

# Index

## Our strategy for achieving SDGs

Our strategy for achieving SDGs .....	2
Message from CEO .....	6
Our Values and SDGs Materiality .....	7
Statements .....	10
Structure of SDGs Promotion .....	13
Passion for SDGs .....	16
-Daiwa Securities Group Action Plan-	
Daiwa Securities Group SDGs Declaration .....	18

## Initiatives through Business Activities

Role and Social Responsibilities of the Securities Business .....	19
Action through Product Development and Distribution .....	24
Providing Analysis/Proposals on the Economy, Society, and Investment Information .....	31
Providing Quality Service to Customers .....	36
Support for Creating Our Future Society .....	41
For the Development of Financial and Capital Markets .....	48

## Initiatives for Supporting Business Activities

Corporate Governance .....	52
Compliance .....	59
Risk Management .....	63
IT Strategy and Management of Systemic Risk ...	71
Human Rights Education and Awareness .....	72
Supply Chain Management .....	74
Engagement with Shareholders and Investors ...	75

## Initiatives with Our Stakeholders

Communication with Stakeholders .....	80
Workforce Statistics .....	81
Hiring Initiatives .....	84
Diversity and Inclusion .....	85
Human Resource Development and Skill Enhancement .....	88
Work-Life Balance .....	91
Health Management .....	104
Communication with Employees .....	113
Activities to support Communities through Our Foundations .....	115
For Your Dreams - Daiwa Securities Group Smiles to Children Project .....	119
Action with NPOs .....	122
Promotion of volunteer activities .....	125
Economic and financial education .....	136

## Environmental Initiatives

Environmental Management / Initiative to Environmental Load Reduction .....	142
Response to the TCFD .....	148
Green Bonds .....	153
ESG Information Index .....	155
Participation in Initiatives .....	161
Third-Party Evaluations .....	165
GRI Content Index .....	169
Editorial Policy .....	180

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

> **SDGs Data Edition 2020** [https://www.daiwa-grp.jp/english/sdgs/data/pdf/daiwa\\_sdgs\\_data\\_2020.pdf](https://www.daiwa-grp.jp/english/sdgs/data/pdf/daiwa_sdgs_data_2020.pdf)

\* As a digest version of the SDGs Data Book, we also publish "SDGs Booklet," a compact and easy-to-understand summary of our way of thinking about the SDGs and the details of various initiatives.

> **SDGs Booklet** [https://www.daiwa-grp.jp/english/sdgs/data/pdf/daiwa\\_sdgs\\_booklet\\_2020.pdf](https://www.daiwa-grp.jp/english/sdgs/data/pdf/daiwa_sdgs_booklet_2020.pdf)

## Our strategy for achieving SDGs

**Fulfill our role as a securities company to achieve the SDGs.**

Seiji Nakata

President and CEO, Daiwa Securities Group Inc.

