shortened scenarios from the NGFS to analyze and assess the effects of climate-related risks on trading positions. We will continue to improve these efforts in a timely manner.

*1. The maximum possible loss of a given trading portfolio with a given probability over a given time horizon.

*2. 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 risks generated in the trading business of the Group consist of counterparty risk and issuer risk.

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.

In regard to counterparty risk, the Group has established the upper limit on the credit-equivalent exposure that can be tolerated for each counterparty and periodically monitors such credit-equivalent exposure.

In addition, the Group measures total counterparty risk. The Group monitors the risk amount related to the issuer risk of financial instruments held for market-making.

We will enhance the assessment of our exposure to potential climate-related risks.

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 categories of operations risk, systems risk, information security risk, compliance risk, legal risk, human resources risk, tangible assets risk, and monitors them by assigning departments responsible for individual risks. We work to reduce operational risk in response to the business characteristics of each Group company.

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 the Company.

Each Group company is obligated to report information that could turn into reputational risk to the Disclosure Committee. That way, the Company 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 risk 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 analyze and assess the effects of climate-related risks on our reputation.

② Climate-related Risks in the Risk Appetite Framework

As a global financial institution, the Group has established a business strategy and consistent risk-taking guidelines and introduced the Risk Appetite Framework (RAF) to strengthen risk governance. The RAF defines the types and total amounts of risk that the Group should willingly accept to achieve its revenue goals and business strategy as risk appetite and uses it as a common language within the Company about the risk-taking policy in general. After documenting the RAF as the Risk Appetite Statement, the Board of Directors deliberates and decides, and this statement is reviewed twice yearly.

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.

③ Top Risks (Climate Change)

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 the 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 enable 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 effects on the Group's performance and the possibility that such risk events will occur.

Given the increasing importance of the effects of climate change on the management of financial institutions and the stability of the financial system, the Group positions it as one of our top risks.

List of Top Risks

Risk Events	Specific Examples
Intensifying international disputes and conflicts	• The acceleration of economic blocks, and revisions to the global supply chain due to factors including the US-China conflict (Taiwan emergency), the protracted Russia-Ukraine war, and increasing tensions in the Middle East that spread to the deterioration of the global economy
Downgrading of JGBs and crash of yen assets caused by instability of Japan's financial situation	• A credit downgrading of JGBs due to concerns about deterioration in Japan's budget and spreading to sales of yen-denominated assets such as Japanese equities and government bonds by foreign investors
Japan's stagflation risk	• The Japanese economy falling into stagflation with progress in structural inflation, mainly due to workforce shortages caused by the low birthrate, aging population and a reduction in foreign workers amid a stagnant domestic economy
US economic recession	• The US economy falling into recession with a greater than anticipated slowdown in consumption and investment due to a sharp pace of interest rate hikes by the FRB
China's economic crisis	• Successive defaults stemming from the real estate sector with no end to the downturn in the real estate market. Drastic deterioration in China's economy due to a credit crunch spreading to deterioration of the global economy
Recurrence of the financial crisis	• Global financial crisis triggered by management instability of banks, etc.
Inadequate response to DX	• Decline in the Group's competitiveness due to inadequate response to DX
Misinformation and disinformation through AI	• Frequent election interference caused by the spread of disinformation utilizing generative AI, accelerating the social and political divisions • Fake news concerning the Group's management situation, etc. spread by SNS, etc. with a sharp rise in withdrawals of assets under management
Large-scale earthquake	• Human and physical damage caused by a large-scale earthquake (earthquake directly beneath Tokyo, Nankai Trough earthquake, etc.)
Climate change (extreme weather)	• Disaster/economic damage caused by extreme weather (El Nino phenomenon, etc.) • Turmoil caused by rapid transition to a low-carbon economy
Epidemic of a new infectious disease	• The spread of infections inside and outside Japan due to an outbreak of an unknown infectious disease with long-term world-wide stagnation of economic activity
Losses on trading operations during stress	• Significant fluctuations in stock prices, interest rates, credit spreads and foreign exchange rates, etc. due to unexpected market situations, with substantial losses incurred on the positions held by the Group
Deterioration in major investees' performance and damage to the value of assets	• Accounting for allowances and provisions due to deterioration in major investees' performance, etc. as well as incurring losses due to impairment
Cyber attack	• Systems down due to a cyber attack and difficulties in continuing essential operations. As a result, the Group's reputation is damaged and business opportunities are also lost

Risk Events	Specific Examples
System failure	• System failures caused by human error, equipment failure and natural disaster, etc. and difficulties in continuing essential operations. As a result, the Group's reputation is damaged and business opportunities are also lost
Compliance risk	• Payment of a fine due to the inability to prevent money laundering and involvement in terrorist financing • Deterioration in the Company's reputation due to inappropriate behavior by executives and employees such as insider trading and behavior that has a negative impact on customers
Information security risk	• Damage to the Group's reputation due to leak of customer information, etc. Disadvantages including damage compensation costs and legal sanctions

(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 Environmental and Social Policy Framework. 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 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.

This framework will be reviewed regularly based on trends in Japan and overseas.

Revision of Environmental and Social Policy Framework

Timing	Summary of Revision
June 2021	Formulated the Environmental and Social Policy Framework
December 2021	Expanded 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

Summary of Environmental and Social Policy Framework (Climate Change)

Applicable Business	Policies
New construction of coal-fired power generation and expansion of existing facilities	We prohibit any financing where the use of proceeds are directed toward this type of business. Regarding the underwriting of bonds and stocks issuance, however, issuers that announce a target for net zero 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.
Coal mining	We prohibit any financing where the use of proceeds are directed toward businesses using the mountaintop removal (MTR) method and new thermal coal mining businesses. When providing financing to a business, we will carry out ESG due diligence, carefully assessing whether appropriate measures are taken to ensure occupational safety and a sanitary environment to prevent cave-in accidents, flood accidents, gas explosions, and human rights violations such as illegal labor. We will utilize these results in making decisions.
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. Governance

3. Strategy

4. Risk Management

5. Metrics and Targets

6. Response as an Asset Manager

Appendix

5. Metrics and Targets

(1) Metrics and Targets

The Group set metrics and targets to assess its performance on climate-related risks and opportunities.

In FY2024, we announced new sustainability KPIs as part of our Medium-term Management Plan.

Climate-related Metrics and Targets

Metric (the Group KPI)	Division	Target
SDGs-related bond league table	Global Investment Banking Division	In top 2 (FY2026)
GHG emissions within our own operations*	Consolidated	Net zero (FY2030)
GHG emissions within our investment and loan portfolio*	Consolidated	186～255 g-CO_2/kWh (FY2030)

Metric (Others Sustainability KPIs)
Ranking of GX Transition Bond Primary Dealer Bids
ESG Investment balance
Sustainability-related investment balance
Green building certification ratio
Renewable energy switching rate for offices and data centers
Carbon-related asset balance

(2) GHG Emissions (Scope1 and Scope2 and Scope3)

Under the Daiwa Securities Group Net Zero Carbon Declaration, the Group aims to achieve net zero GHG emissions within our own operations by FY2030 (Scope1 and Scope2). We monitor GHG emissions every year to achieve these targets.

For our measurement approach, please refer to Appendix 1. Scope of Aggregation and Calculation Method for GHG Emissions.

GHG Emissions (FY2023)

(t-CO_2)

Category		FY2023*
Scope1		926
Scope2	Market-based	8,632
	Location-based	25,718

Category		FY2023*
Scope3	Category6 Business travels	957
	Category7 Commuting	1,848
	Category8 Leased cars	1,537

* Third-party assurance will be obtained in August 2024 (excluding Scope2 location-based emissions).

GHG Emissions within Our Investment and Loan Portfolios

In FY2023, to lay out a concrete path toward our goal of "Net zero GHG emissions within our investment and loan portfolios, etc. by 2050 (Scope3)" set forth in the declaration, we set intermediate targets for FY2030 for project finance in the power generation sector, which currently accounts for the largest proportion of emissions in our own investment and loan portfolios. This target was set through resolutions by the Executive Management Committee and the Board of Directors.

Measurement of Actual Values in FY2022

Regarding GHG emissions in FY2022, we conducted measurements for the following 10 high-emitting sectors and asset classes that are subject to calculation by PCAF.

Measurement Scope

Sectors:

Power generation, transport, real estate, automobile manufacturing, coal, oil and gas, steel, cement, agriculture, aluminum

Asset Classes:

Listed equity, unlisted equity, corporate bonds, commercial real estate, business loans, project finance

* Scope 1 and 2 for the investees of Daiwa Securities Group Inc., 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)

FY2022 Actual Values

($t\text{-}CO_2$)

	Listed Equity (include REIT)	Unlisted Equity (include REIT)	Corporate Bond	Project Finance	Total
Power generation	33,113	0	28,420	409,667	471,200
Transport	28,629	0	0	-	28,629
Real estate	12,400	5,539	0	-	17,939
Automobile manufacturing	701	-	1,925	-	2,626
Coal	67	-	-	-	67
Oil and gas	61	-	0	-	62
Steel	4	-	0	-	4
Cement	1	-	-	-	1
Agriculture	1	-	0	-	1
Aluminum	0	-	-	-	0
Total	74,978	5,539	30,344	409,667	520,529

Setting Interim Target

First, we set an FY2030 target for project finance in the power generation sector, which currently accounts for the largest proportion of emissions within our investment and loan portfolios. We will continue to consider setting targets, starting with high priority sectors.