Message from CEO



## September 2015 Adopted SDGs (Sustainable Development Goals)

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

Our Values and SDGs Materiality

Statements

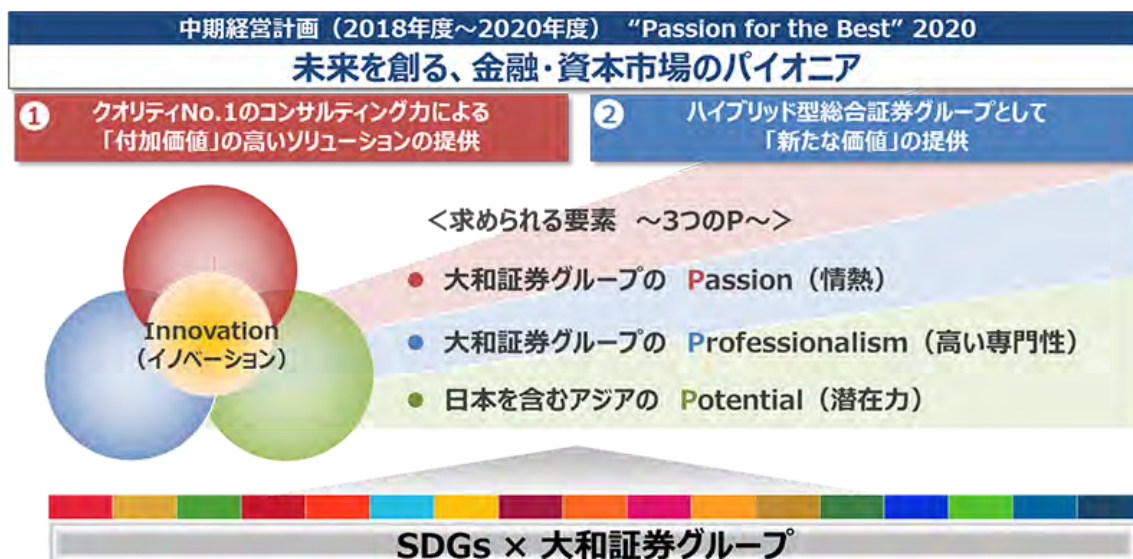
## February 2018 Established "SDGs Promotion Committee"

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

Structure of SDGs Promotion

## April 2018

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



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

We have incorporated the SDGs perspective as the basis of our business strategy in this Medium-term Management Plan.

## May 2018

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

The SDGs Promotion Committee has clearly stated that we will actively promote initiatives that contribute to the SDGs through our Group business in the "Daiwa Securities Group SDGs Declaration (Passion for SDGs 2018)." The Group will deepen its efforts to achieve the SDGs based on this declaration.

Daiwa Securities Group SDGs Declaration(Passion for SDGs 2018)

## May 2019

# Announcement of SDGs Materiality and SDGs Promotion Action Plan

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

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

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

SDGs Materiality identification process

Passion for SDGs 2019 -Daiwa Securities Group Action Plan-

## May 2020

# Announcement of SDGs Promotion KPIs for FY2020

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

Passion for SDGs -Daiwa Securities Group Action Plan-



## Now, and looking to 2030

Moving forward to 2030, we are formulating “2030 Vision” for all executives and employees to share what the Group wants to be and what the Group should be, and to work as one on the creation of shared values.

The Daiwa Securities Group will continue to work on initiatives for the resolution of social issues that incorporate the SDGs perspective, and will also make efforts to ensure that effective initiatives take root in society.

### SDGs(Sustainable Development Goals)



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

## Message from CEO



Seiji Nakata  
President and CEO  
Daiwa Securities Group Inc.

We will fulfill our role as an integrated securities group toward achieving the SDGs

We have only 10 years to achieve the SDGs by 2030.

In realizing a sustainable society, we must initiate action more proactively.

Above all, prompt decision making is now needed in the face of a world of accelerating change due to the COVID-19 pandemic and frequent natural disasters.

Looking ahead to the next 10 years, we will further strengthen collaborative relationships with all stakeholders. As top management, I will also endeavor to develop mechanisms for the sustainable flow of funds, so that initiatives that are effective in solving issues will not stagnate through shortage of funds.

As part of our commitment to SDGs, we created a new post of Head of SDGs from this fiscal year, appointing a suitable executive, well-versed in overseas developments, who has worked alongside me with even greater enthusiasm in promoting the SDGs. We will continue to develop a system within the Group that enables all business contributing to the SDGs to be implemented speedily.

We will continue to work proactively to solve social issues to remain a company that is needed by society in the next 100 years. We appreciate your continued interest in our Group philosophy.

## Message from the Head of SDGs



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

Realizing a sustainable society has become the standard basis for management worldwide, and initiatives aimed at achieving the SDGs are no longer the exception for businesses. Daiwa Securities Group took the lead in the industry, introducing SDGs as the foundation for its management in 2018, and continues to drive initiatives company-wide through the SDGs Promotion Committee.

The deadline for achieving the SDGs is just 10 years away.

Now, as the COVID-19 pandemic and large-scale natural disasters have pushed society towards a significant turning point, the significance of the SDGs is growing. Conscious of the situation worldwide, we are further accelerating initiatives that we are able to implement as a comprehensive securities group. Through them, we hope to secure a breakthrough in these unprecedented circumstances, which we must apply for resolving the various challenges indicated in the 17 Goals.

Consequently, from FY 2020, we have set KPIs so that those responsible for SDGs in each headquarters department and Group company can quantitatively monitor their progress for achieving the SDGs.

In 2008, we issued the first “Vaccine Bonds” in Japan, and since then, as a pioneer of SDG bonds, we have strived to resolve social issues through our business. We will continue to lead the industry and to raise and meet the expectations of all of our stakeholders through initiatives that Daiwa Securities Group is uniquely capable of.

# Our Values and SDGs Materiality

## Corporate Principles

Amid rapid changes in the world, such as social conditions and the global environment, the Daiwa Securities Group values its Corporate Principles as "something that never changes."

### Building trust

The trust and approval of customers form the very foundation of the Daiwa Securities Group. The Group will always place the needs of customers first, and strive to develop the advanced, specialized skills to offer them the most attractive products and services of any securities group.

### Placing importance on personnel

The source of the Group's competitiveness lies in the capabilities of its employees. The Group will promote the creativity of employees by offering them a challenging and self-directed working environment that encourages their abilities and appropriately rewards their contributions.

### Contributing to society

The Daiwa Securities Group will seek to benefit the economy and society through the development of healthy financial markets. In addition to scrupulously observing both regulations and internal policies, 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.

### Maintaining healthy earnings results

The Group will always seek to develop healthy business operations and to increase corporate value for the benefit of shareholders. By providing customers with attractive products and services, the Daiwa Securities Group will seek to generate strong profits and healthy returns for shareholders.

## Daiwa Spirit

Our corporate culture has been nurtured since the foundation of our business. After analyzing it using our corporate principle as a compass, we sorted out the basic philosophy and mindset inherent in our group and articulated them as the Daiwa Spirit, our behavioral guidelines.

1. Exercises self-discipline and complies fully with the law, recognizing that sustainable growth hinges on winning the trust of customers, financial and capital markets, and society at large.
2. Secures sound profits by contributing to societal and economic development through its actions in financial and capital markets.
3. Exerts unflagging efforts to build strong, sustainable, trust-based customer relations.
4. Continues to pioneer products and services in financial and capital markets, with each employee fulfilling his/her mission with confidence and pride.