Since it is necessary to support the increasing demand for electricity while promoting clean energy at the same time, we used the emission intensity (emissions per amount of electricity generated), which indicates GHG emission efficiency, as a measurement index. The target was set within a range based on the IEA's NZE and APS scenarios, which is well below the Paris Agreement's 2°C target and consistent with the 1.5°C target.

Going forward, we will strengthen engagement with clients and provide financing for renewable energy to achieve the medium-term target in FY2030 and net zero in 2050. For detail, please refer to Measures to achieve net zero GHG Emissions within Our Investment and Loan portfolios.

GHG Emissions from Project Finance in the Power Generation Sector (Scope1)

FY2022 actual values*	
Total emissions	409,667 t-CO_2
Emission intensity (g-CO_2/kWh)	379 g-CO_2/kWh
PCAF score	Average PCAF score 2.73

Intermediate target value for FY2030	
Metric	Emission intensity (g-CO_2/kWh)
Target value	186～255 g-CO_2/kWh
Reference scenarios	IEA NZE・APS

* Some calculations are based on estimated values.

(3) Carbon-related Assets

With the transition to a carbon-neutral society, carbon-related assets with high GHG emissions risk significantly losing value and may also pose reputational risks if retained. Scenario analysis results indicate that climate-related risks could affect our carbon-related assets in the medium to long term. Therefore, as an indicator of assets vulnerable to climate-related transition risks, we disclose the amount of our carbon-related assets based on the TCFD recommendations' supplemental guidance definition.

This time, we expanded the scope to include our consolidated subsidiaries in investments and equity holdings, with a total amount of approximately 560 billion yen as of the end of FY2023.

We will review these results and work towards reducing carbon-related assets, particularly those with high risk, over the medium to long term.

Breakdown of Carbon-related Assets

Category	Investment and Capital	Daiwa Next Bank CLO	Daiwa Securities LMS	Total
Energy	9%	4%	0%	14%
Transportation	1%	6%	1%	8%
Materials and Construction	50%	21%	1%	72%
Agriculture, Food, and Forestry	0%	5%	0%	6%

Category	Investment and Capital	Daiwa Next Bank CLO	Daiwa Securities LMS	Total
Total	61%	37%	2%	100%

*1. Scope: Investment and capital, Daiwa Next Bank CLO, and Daiwa Securities LMS.

*2. Water utilities, independent power producers, and renewable energy are excluded from the energy category.

(4) Executive Remuneration

Remuneration of Directors and Corporate Executive Officers consists of Base remuneration, Stock-linked remuneration and Performance-linked remuneration, and determined at the Compensation Committee.

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. These KPIs include SDGs bond league table and a GHG emissions target.

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.

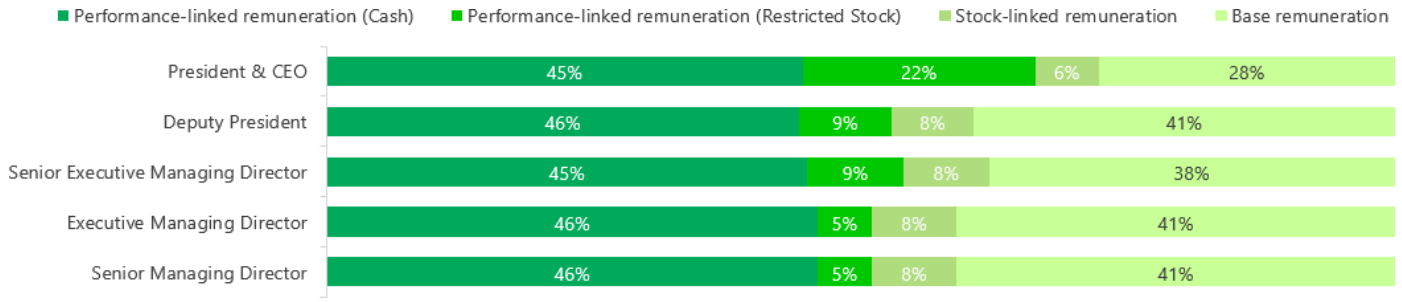
Evaluation System for Performance-linked Remuneration

Category	Financial Performance Evaluation (100)			±	Quality Evaluation (−20～+20)	
	KPI	Points	Reference Value		KPI	Reference Value
Earnings	Consolidated ROE	40	10%			
	Consolidated Ordinary Income	40	240 billion yen or higher			
	Base Income	20	150 billion yen			
Customer assets					Assets on deposit	120 trillion yen
					Stock-related assets	13.6 trillion yen
					AM Division AUM	44 trillion yen
Digital					Number of value created digital projects	10 projects
					Number of digital project trials	50 trials
Sustainability					SDG bond league table	In top 2
					Engagement survey score	80% or higher
					Daiwa Securities GHG emissions*1	Net zero by FY2030
					Investment funding portfolio GHG emissions*1	186～255 g-CO_2/kWh

*1. Daiwa Securities GHG emissions is the total of Scope1 and Scope2. GHG emissions for our investment financing portfolio indicates project financing in the electricity sector. Includes some estimated figures.

*2. The benchmark values are determined by the Compensation Committee based on the target values of the medium-term management plan.

Payment Ratios of Different Types of Compensation



* The above figures represent the percentages when the performance KPIs of the medium-term management plan are achieved.

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2. Governance
3. Strategy
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5. Metrics and Targets
6. Response as an Asset Manager
Appendix

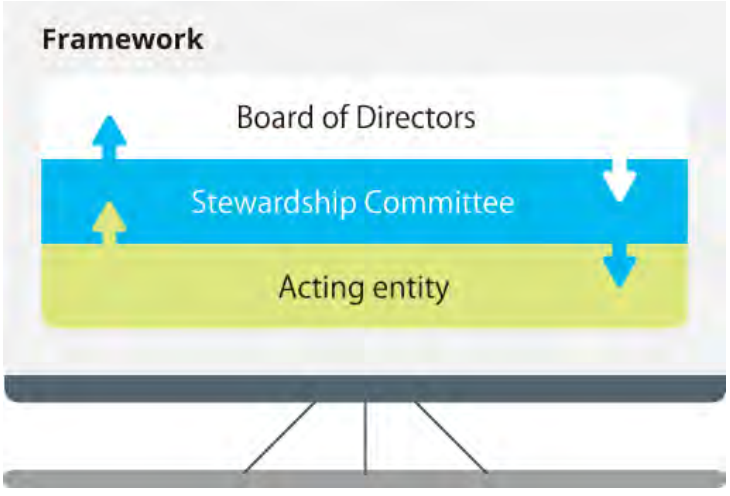
6. Response as an Asset Manager

Our asset management division includes Daiwa Asset Management, managing securities assets, and Daiwa Real Estate Asset Management, managing real estate assets. The former has supported the TCFD recommendations since December 2020, and the latter since December 2021. Both aim to achieve a carbon-neutral society through their businesses.

(1) Daiwa Asset Management

① Governance

Daiwa Asset Management addresses ESG issues, including risks relating to climate change, 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.



② Strategy

The risks and opportunities relating to climate change are reflected in the company's evaluation 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 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 change related risks and opportunities in corporate value assessment

■ Products

The company offers various investment funds aimed at achieving a carbon-neutral society. For details, please see 3. Strategy (5) Climate-related Strategies ① Development and Provision of Products and Services that Contribute to a Carbon-neutral Society.

■ Engagement

The company identifies climate change as a material issue and engages with investee companies. For details, please see 3. Strategy (5) Climate-related Strategies ⑦ Strengthening Engagement with Stakeholders.

③ Risk Management

The company uses information disclosed by companies, data from external vendors, the research and engagement conducted by us itself, and dialog with companies, to monitor climate-related risks and opportunities for investee companies.

We have also put in place a framework for utilizing external vendors' data as a basis for measuring GHG emissions, and conducting climate change risk scenario analysis, for individual funds and individual asset classes, and monitors and manages risk through periodic analysis.

④ Metrics and Targets

In terms of climate change, the company uses the total GHG emissions, carbon footprint*1, and carbon intensity*2 of its portfolios as GHG emissions related indicators for individual funds and asset classes, and performs monitoring and analysis of them. On the basis of this data and its own original research, we undertake engagement activities with companies to encourage them to decarbonize management.

*1. A measure of the emissions in relation to portfolio size (market capitalization)

*2. An indicator for the carbon emissions of investee companies per unit of sales

■ Analysis of the Main Indicators Relating to Total GHG Emissions, etc.

The company has compared the total carbon emissions, carbon footprint, and weighted average carbon intensity for each of the asset classes that we invest in against respective benchmarks per class. For each of these, climate change risk management is performed appropriately by performing analysis and monitoring. As shown in the figure below, Scope 3 emissions were categorized as upstream or downstream, and the relevant emissions for each were calculated. We intend to actively promote the decarbonization of its entire supply chain, by establishing a detailed understanding of the total carbon emissions of our investee companies, including Scope1, 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 increased investment in the stocks of Indian corporations. 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. Using engagement by us itself and by outsourced fund managers, we are encouraging companies with high emissions to reduce their emissions. Going forward, we will continue to utilize engagement activities, etc. to encourage investee companies to implement measures in relation to climate change.

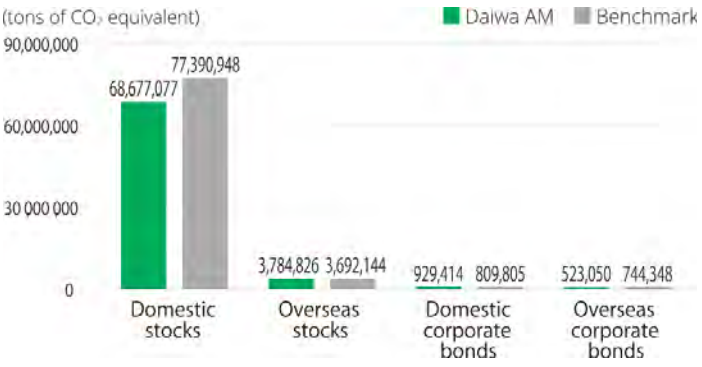
For details, please see the Sustainability Report 2023 .

Portfolios' Total Carbon Dioxide Emissions

Scope1, 2 (tons of CO_2 equivalent)

	Daiwa AM	Benchmark	Disparity
Domestic stocks	6,987,943	8,313,973	-16%
Overseas stocks	721,398	513,356	41%
Domestic corporate bonds	240,028	89,429	168%
Overseas corporate bonds	45,898	110,696	-59%
Total	7,995,266	9,027,455	-11%

Total greenhouse gas emissions (Total of Scope1, 2, and 3)



Scope3 Upstream (tons of CO_2 equivalent)

	Daiwa AM	Benchmark	Disparity
Domestic stocks	**22,097,292**	23,971,727	-8%
Overseas stocks	**896,617**	910,126	-1%
Domestic corporate bonds	**298,559**	246,728	21%
Overseas corporate bonds	**119,330**	197,487	-40%
Total	**23,411,797**	25,326,067	-8%

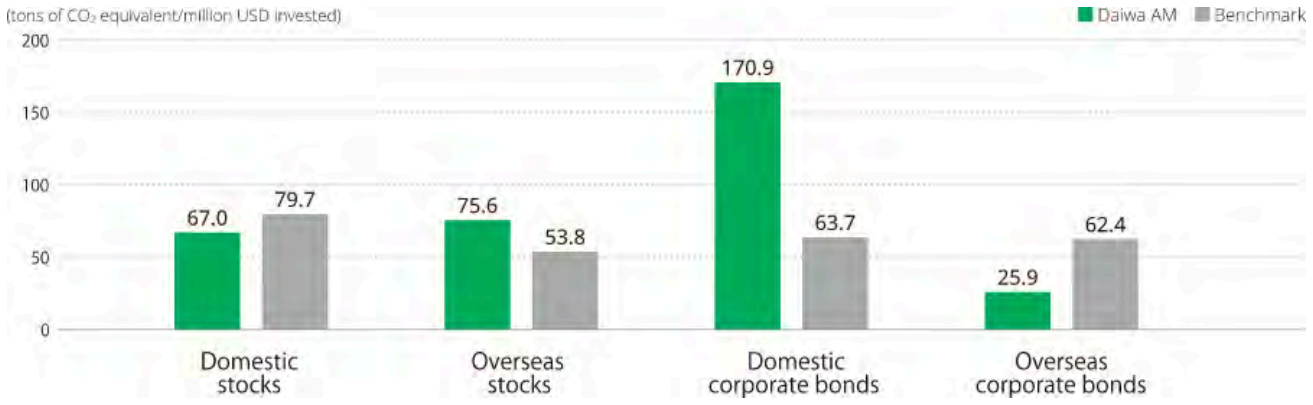
Scope3 Downstream (tons of CO_2 equivalent)

	Daiwa AM	Benchmark	Disparity
Domestic stocks	**39,591,843**	45,105,248	-12%
Overseas stocks	**2,166,811**	2,268,662	-4%
Domestic corporate bonds	**390,827**	473,648	-17%
Overseas corporate bonds	**357,823**	436,166	-18%
Total	**42,507,304**	48,283,724	-12%

Note: 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

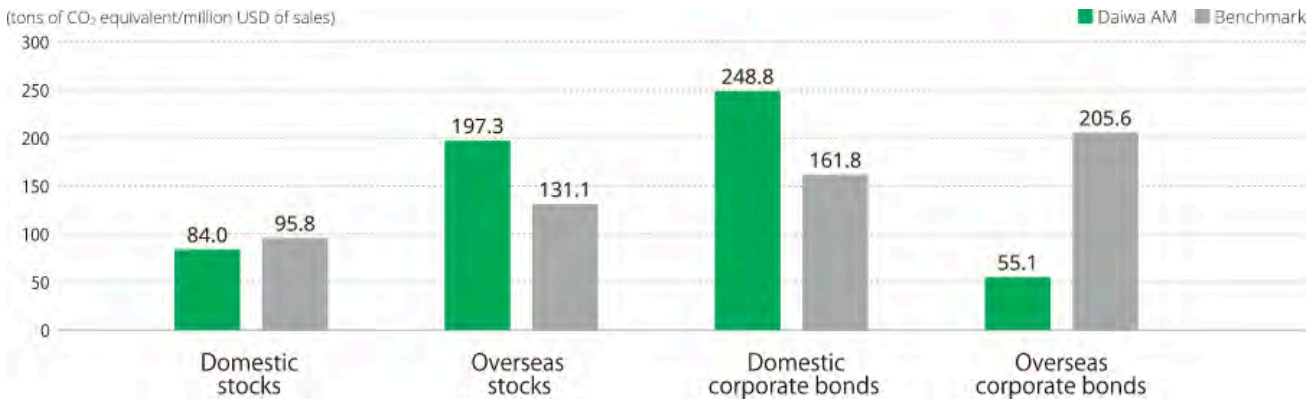
Source: Daiwa Asset Management, "Sustainability Report 2023 "

Carbon Footprint of Portfolio (Scope1, Scope2)



Source: Daiwa Asset Management, "Sustainability Report 2023 "

Weighted Average Carbon Intensity of Portfolio (Scope1, Scope2)



Note: The benchmarks used were the same as those used in the previous section for portfolio's total carbon dioxide emissions.

Source: Daiwa Asset Management, "Sustainability Report 2023 "

(2) Daiwa Real Estate Asset Management

① Governance

The Asset Manager has established the Climate Change and Resilience Policy, the policy for responding to risks and opportunities related to climate change 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 of the Investment Corporation's portfolio. The Asset Manager referred to climate outlooks published by international organizations and other entities, in order to identify risks and opportunities of climate change brought to the Investment Corporation and assess financial impacts on the Investment Corporation's business. Using a 1.5°C/2°C scenario and a 4°C scenario, a qualitative analysis was conducted.

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)

Cfcalassition		Risk and Opportunity Factors in Real Estate Management	Potential Financial Impacts	Category	Financial Impacts				Countermeasures
					4℃		1.5℃/2℃		
					Mid Term	Long Term	Mid Term	Long Term	
Transition Risks and Opportunities	Policy and Legal	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	• Introduction of energy management systems and renewable energy • Planned reduction of energy consumption/GHGemissions at portfolio properties • Improvement in GHGemissions through strategic replacement/renovation of properties • Increase in environmental certification acquisition rates
		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	
		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	
	Technology	Advancement and spread of energy-saving and renewable energy technologies	• Increased renovation costs due to the introduction of new technologies	Risk	Small	Small	Large	Large	• Introduction of cutting-edge technologies • Planned renovation works • Promotion of transition to power derivedfrom renewable energy
			• Decreased utility bills thanks to better energy-saving performance	Opportunity	Small	Small	Medium	Medium	
	Market	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 performance
			• Decreased utility bills thanks to better energy-saving performance	Opportunity	Small	Small	Medium	Medium	
		Changes in the stances of investors/lenders/tenants on investment and lending	• Fluctuations in reputation from ESG-conscious investors and lenders • Fluctuations in ESG-conscious tenants' demand for moving in and out • Better/Worse terms and conditions in financing from financial institutions, etc.	Risk	Small	Small	Large	Large	• Appropriate disclosure of ESG-related information, including that on climate change • Higher ratings in ESGassessments by external institution • Reduction of financing costs through the use of sustainability finance
				Opportunity	Small	Small	Medium	Medium	
	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	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
Physical Risks	Acute	Increased loss due to intensifying storm and flood damage	• Increased repair costs and insurance premiums • Decreased rent income due to lower occupancy rates • Loss of business opportunities/Increased business continuity risks • Increased renovation costs to protect portfolio properties from water intrusion, damage, destruction, etc.	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 system • Implement energy saving initiatives in corporation with tenants, including green leases • Enhancement of BCPmeasures • Promotion of greening at portfolio properties
	Chronic	Increased damage from rise in average temperature/sea level		Risk	Small	Small	Small	Small	

Financial Impacts in the Scenario Analysis (DLI)