## Our strategy for achieving SDGs

### Initiatives through Business Activities

### Initiatives for Supporting Business Activities

### Initiatives with Our Stakeholders

### Environmental Initiatives

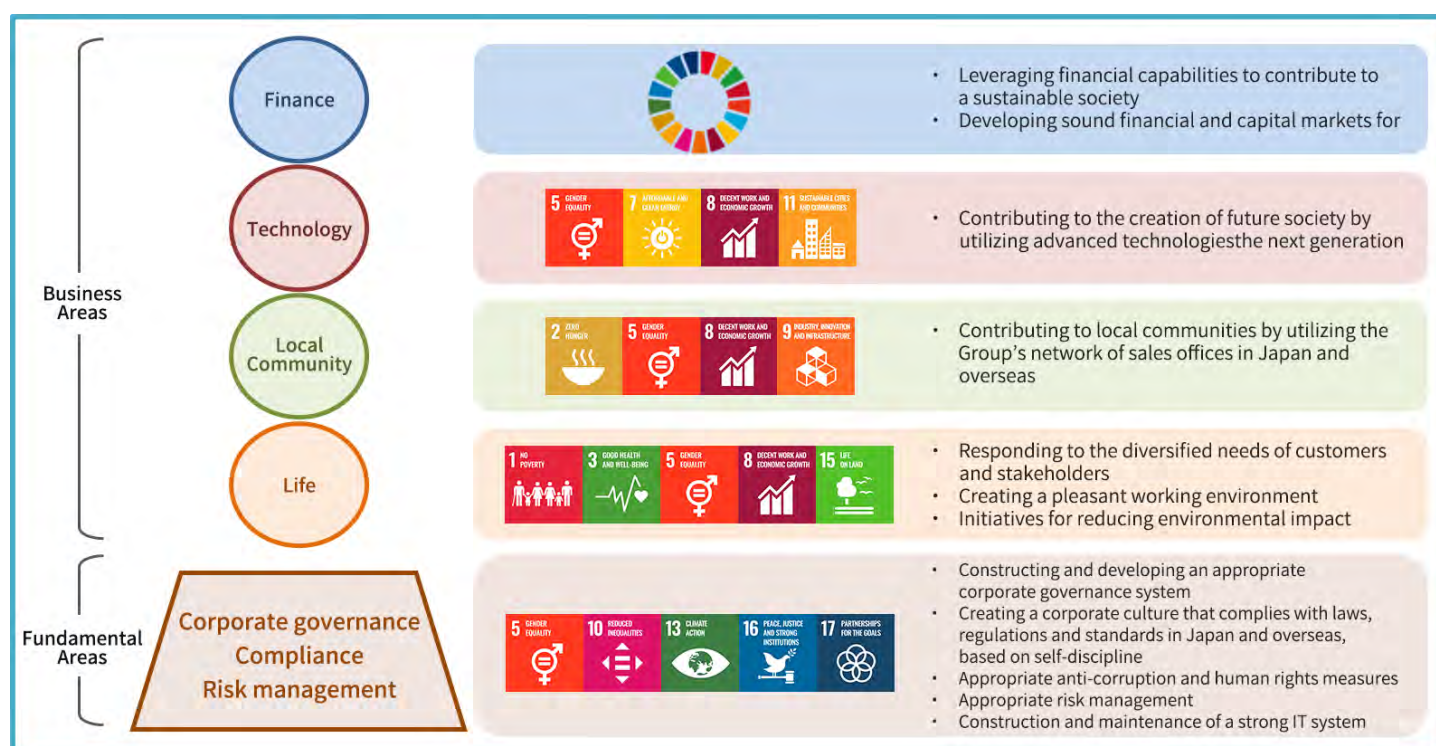
### Others

5. Cultivates unbeatable competitiveness to overcome challenges, underpinned by strong company-employee trust and solidarity between colleagues.
6. Aims to be the securities group with the highest ambitions, a positive attitude that turns hardships into opportunity, and unmatched speed.

## Daiwa Securities Group SDGs Materiality (Priority Issues)

Among various social issues, we have identified as priority issues matters that should be addressed in particular in consideration of the Group's management strategies and business characteristics.

We position "Finance," "Technology," "Local Community," and "Life" as priority issues for business areas, while identifying "Corporate Governance," "Compliance," and "Risk Management" as priority issues for fundamental areas that support these business areas.



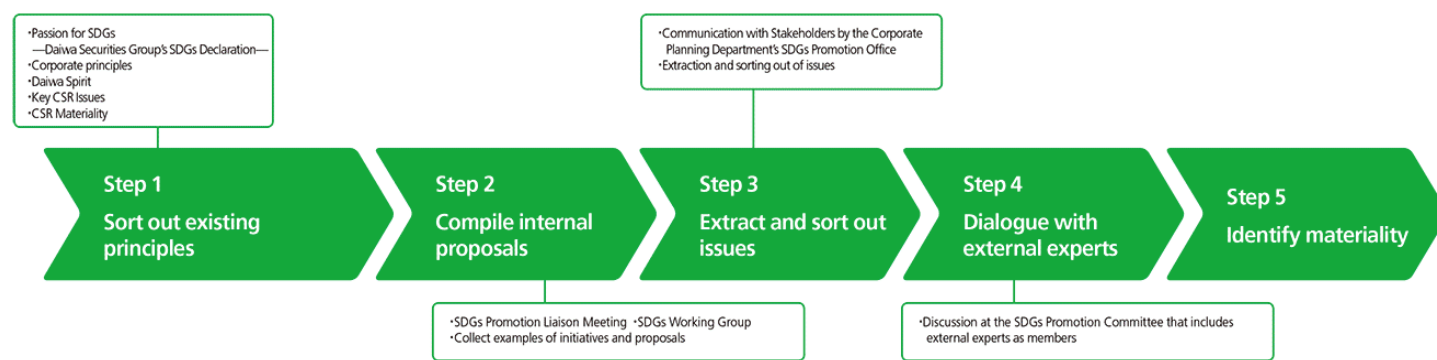
## Process of Identifying SDGs Materiality

Up until now, the Group has used its Corporate Principles as its foundation, with "CSR Priority Issues" and "SDGs Materiality" as the basis of its CSR activities.

In 2018, we established the "SDGs Promotion Committee" chaired by Seiji Nakata, President and CEO, and we clearly stated in our "Passion for SDGs - Daiwa Securities Group SDGs Declaration -" that we would actively promote initiatives that contribute to the SDGs through our Group business.

Based on this declaration, we have gathered information on a wide range of initiatives related to the SDGs. In addition, we established a SDGs working group of voluntary employees and examined the ideal image of the Group. From the cases we gathered information on, we identified the initiatives that should now be deepened further and new issues to be started in the Group.

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



## SDGs Promotion Action Plan

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

In FY2020, to monitor the progress of the Action Plan, we established SDGs promotion KPIs and initiated trial operation. Full-scale operation is planned for the next fiscal year and beyond.


➤ Passion for SDGs -Daiwa Securities Group Action Plan-







## Statements

Introducing Daiwa Securities Group's various statements.

## Management

- Corporate Principles
- Management Policy
- Policy on Communication with Stakeholders
- Daiwa Spirit [PDF: 80 KB] 
- Daiwa Securities Group SDGs Materiality (Priority Issues)

## SDGs/ESG in general

- Daiwa Securities Group's SDGs Declaration
- Daiwa Securities Group Action Plan
- Daiwa Asset Management Co. Ltd. "ESG Investment Policy" 
- Daiwa Real Estate Asset Management Co.Ltd. "ESG Policy" 
- Daiwa Capital Markets America Inc. "Corporate Social Responsibility" 
- Daiwa Capital Markets Europe Ltd. "Corporate Social Responsibility" 

## Environment

- Environmental Vision, Environmental Principles, and Basic Environmental Policies



## Society

### Customer support

#### Basic Policy on Customer-first Operations

- Daiwa Securities Group
- Daiwa Securities Co. Ltd. 
- Daiwa Asset Management Co. Ltd. 
- Daiwa Next Bank, Ltd 

### Human Resources/Human Rights

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

### Investment

- Daiwa Asset Management "Investment and Other Activities Related to Cluster Bomb Manufacturing Companies" 

## Governance

### Corporate Governance

- Basic Views on Corporate Governance
- Basic Policy to Officer Remuneration [PDF: 685 KB] 
- Director Candidate Selection Policy, Outside Director Selection Criteria, etc. [PDF: 640 KB] 

**Our strategy for achieving SDGs**

Initiatives through Business Activities

Initiatives for Supporting Business Activities



Initiatives with Our Stakeholders

Environmental Initiatives

Others

## Compliance



### Privacy Policy

- Daiwa Securities Group
- Daiwa Securities Co. Ltd. 
- Daiwa Asset Management Co. Ltd. 

### About the Group's Customer Confirmation System

### Basic Policy on Avoiding Involvement with Anti-Social Forces ➤

### Management Policy for Conflict of Interest

- Daiwa Securities Group
- Daiwa Securities Co. Ltd. 
- Daiwa Asset Management Co. Ltd. 