Cfcalassition		Risk and Opportunity Factors in Real Estate Management	Potential Financial Impacts	Category	Financial Impacts				Countermeasures
					4℃		1.5℃/2℃		
					Mid Term	Long Term	Mid Term	Long Term	
Transition Risks and Opportunities	Policy and Legal	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	• Introduction of energy management systems and renewable energy • Planned reduction of energy consumption/GHGemissions at portfolio properties • Improvement in GHGemissions through strategic replacement/renovation of properties • Increase in environmental certification acquisition rates
		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	
		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	
	Technology	Advancement and spread of energy-saving and renewable energy technologies	• Increased renovation costs due to the introduction of new technologies	Risk	Small	Small	Medium	Medium	• Introduction of cutting-edge technologies • Planned renovation works • Promotion of transition to power derivedfrom renewable energy
			• Decreased utility bills thanks to better energy-saving performance	Opportunity	Small	Small	Medium	Medium	
	Market	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 performance
			• Decreased utility bills thanks to better energy-saving performance	Opportunity	Small	Small	Small	Medium	
		Changes in the stances of investors/lenders/tenants on investmentand lending	• Fluctuations in reputation from ESGconscious investors and lenders • Fluctuations in ESGconscious tenants' demand for moving in and out • Better/Worse terms and conditions in financing from financial institutions, etc.	Risk	Small	Small	Medium	Medium	• Appropriate disclosure of ESGrelated information, including that on climate change • Higher ratings in ESG assessments by external institution • Reduction of financing costs through the use of sustainability finance
				Opportunity	Small	Small	Small	Medium	
	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
Physical Risks	Acute	Increased loss due tointensifying storm and flood damage	• Increased repair costs and insurance premiums • Decreased rent income due to lower occupancy rates • Loss of business opportunities/Increased business continuity risks • Increased renovation costs to protect portfolio properties from water intrusion, damage, destruction, etc.	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, introduction of energy management system • Implement energy saving initiatives in corporation with tenants, including green leases • Enhancement of BCP measures • Promotion of greening at portfolio properties
	Chronic	Increased damage from rise in average temperature/sea level		Risk	Small	Small	Small	Small	

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.

④ Metrics and Targets

Each Investment Corporations sees the transition to a carbon-neutral society as an opportunity. The following target KPIs have been established as key monitoring indicators in the process of managing climate change risks and opportunities.

For detail, please refer to Daiwa Office Investment Corporation and Daiwa Securities Living Investment Corporation .

Metrics and Targets (DOI)

KPI	
Reduction of CO_2 emissions	Mid-term target (FY2030): Reduction of 46% in CO_2 emissions on an intensity basis across the portfolio by FY2030 (compared with FY2013)
	Long-term target (FY2050): Achieved carbon neutrality in CO_2 emissions on an intensity basis across the portfolio by FY 2050.

Metrics and Targets (DLI)

KPI	
Percentage of environmental certifications acquired	Mid-term target Achieve an environmental certification ratio of at least 20.0% for the entire portfolio

Appendix

Appendix 1. Scope of Aggregation and Calculation Method for GHG Emissions

GHG emissions are calculated based on the methods published by the Act on Promotion of Global Warming Countermeasures, as well as the Basic Guidelines for Calculating GHG Emissions through the Supply Chain by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. We ensure the timeliness and reliability of the data by using the latest information available at that time.

Scope1 and Scope2

[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_2 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, Washington D.C., Mumbai and Manila offices.

[Calculation methods]

Calculations have been made in accordance with methods stipulated in the Act on Rationalizing Energy Use and the Act on Promotion of Global Warming Countermeasures. (Disclosed figures have been rounded off to the nearest whole number.) Scope 1 and 2 are calculated based on the GHG emissions according to the usage of the following items:

Scope 1:
Utility gas, Liquified petroleum gas, heavy oil, diesel fuel, kerosene

Scope 2:
Electricity, steam, hot water, cold water

A) Electricity:
Market-based)
For domestic site, we use the adjusted emission factors* for each electricity supplier based on the Act on Promotion of Global Warming Countermeasures. For overseas site, we use the emission factors published by the respective governments or suppliers at each location.

Location-based)

We use the emission factors published by Carbon Footprint Ltd.
https://www.carbonfootprint.com/

B) Utility gas:

For domestic site, after consumption is calculated as the volume of gas under normal conditions, and each suppliers' emission factors* or calorific value and the emission factors* specified by law are used to calculate CO_2 emissions. For overseas site, same calculation method as domestic. (calorific value and emission factors based on the Act on Promotion of Global Warming Countermeasures.)

C) Liquefied petroleum gas, heavy oil, diesel fuel, kerosene, steam, hot water and cold water:

Calculated on a consumption basis by the emission factors* based on values published by the Ministry of the Environment

* Uses the emission factors of May 2024.

Scope3

[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 emission factors database for corporate GHG emissions accounting over the supply chain (Ver.3.2) and IDEAv2.3 (For calculating supply chain greenhouse gas emissions). Disclosed figures have been rounded off to the nearest whole number.

Category 6:
Calculated by multiplying passenger-kilometers involved in overseas business travel (international flights) in the above scope by emission factors.

Category 7:
Calculated by multiplying commuting costs paid by the above scope to officers and employees by emission factors and attendance rate.

Category 8:
The fuel used in leased cars used as company cars in the above scope. Categorized in accordance with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain.

The scope and calculation methods will be reviewed as needed, in line with domestic and international guidance and standards.

Appendix 2. Our Approach for Measuring GHG Emissions within Investment and Loan portfolios

We measure financed emissions based on the following basic formula from PCAF.

Basic Formula for Emissions in Investment and Loan Portfolios in PCAF

$$\text{Financed Emissions} = \sum_i \text{①Attribution factor}_i \times \text{②Emissions}_i$$

① $$\text{Attribution factor} = \frac{\text{Outstanding amount of the Group's loans and investments}}{\text{Value (Total equity + debt) of borrowers or investees}}$$

② Emissions = Use disclosed Scope 1, 2 and 3 values of borrower or investee. If not available, use the estimated values provided by PCAF.

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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	Issue Amount	Maturity Date	Allocation of Proceeds	Environmental Impact
32nd Unsecured Corporate Bond	November 29, 2018	JPY 10 billion	November 29, 2023	As of the end of June 2023	As of the end of June 2023

Title	Issue Date	Issue Amount	Maturity Date	Allocation of Proceeds	Environmental Impact
44th Unsecured Corporate Bond	February 27, 2024	JPY 10 billion	February 26, 2027	As of the end of May 2024	-

* 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 guidelines: " 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 will measure emissions and set intermediate targets for each sector by FY2030.

This time, we first conducted measurements based on PCAF Standards, focusing on high-emission sectors. Additionally, we have set targets for project finance in the power generation sector, which currently accounts for the largest proportion of emissions in our own investment and loan portfolios.

(1) Measurement of actual values in FY2022

Measurement scope

Regarding emissions in FY2022, we conducted measurements for the following 10 high-emitting sectors and asset classes that are subject to calculation by PCAF.

- Sectors
  Power generation, transport, real estate, automobile manufacturing, coal, oil and gas, steel, cement, agriculture, aluminum
- Asset classes
  Listed equity, unlisted equity, corporate bonds, commercial real estate, business loans, project finance

* Subjects are Scope 1 and 2 of 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)

Measurement results

(unit: t-CO2)

	Listed equity include REIT	Unlisted equity include REIT	Corporate bonds	Project finance	Total
Power generation	33,113	0	28,420	409,667	471,200
Transport	28,629	0	0	-	28,629

	Listed equity include REIT	Unlisted equity include REIT	Corporate bonds	Project finance	Total
Real estate	12,400	5,539	0	-	17,939
Automobile manufacturing	701	-	1,925	-	2,626
Coal	67	-	-	-	67
Oil and gas	61	-	0	-	62
Steel	4	-	0	-	4
Cement	1	-	-	-	1
Agriculture	1	-	0	-	1
Aluminum	0	-	-	-	0
Total	74,978	5,539	30,344	409,667	520,529

(2) Setting intermediate target

First, we set target for project finance in the power generation sector, which currently accounts for the largest proportion of emissions within our investment and loan portfolios. We will continue to consider setting targets, starting with high priority sectors.

Emissions from project finance in the power generation sector

* Emission Scope is Scope1.

FY2022 actual values *1	
Total emissions	409,667 t-CO2
Emission intensity (g-CO2/kWh)	379 g-CO2/kWh
PCAF Score	Average PCAF score 2.73
Intermediate target value for FY2030	
Metric	Emission intensity (g-CO2/kWh)
Target value	186～255 g-CO2/kWh

Reference scenarios	IEA NZE・APS

*1. Some calculations are based on estimated values

(3) How to think about goal setting

Sector/Asset class

For the following reasons, we will first set intermediate 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.

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.

(4) 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 co-fires 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.

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.

Response to Natural Capital and Biodiversity: Disclosure based on the TNFD framework

Affirming that responding to issues related to natural capital and biodiversity is one of our priorities, Daiwa Securities Group endorsed the aims of the Taskforce on Nature-related Financial Disclosures (TNFD) in September 2022.

In FY 2023, we started to conduct analyses for the disclosure of information relating to natural capital, and intend to improve this disclosure going forward.

Natural Capital and Biodiversity as a Concept Upheld by Daiwa Securities Group

In December 2022, the 15th Conference of the Parties to the Convention on Biological Diversity (COP15) was held, accelerating international discussions to promote initiatives for the conservation of biodiversity. Our corporate activities of both a social and economic nature, including the business activities of the Group, depend on natural capital to a significant extent as well as concurrently have an impact on it. In view of this, we are aware that the Group could be exposed to more than minor risks if natural capital and biodiversity were to sustain damage. At the same time, we believe that it is possible to make a contribution to Nature Positive through a sustainable capital cycle.

In May 2021, the Group formulated a management vision called the "Vision 2030" to present the Group's future goal. This was then reviewed in 2024 to reflect changes in the external environment and other factors.