## Information disclosure

- Disclosure Policy



## Risk Management

- Risk Appetite Framework [PDF: 643 KB] 

## 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" 
- Daiwa Asset Management Co. Ltd. "About Stewardship Activities" 

## Structure of SDGs Promotion

Daiwa Securities Group established the SDGs Promotion Committee in 2018 as the decision-making organization for the Group's policies on SDGs promotion. The details of the Committee's discussions are regularly reported to the Board of Directors and the Executive Management Committee and are deliberated on by those bodies where appropriate.

We always invite external experts to the Committee, and this has enabled the Committee to utilize the experience and insights of those experts in their discussions.

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



In FY2020, we established SDGs managers and the SDGs Advisory Group.

The SDGs managers, who are appointed for each organization of the Group (each division and Group company), take charge of the promotion of SDGs business and the establishment and monitoring of the KPIs.

The SDGs Advisory Group is an organization composed of personnel engaged in SDG- and ESG-related work within the Daiwa Securities Group. It conducts discussion and sharing based on the respective knowledge of those personnel.

# Introducing the SDGs Promotion Committee Members

## Chairman



Seiji Nakata  
President and CEO

## Committee Members



Toshihiro Matsui  
Deputy President and COO



Keiko Tashiro  
Deputy President  
Head of Overseas and SDGs



Koichi Matsushita  
Deputy President  
Head of Asset Management



Mikita Komatsu  
Deputy President  
Deputy Head of Wholesale



Masahisa Nakagawa  
Deputy President  
Head of Think Tank



Shinsuke Niizuma  
Senior Executive Managing  
Director  
Head of Retail



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



Junichi Arihara  
Executive Managing Director,  
CRO and CDO

## Our strategy for achieving SDGs

## Initiatives through Business Activities

## Initiatives for Supporting Business Activities

## Initiatives with Our Stakeholders

## Environmental Initiatives

## Others



Kana Shirakawa  
Executive Managing Director  
Head of Human Resources  
and CHO



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



Kotaro Yoshida  
Managing Director, Corporate  
Planning Department

## Outside Members



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



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



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

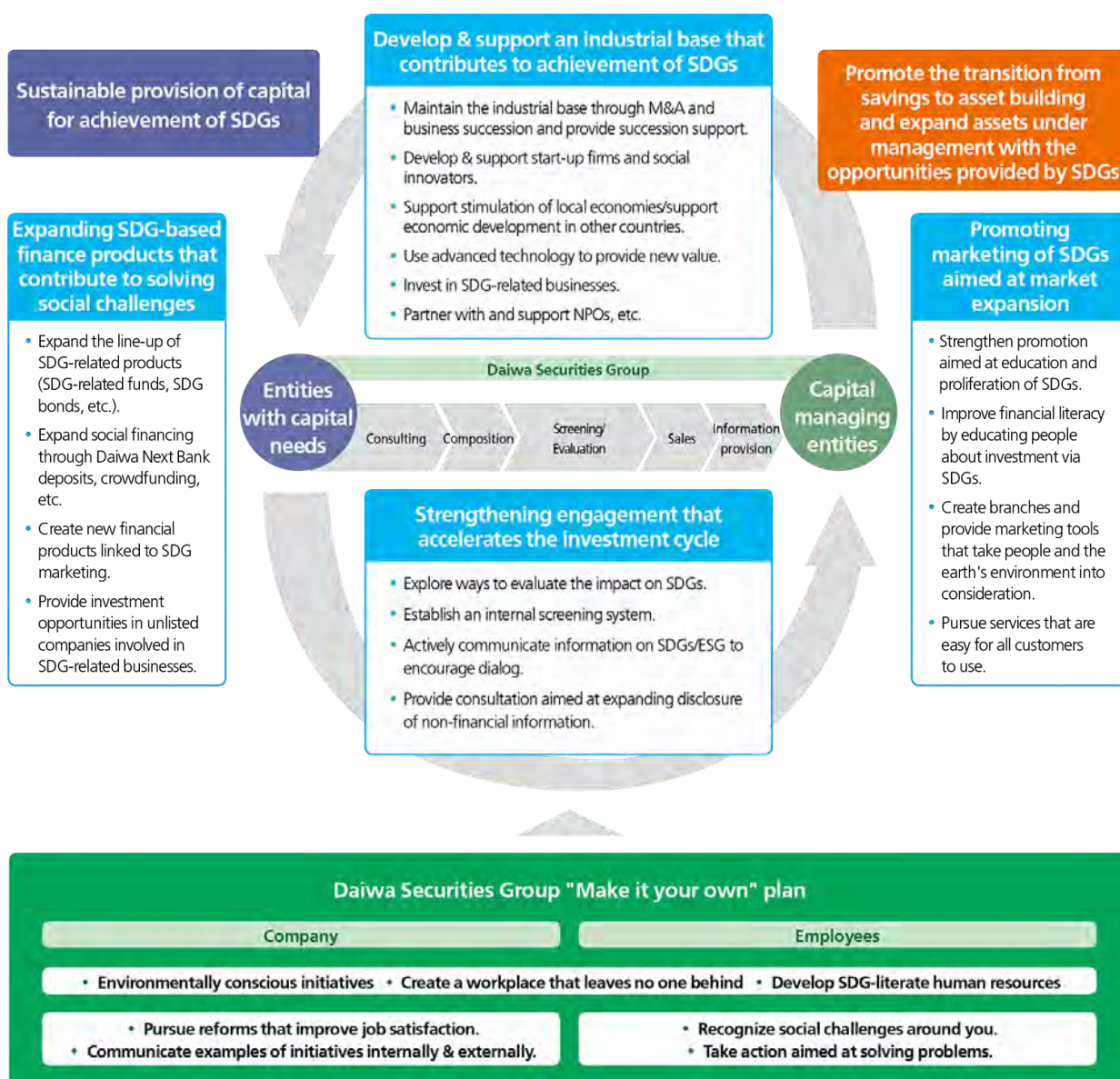


## Passion for SDGs -Daiwa Securities Group Action Plan-

### Initiatives in FY2019

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

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





Recently, new businesses and activities that contribute to the SDGs have been actively conducted. On the other hand, there is a shortage of funds necessary for achieving the SDGs.

With this situation in mind, we will actively work to create shared value by capitalizing on the strengths of a comprehensive securities group and building “a Daiwa version of an SDG value chain” that will create a sustainable capital cycle.

More specifically, we aim to

- Expand the market through education and proliferation of SDGs
- Expand financial products that meet the need for investing in SDGs
- Work on support to industries and companies that contribute to SDGs, through investment and consulting
- Appropriately evaluate the impact of such investment on society and provide feedback to investors, thereby helping to create more investment opportunities

We will work proactively to encourage a favorable cycle of value generated from each of these processes.

## Initiatives in FY2020

To accelerate the initiatives for our SDGs promotion Action Plan, we have set SDGs promotion KPIs for each action theme for this fiscal year, and have started trial operation. Based on those KPIs, we will monitor the status of progress and make revisions if necessary, aiming for full-scale operation in the next fiscal year and beyond.