Positioning "Green & Social" as one of the Materiality included in the Vision 2030, we are promoting sustainable finance for the realization of a sustainable society. Our Environmental Vision, Environmental Principles, and Basic Environmental Policies, meanwhile, emphasize the importance of recycling resources and biodiversity.

We participated in the TNFD* Forum together with Daiwa Asset Management Co. Ltd. in September 2022 and registered both companies as TNFD Adopters in December 2023.

The Group has determined to work toward the restoration of natural capital while placing a focus on the creation of a prosperous future society through financial and capital markets, mainly by promoting sustainable finance toward the realization of a sustainable society.

* TNFD: An international initiative formally inaugurated in June 2021 by the United Nations Environment Programme Finance Initiative (UNEP-FI), United Nations Development Programme (UNDP), World Widelife Fund (WWF), and Global Canopy with the aim of developing and presenting frameworks for the disclosure of nature-related financial information. The TNFD Forum is an organization composed of stakeholders to support TNFD discussions.

Analysis with the LEAP Approach

The Group has begun a LEAP analysis*1 with reference to the TNFD recommendations v.1.0 to conduct disclosure in line with the TNFD framework. Specifically, we performed a preliminary analysis, using ENCORE*2 (as of April 2024), IBAT*3 and other tools to identify sectors and regions that require priority actions by the Group, and organized anticipated risks and opportunities.

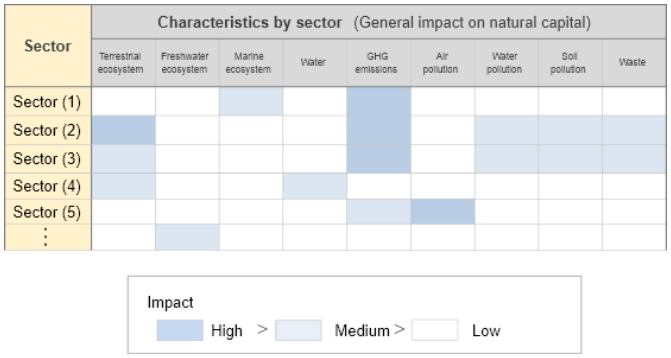
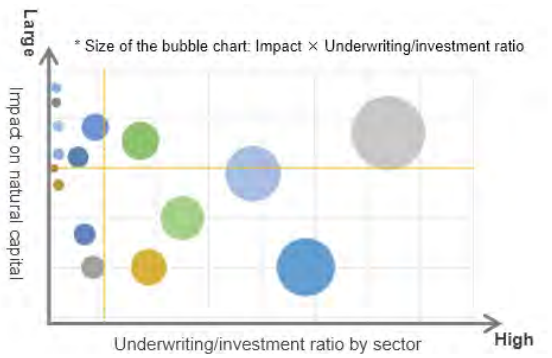
*1. LEAP (Locate/Evaluate/Assess/Prepare): A sequence of approaches to "locate" the contact with nature, "evaluate" the degree of dependence and impact on nature, "assess" the risks and opportunities, and "prepare" countermeasures and disclosure.

*2. ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure): A free online tool recommended by the TNFD and the Ministry of the Environment of Japan to help organizations understand their dependencies and impacts on nature.

*3. IBAT (Integrated Biodiversity Assessment Tool): A geographical space data provision tool for nature-related information developed by the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and other organizations.

Step 1: Identifying relationships with natural capital and screening the sectors that require priority actions (Analysis with ENCORE)

For the purpose of identifying relationships between the Group's businesses and natural capital, we first used ENCORE to perform analyses of our securities underwriting clients and some of our investees.

(1) Understanding the impact on nature by sector	(2) Understanding the impact by sector and the relationship with the underwriting/investment ratio
	
First of all, we checked the degree of impact on natural capital by sector using ENCORE. Then, we converted each impact into a numerical value by natural capital characteristics and created a heat map.	In terms of underwriting and investment, screening was performed for priority sectors, which are defined as those with a large impact on nature that also meet certain criteria of the underwriting/investment ratio, with consideration given to the relationship of the two axes of impact and the ratio of each subject sector described in (1) above.

Step 2: Assessment of business bases considering regional characteristics (Analysis with IBAT, etc.)

In order to identify regions and business bases that pose high risks to natural capital, we have begun to identify and perform an analysis on KBAs*4 and designated protection areas (Priority Areas) using IBAT, Aqueduct*5, etc. with respect to the companies directly

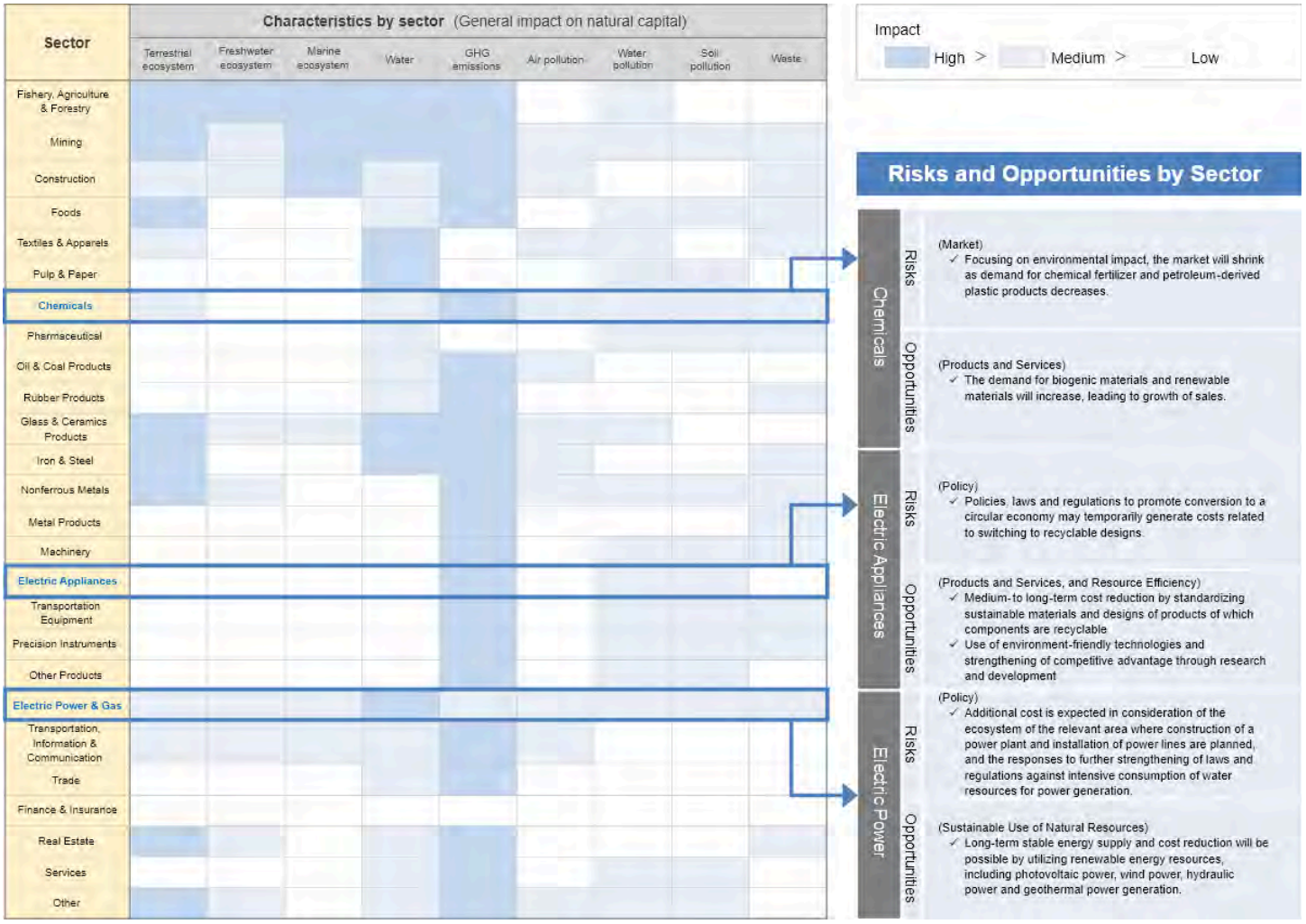
operated by the Group, properties invested in by REIT, and renewable energy power plants invested in by Daiwa Energy & Infrastructure Co. Ltd.

*4. KBA (Key Biodiversity Area): An important area in terms of conservation of biodiversity. It also provides regional information for identifying areas to be conserved and for avoiding and mitigating impacts on biodiversity as much as possible.

*5. Aqueduct: The World Resources Institute (WRI) maps the status of global water shortages caused by drought. Aqueduct is a set of tools that facilitate evaluation of water stress (degree of tightness in the demand-supply balance).

Impact on Natural Capital and Priority Sectors

The results of the analysis under Step 1 above suggest that the three sectors of "Electric Power & Gas," "Chemicals" and "Electric Appliances" are the priority sectors with particularly significant impacts on nature. It should be noted that the analysis was performed experimentally for the first time in the current fiscal year, and that the scope of analysis will be expanded gradually.



Risks and Opportunities for the Group

	Risks	Opportunities
Physical	Due to the increase in risks incurred by our investees and securities underwriting clients arising from damage caused to natural capital by natural disasters: • Return on our investment will deteriorate due to a decline in revenues of investees forced to suspend operations and review business plans. • Revenue from our underwriting business will decrease due to changes in business plans and issuance of shares and bonds by our securities underwriting clients.	• The Group's earning foundations will grow and income from investments and underwriting of shares and bonds will also increase by supporting the growth of companies that focus on environment-conscious business activities and innovation toward the realization of nature-positive contributions through the provision of various solutions. • Provision of investment opportunities to customers through establishing funds and selling of shares and bonds
Transition	Deterioration of the Group's revenue due to the following: • The Group's reputational risk will increase reflecting any negative impact on the environment caused by our investees and securities underwriting clients and any delay in taking actions, including insufficient nature-positive initiatives and information disclosure. • Costs relating to the improvement and modification of the Group's products and services will increase as a result of a shift to tightened investment criteria on the investor side and the associated laws and regulations.	

Going forward:

The analysis and disclosure above were performed on a preliminary basis in preparation for full-scale disclosure from next fiscal year. The results provided us with indications of a certain degree of impact on natural capital, and of risks and opportunities associated with natural capital. Going forward, we anticipate that further deepening of the analysis is needed regarding the priority sectors.

Please note that Daiwa Asset Management Co. Ltd. has already disclosed in its Sustainability Report 2023 the provisional results of a simplified analysis on natural capital-related risks latent in its Japanese equity portfolio. We expect that in-depth analyses will become possible by improving the future disclosure of investee companies.

Going forward, we will continue to work for the transition to a nature-positive society together with our stakeholders.

Sustainability Data Edition

Numerical data related to the sustainability promotion of the Group is compiled and published as a Data Edition.

Sustainability Data Edition

2024 | 2023

SDGs Data Edition

2022 | 2021 | 2020

Sustainability Data Edition 2024

Sustainability Data Edition 2023

SDGs Data Edition 2022

SDGs Data Edition 2021

SDGs Data Edition 2020

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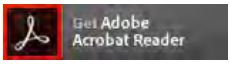

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To download a free copy of Adobe Reader, click on the icon above.

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.

2023 | 2022 | 2021 | 2020

Sustainability Booklet

2023

SDGs Booklet

2022 | 2021 | 2020

SDGs Data Book 2019

CSR Report

2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010

2009

Sustainability Report

2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002

Sustainability Report 2023

Full Edition [PDF:82,580KB]

SDGs Report 2022

Full Edition [PDF:55,148KB]

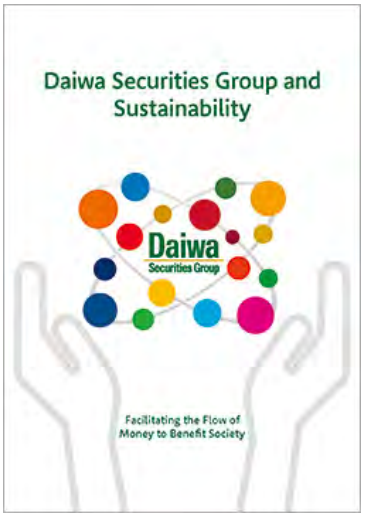
SDGs Report 2021

Full Edition [PDF:57,786KB]

SDGs Report 2020

Full Edition [PDF:22.2MB]

Sustainability Booklet 2023



SDGs Booklet 2022

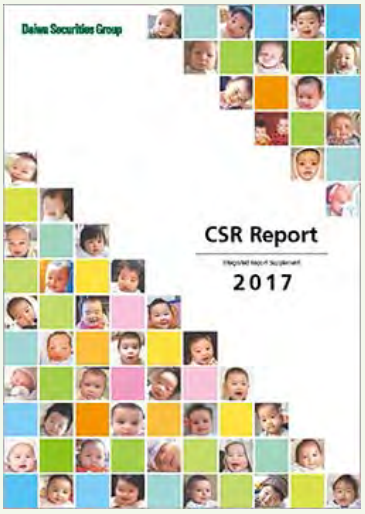
SDGs Booklet 2021

SDGs Booklet2020

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

CSR Report 2009

Sustainability Report 2008

Sustainability Report 2007

Sustainability Report 2006

Sustainability Report 2005

Sustainability Report 2004

Sustainability Report 2003

Sustainability Report 2002

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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 Code of Conduct	> Corporate Principles
	> [Japanese] Daiwa Spirit [PDF:80KB]
	> Management Policy
	> Basic Policy on Stakeholder Engagement
Sustainability as a Management Strategy	> Daiwa Securities Group's Management Vision "Vision 2030" and Materiality
	> 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 2024) [PDF:1,693KB]

Initiatives through Business Activities (To achieve Sustainability)

Thinking in the Securities Business	> Role and Social Responsibilities of the Securities Business
	> Supporting Sound Financial and Capital Markets -Six Roles of the Daiwa Securities Group-

How to think about investing	> Environmental and Social Policy Framework
	> [Daiwa Securities Co.Ltd.] Acceptance of the Japanese version of the Stewardship Code (Japanese)
	> [Daiwa Asset Management Co.Ltd.] Our Stewardship Activities (Japanese)
	> [Daiwa Asset Management Co.Ltd.] ESG Investment Policy (Japanese)
	> [Daiwa Asset Management Co.Ltd.] Investment in cluster bomb manufacturing companies and other treatment
	> Responsible Action as an Institutional Investor
	> [Daiwa Real Estate Asset Management Co. Ltd.] Sustainability Initiatives
Responsibility to customers and customer satisfaction	> Basic Policy on Customer-first Operations
	> 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 Products	> Initiatives through Business Activities Such as the Underwriting and Sale of SDG Bonds
	> Sustainable Finance
	> ESG Funds
	> Initiatives in Funds for Decarbonization (Daiwa Asset Management)
Inclusion (Financial Inclusion, etc.)	> Improving In-Branch Customer Service Quality
	> Expansion of Services for Asset-Building Customers through Smartphone-only Securities Company, "Daiwa Connect Securities"
Analysis and Recommendations for Economic, Social and Investment Information	> Initiatives to Provide Information on ESG (Daiwa Securities)
	> Comprehensive Provision of Information and Policy Proposal Activities

Investing in Businesses that Solve Social Problems	> Creation of Next Generation Financial Services
	> Promotion of Investment and Financing in Energy
	> Daiwa ACA Business Succession
	> Promotion of Sustainable Agricultural Production Business
	> Daiwa ACA HealthCare Inc.
	> Provision of High-Quality Nursing Care Services
	> Creation of Next Generation Industries and Services
	> Investing in Ventures That Solve Social Issues (FY2023)
	> Investment in Drug Development Ventures and Other Businesses by DCI Partners
	> Initiatives Using REITs, Funds and Other Structures to Solve Social Issues
	> Green Finance

Environment

Environmental Management	> The Daiwa Securities Group Net Zero Carbon Declaration
	> Environmental Vision / Environmental Principles / Basic Environmental Policies
	> Environmental Management
	> Targets for FY2023
	> Climate-related Disclosure 2024 (former TCFD)
Efforts and Achievements in Reducing Environmental Impact	> Initiatives to Reduce the Environmental Impact of Business Activities
	> Environment (Sustainability Data Edition 2024) [PDF: 1,693KB]

Society

Employment and Working Environment	> Hiring Approaches and Policy
	> Guidelines for Fair Hiring
	> Initiatives for Autonomous Career Development
	> Evaluation System
	> Employees at Daiwa Securities Group (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]
	> Gender pay gap (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]
	> Average Number of Years of Service (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]
	> Employee Turnover Rate (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]
	> Working Hours and Paid Vacation Usage Rate (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]

Diversity & Inclusion	> Human Rights Policy
	> Support for the Success of Senior Employees
	> Number of Employees Re-hired after Retirement Age (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]
	> Employment of People with Disabilities
	> Percentage of Employees with Disabilities (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]
	> 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 2024 Social Report) [PDF: 1,693KB]
	> Percentage of Employees Taking Childcare Leave and Other Related Data (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]
	> Various systems
Employee Satisfaction	> Communication with Employees
	> Engagement Survey (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]
Internal Communication	> Communication among Employees (internal online social network ANSWERS)
	> Initiatives with Families
Labor-Management Dialogue	> Relationship with Employee Unions
	> Number of Employee Union Members (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]
Human Resource Development and Capability Development	> Approaches and Policy
	> Education and Training System
	> Supporting Employees Trying to Earn Credentials

Human Rights	> Human Rights Policy
	> Human Rights Education and Awareness System
	> Initiatives in FY2023
	> 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 Activities and Corporate Citizenship Activities	> Stakeholder Engagement
	> 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 2024 Social Report) [PDF: 1,693KB]

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:1,163KB]
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

Prevention of Money Laundering, etc.	> 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 trading
	> Basic Policy on Avoiding Involvement with Anti-Social Forces
Anticorruption	> Prevention of corruption / Anti-Corruption Policy
	> Political contributions (Sustainability Data Edition 2024 Social Report) [PDF: 1,693KB]
IT Governance Structure	> IT Organization and Structure
Information Security	> Systems risk management
	> IT investment
	> Privacy Policy
	> Information Security
	> Policy on Personal Information Protection and Security / Implementation of Risk Assessments and Audits Concerning Personal Information Protection
	> 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 2024) [PDF: 1,693KB]

Participation in Initiatives

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

Major Initiatives

The United Nations Global Compact (UNGC)

Daiwa Securities Group Inc. signed the UNGC in January 2010. We support the 10 principles in the areas of human rights, labour, environment and anti-corruption, and work to contribute to sustainable development in the international community.

> The Ten Principles of the UN Global Compact

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.

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.

Japan Impact-driven Financing Initiative

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")

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 Disclosure 2024 (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

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.

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.

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

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.

Climate Bonds Partners Programme

This is a program operated by Climate Bonds Initiative.* The program is joined by Climate Bonds Partners, who support the development of green bonds that contribute to climate change responses and low-carbon investment.
The Group joined the program in March 2020.

* Climate Bonds Initiative (CBI):
CBI is an international NGO that promotes large-scale investment in a low-carbon economy. Aiming to use the $100 trillion bond market to combat climate change, CBI has created the Climate Bond Standard (CBS) as a screening tool for investors and governments when they make low-carbon investments. It also provides periodic reports on the green bond market, policy models, and advice.

Please refer to the 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.

30% Club Japan

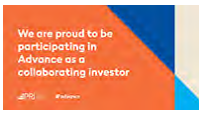
In May 2019, the Chairman of the Board and President and CEO of Daiwa Securities Group Inc. started to participate in the 30% Club Japan as members in support of its activities.
In May 2020, Daiwa Asset Management became a member of the 30% Club Japan Investor Group, and is promoting gender diversity and gender equality in every level of its organization through stewardship activities such as constructive dialogue with the companies in which it invests.
The 30% Club, established in the U.K. in 2010, is a worldwide campaign aimed at increasing the ratio of women in executive positions to promote the sustainable development of companies. It has been rolled out in 14 countries and regions including Japan, greatly contributing to a rise in the ratio of female executives.

Human Capital Management Consortium

Increasing attention is being paid to human capital management, which views human resources as "capital" and maximizes their value to improve corporate value over the medium to long term. In August 2022, Daiwa Securities Group Inc. and Daiwa Asset Management joined the Human Capital Management Consortium in support of its objectives. Recognizing that the source of the Group's competitiveness is its human resources, we will continue to actively promote initiatives related to human capital.

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 eight fundamental conventions of the International Labour Organization

Governance initiatives

International Corporate Governance Network (ICGN)

Daiwa Asset Management joined the ICGN in April 2021. Established in 1995, ICGN's mission is to establish effective corporate governance and foster investor stewardship with the aim of promoting an efficient global market and sustainable economic activity.

Corporate Governance Code

Third-Party Evaluations

Inclusion in ESG Indices (As of September, 2024)

MSCI Japan Stock ESG Select Leaders Index 2024 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) 2024 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 eight consecutive years since 2017.
MSCI ESG Leaders Indexes 2024 MSCI ESG Leaders Indexes Constituent	The constituents of the world-class indexes are companies selected from various industries by MSCI as those excellent in ESG.
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 eight 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 three consecutive years since the launch of the index.
FTSE4Good Index FTSE4Good	FTSE4Good Index is a socially responsible investment index developed by FTSE, a subsidiary of the London Stock Exchange. Daiwa Securities Group Inc. has been included for 19 consecutive years since 2006.

S&P/JPX Carbon Efficient Index	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 six 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 two consecutive years since 2023.
Dow Jones Sustainability Indices	Dow Jones Sustainability Indices are sustainability equity indices selected by S&P Global. Daiwa Securities Group Inc. has been included in DJSI World Index and/or DJSI Asia Pacific Index since it launched in 1999. In 2023, we were selected as a component of DJSI Asia Pacific Index.

*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℠ ("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)

MSCI ESG Ratings	MSCI ESG Ratings assess companies' resilience to ESG risks. Daiwa Securities Group Inc. has received the highest rating "AAA" (seven levels from AAA to CCC).
CDP	CDP is an international non-profit organization that requests world's companies to disclose information on climate change and evaluate their performance. In 2022, Daiwa Securities Group Inc. has been named to CDP's highest rating "A List", recognizing the company as a global leader on climate change initiatives for the first time (eight levels from A to D-).

*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.

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.

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 nine 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. 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 nine 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⟩

Certified Health & Productivity Management Outstanding Organizations (White 500)	The Ministry of Economy, Trade and Industry chooses outstanding enterprises engaging in advanced health and productivity management as White 500 companies. Daiwa Securities Group Inc. has been certified for eight 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⟩
DX Stocks	In May 2024, Daiwa Securities Group Inc. was selected as a DX Stock 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 financial institution that has started the use of ChatGPT by all employees, participated in the development of START, which is a private trading system as Japan's first security token distribution market, to start handling digital securities for the first time in Japan, disclosed the Group's AI Governance Mission Statement, and has made efforts for developing advanced digital human resources. › DX Stocks 2024 (Ministry of Economy, Trade and Industry website) ⟨Japanese only⟩

Family-Friendly Employer Certification Logo (Known as "Kurumin" and "Platinum Kurumin") 	Kurumin is a certification logo provided by the Ministry of Health, Labour and Welfare under the Act on Advancement of Measures to Support Raising Next-Generation Children. Daiwa Securities Group Inc. has been certified since June 9, 2008. Daiwa Securities, Daiwa Asset Management, Daiwa Institute of Research, and Daiwa Securities Business Center have also been certified. Moreover, Daiwa Securities, Daiwa 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⟩
Analyst Rankings of "Nikkei Veritas" and "Institutional Investor"	**"Nikkei Veritas" Analyst Ranking** Nikkei Veritas Analyst Ranking is one of Japan's most recognized rankings with a history of over 30 years. It is determined based on the votes of institutional investors in Japan. In 2024, Daiwa Securities earned 1st in the Nikkei Veritas Analyst Ranking by company for the sixth year in a row. **"Institutional Investor" All-Japan Research Team Survey** Institutional Investor All-Japan Research Team Survey is one of the world's most well-known surveys. It is determined based on the votes of primarily foreign institutional investors. In 2024, Daiwa Securities earned 1st in Institutional Investor All-Japan Research Team Survey for the fifth year in a row. Click here for details ⟨Japanese only⟩

GRESB Real Estate Assessment	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 third 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 second 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 2023 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 2023 (Securities Industry).

ISO Certification (As of May, 2024)

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 (Systems Management Division) has received ISO 20000 certification, an international standard for IT service management systems. To provide customers with a high-quality IT service in a stable manner, the firm engages in enhancement of IT services quality, cost management, business optimization, and continual improvements.
ISO/IEC27001	Daiwa Institute of Research (Systems Management Division) has received ISO 27001 certification, an international standard for information security management systems. To maintain and manage the confidentiality, integrity, and availability of its information assets, the firm is working on improvement of the information security.
ISO/IEC27017	Daiwa Institute of Research (Systems Management Division) has received ISO 27017 certification, an international standard for information security in relation to cloud services. As an add-on certification to ISO 27001, ISO 27017 deals with information security specific to cloud services.
ISO9001	Daiwa Institute of Research (Enterprise 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)

> ISO

* About ISO27001, ISO27017, and ISO20000:
With the organizational changes at Daiwa Institute of Research in April 2024, we are currently in the process of updating the registration details for ISO certification.

GRI content index

Statement of use	Daiwa Securities Group Inc. has reported in reference to the GRI Standards for the period from 1 April 2023 to 31 March 2024.
GRI 1 used	GRI 1: Foundation 2021

GRI 2: General Disclosures 2021

DISCLOSURE		Applicable web page
2-1	Organizational details	> Corporate Profile > About Daiwa Securities Group > Global Network
2-2	Entities included in the organization's sustainability reporting	> Securities Reports (Japanese only) > About Daiwa Securities Group > Global Network
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	> Securities Reports (Japanese only) > About Daiwa Securities Group > Management Policy > Daiwa Securities Group Management Policies FY2024 - Passion for the Best - > Sustainability > Social > Supply Chain Management > Sustainability > Sustainability in Our Business > Role and Social Responsibilities of the Securities Business
2-7	Employees	> Securities Reports (Japanese only)
2-8	Workers who are not employees	-
2-9	Governance structure and composition	> Sustainability > Governance > Corporate Governance

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	> Sustainability > Our strategy for Sustainability > Stakeholder Engagement > Sustainability > Our strategy for Sustainability > Sustainability Management > Materiality > Sustainability > Our strategy for Sustainability > Sustainability Management > Sustainability Promotion Structure > Sustainability > Governance > Risk Management
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	> Sustainability > Governance > Corporate Governance > About Daiwa Securities Group > Group Management System > Summary of the Management Policy for Conflict of Interest
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	> Sustainability > Our strategy for Sustainability > About Daiwa Securities Group > Management Policy > Daiwa Securities Group Management Policies FY2024 - Passion for the Best -
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	-

DISCLOSURE		Applicable web page
2-22	Statement on sustainable development strategy	> Message from Management > Why Daiwa Securities Group is Working to Support Children
2-23	Policy commitments	> Message from Management > About Daiwa Securities Group > Management Policy > Sustainability > Our strategy for Sustainability > Statements > Sustainability > Social > Respect for Human Rights
2-24	Embedding policy commitments	> Sustainability > Our strategy for Sustainability > Sustainability Management > Sustainability > Social > Respect for Human Rights
2-25	Processes to remediate negative impacts	> Sustainability > Governance > Compliance > Compliance System > Structure and Achievements of Whistleblowing System (Corporate Ethics Hotline) > Sustainability > Governance > Risk Management
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	> Sustainability > Environment > Environmental Management > Sustainability > Governance > Compliance
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	> Sustainability > Social > Initiatives for Human Capital > Communication with Employees > Sustainability Data Edition

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
201-1	Direct economic value generated and distributed	> Disclosure Report 2024 (Japanese only)
201-2	Financial implications and other risks and opportunities due to climate change	> Sustainability > Environment > Initiatives for Environmental Load Reduction > Sustainability > Environment > Climate-related Disclosure 2024 (former TCFD)
201-3	Defined benefit plan obligations and other retirement plans	> Disclosure Report 2024 (Japanese only)
201-4	Financial assistance received from government	Impact is insignificant

GRI 202: Market Presence 2016

DISCLOSURE		Applicable web page
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Impact is insignificant, due to the nature of our business
202-2	Proportion of senior management hired from the local community	-

GRI 203: Indirect Economic Impacts 2016

DISCLOSURE		Applicable web page
203-1	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
203-2	Significant indirect economic impacts	Not Applicable

GRI 204: Procurement Practices 2016

DISCLOSURE		Applicable web page
204-1	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
205-1	Operations assessed for risks related to corruption	> Sustainability > Governance > Prevention of corruption > Sustainability > Governance > Risk Management
205-2	Communication and training about anti-corruption policies and procedures	> Sustainability > Governance > Prevention of corruption
205-3	Confirmed incidents of corruption and actions taken	Not Applicable

GRI 206: Anti-competitive Behavior 2016

DISCLOSURE		Applicable web page
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not Applicable

GRI 207: Tax 2019

DISCLOSURE		Applicable web page
207-1	Approach to tax	> Sustainability > Governance > Tax Policy > Sustainability > Governance > Risk Management
207-2	Tax governance, control, and risk management	> Sustainability > Governance > Tax Policy > Sustainability > Governance > Risk Management
207-3	Stakeholder engagement and management of concerns related to tax	> Sustainability > Governance > Tax Policy > Sustainability > Our strategy for Sustainability > Stakeholder Engagement
207-4	Country-by-country reporting	> Sustainability > Governance > Tax Policy

Environment

GRI 301: Materials 2016

DISCLOSURE		Applicable web page
301-1	Materials used by weight or volume	Not Applicable
301-2	Recycled input materials used	Not Applicable
301-3	Reclaimed products and their packaging materials	Not Applicable

GRI 302: Energy 2016

DISCLOSURE		Applicable web page
302-1	Energy consumption within the organization	> Sustainability Data Edition
302-2	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
303-2	Management of water discharge-related impacts	Impact is insignificant, due to the nature of our business
303-3	Water withdrawal	> Sustainability Data Edition
303-4	Water discharge	-
303-5	Water consumption	-

GRI 304: Biodiversity 2016

DISCLOSURE		Applicable web page
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Applicable

DISCLOSURE		Applicable web page
304-2	Significant impacts of activities, products and services on biodiversity	Not Applicable
304-3	Habitats protected or restored	Not Applicable
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Applicable

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
306-1	Waste generation and significant waste-related impacts	Impact is insignificant, due to the nature of our business

DISCLOSURE		Applicable web page
306-2	Management of significant waste-related impacts	Not Applicable
306-3	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
308-1	New suppliers that were screened using environmental criteria	Not Applicable
308-2	Negative environmental impacts in the supply chain and actions taken	Not Applicable

Social

GRI 401: Employment 2016

DISCLOSURE		Applicable web page
401-1	New employee hires and employee turnover	> Sustainability Data Edition
401-2	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
401-3	Parental leave	> Sustainability Data Edition

GRI 402: Labor/Management Relations 2016

DISCLOSURE		Applicable web page
402-1	Minimum notice periods regarding operational changes	-

GRI 403: Occupational Health and Safety 2018

DISCLOSURE		Applicable web page
403-1	Occupational health and safety management system	> Sustainability > Social > Initiatives for Human Capital > Diversity and Inclusion > Sustainability > Social > Initiatives for Human Capital > Health Management
403-2	Hazard identification, risk assessment, and incident investigation	-
403-3	Occupational health services	> Sustainability > Social > Initiatives for Human Capital > Diversity and Inclusion > Sustainability > Social > Initiatives for Human Capital > Health Management
403-4	Worker participation, consultation, and communication on occupational health and safety	> Sustainability > Social > Initiatives for Human Capital > Diversity and Inclusion > Sustainability > Social > Initiatives for Human Capital > Health Management > Sustainability > Social > Initiatives for Human Capital > Communication with Employees
403-5	Worker training on occupational health and safety	> Sustainability > Social > Initiatives for Human Capital > Health Management
403-6	Promotion of worker health	> Sustainability > Social > Initiatives for Human Capital > Diversity and Inclusion > Sustainability > Social > Initiatives for Human Capital > Health Management
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-

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
404-1	Average hours of training per year per employee	> Sustainability > Social > Initiatives for Human Capital > Human Resource Development and Skill Enhancement
404-2	Programs for upgrading employee skills and transition assistance programs	> Sustainability > Social > Initiatives for Human Capital > Human Resource Development and Skill Enhancement
404-3	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
405-2	Ratio of basic salary and remuneration of women to men	> Sustainability Data Edition

GRI 406: Non-discrimination 2016

DISCLOSURE		Applicable web page
406-1	Incidents of discrimination and corrective actions taken	> Sustainability > Social > Respect for Human Rights > Sustainability > Governance > Risk Management

GRI 407: Freedom of Association and Collective Bargaining 2016

DISCLOSURE		Applicable web page
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable, due to the nature of our business

GRI 408: Child Labor 2016

DISCLOSURE		Applicable web page
408-1	Operations and suppliers at significant risk for incidents of child labor	Not Applicable, due to the nature of our business

GRI 409: Forced or Compulsory Labor 2016

DISCLOSURE		Applicable web page
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not Applicable, due to the nature of our business

GRI 410: Security Practices 2016

DISCLOSURE		Applicable web page
410-1	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
411-1	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
413-1	Operations with local community engagement, impact assessments, and development programs	Impact is insignificant, due to the nature of our business
413-2	Operations with significant actual and potential negative impacts on local communities	Impact is insignificant, due to the nature of our business

GRI 414: Supplier Social Assessment 2016

DISCLOSURE		Applicable web page
414-1	New suppliers that were screened using social criteria	Not Applicable
414-2	Negative social impacts in the supply chain and actions taken	Not Applicable

GRI 415: Public Policy 2016

DISCLOSURE		Applicable web page
415-1	Political contributions	> Sustainability Data Edition

GRI 416: Customer Health and Safety 2016

DISCLOSURE		Applicable web page
416-1	Assessment of the health and safety impacts of product and service categories	Not Applicable, due to the nature of our business
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable, due to the nature of our business

GRI 417: Marketing and Labeling 2016

DISCLOSURE		Applicable web page
417-1	Requirements for product and service information and labeling	> Sustainability > Social > Initiatives for Customer-First Services
417-2	Incidents of non-compliance concerning product and service information and labeling	Not Applicable
417-3	Incidents of non-compliance concerning marketing communications	Not Applicable

GRI 418: Customer Privacy 2016

DISCLOSURE		Applicable web page
418-1	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.8-9

*1. 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	> Sustainability Data Edition P.17-18 > Sustainability > Sustainability in Our Business > Support for Asset Building: Maximizing the Value of Customer Assets > Products offered to pursue shared value

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	> Sustainability Data Edition P.17-18 > Sustainability > Sustainability in Our Business > Support for Asset Building: Maximizing the Value of Customer Assets > Products offered to pursue shared value
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)

*2. The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.

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

*3. The entity shall describe how it ensures that covered employees file and update FINRA and SEC forms in a timely manner.

*4. The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.

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〉

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

*5. 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	

*6. The entity shall discuss its remuneration policies for Material Risk Takers (MRTs).

*7. The entity shall discuss whether its initial ex-ante adjustments were sufficient in risk mitigation.

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.23-24
(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	

*8. For syndicate transactions, the entity shall include only the value for which it was accountable.

*9. The entity shall use the Global Industry Classification Standard (GICS) for classifying investees and borrowers.

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 Sustainability Library.

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	+81-3-5555-1111(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

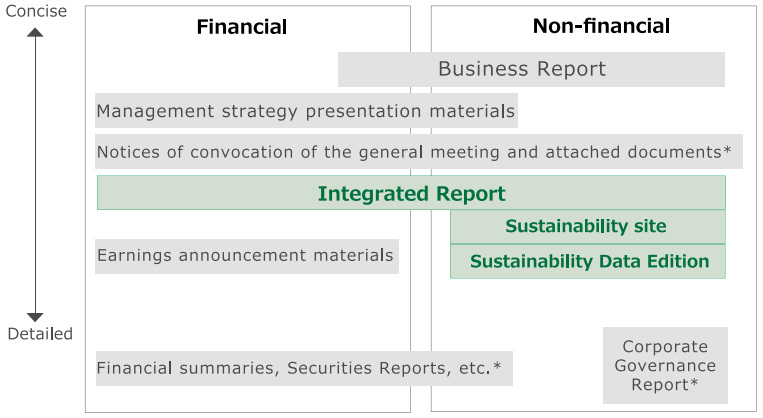
For Deeper Understanding of Corporate Activities of Daiwa Securities Group

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



*Documents systematically stipulated under the Companies Act, Financial Instruments and Exchange Law, etc.