Action Themes	KPI	Description of Initiatives
Promoting marketing of SDGs aimed at market expansion	Number of people who have completed SDGs training	✓ Acquire SDGs knowledge through external courses
Expanding SDG-based finance products that contribute to solving social challenges	SDG bonds (project bonds) league table	✓ Provide funding to support solutions to social challenges
	Balance of Support Term Deposits	✓ Promote solutions to social challenges through deposits
	SDG-related funds amount or no. of handled <sup>*1</sup>	✓ Expand the line-up of related funds to respond to increased customer interest in SDGs/ESG
	Net increase in SDG-related funds <sup>*2</sup>	✓ Expand funds based on SDGs/ESG investment themes
Develop & support an industrial base that contributes to achievement of SDGs	Investment in SDG-related businesses	✓ Contribute to renewable energy and infrastructure related investment
	M&A league table in the renewable energy segment	✓ Strengthen advisory services in the global renewable energy sector
	No. of M&A deals retained + No. of cases of business succession consulting	✓ Contribute to regional revitalization through M&A for small and medium-sized companies, business succession, etc.
Strengthening engagement that accelerates the investment cycle	Contribution through foundations, NPOs, etc.	✓ Support solutions of various issues in local and international communities with foundations and NPO, etc.
	ESG coverage ratio in individual company reports	✓ Expand ESG information in analysts' reports
Daiwa Securities Group "Make it your own" plan	Percentage of women in management positions	✓ Increase the percentage of women in management positions
	Volume of CO <sub>2</sub> emissions	✓ Continue to reduce the environmental burden in the entire value chain with the goal of transition to a low-carbon society

\*1. Scope:Daiwa Securities Co. Ltd.

\*2. Scope:Daiwa Asset Management Co. Ltd.

## Daiwa Securities Group SDGs Declaration

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

### Creation of Shared values

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

### Developing and realizing work styles for diverse human resources

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

### Stakeholders and Partnership

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

### Increase recognition and enhance penetration

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

## Role and Social Responsibilities of the Securities Business

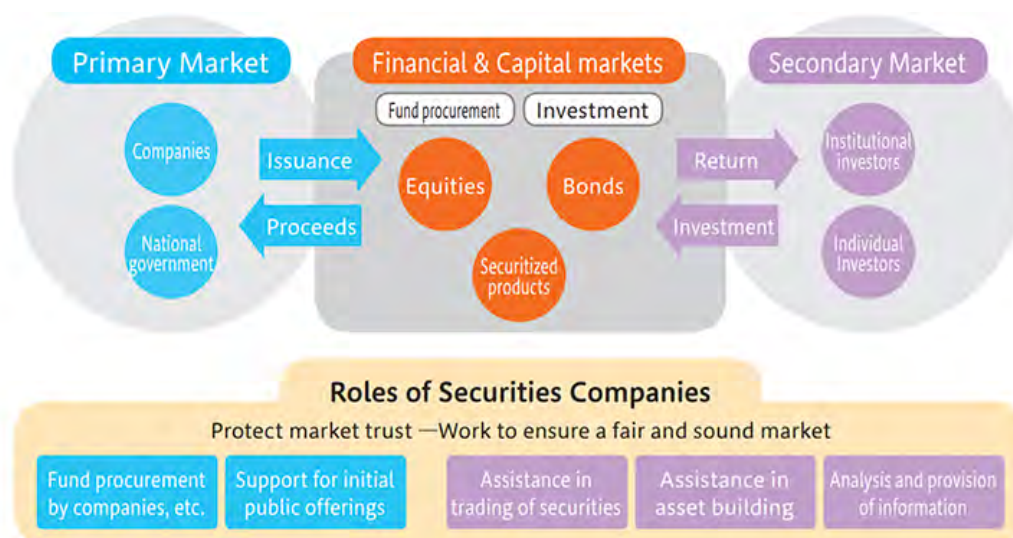
At Daiwa Securities Group, we believe that our role is not only to maintain and develop a fair and dynamic financial market, but also to incorporate a social perspective in finance in order to contribute to building a sustainable society. For example, the securities business - our core operations - plays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

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

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

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

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



### Role 1 Fund procurement by companies, etc.

Companies issue capital by issuing securities (stocks and bonds) and use them to develop new products and provide new services. Financing using these securities will contribute to the growth of the company and the resulting economic growth.

Daiwa Securities Group advises companies and others on financing using securities.

**Role 2 Support for initial public offerings**

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

**Role 3 Assistance in trading of securities**

Securities such as stocks and bonds are mainly traded on markets such as stock exchanges. Securities companies help you buy and sell securities. It is also important to ensure that the securities traded are delivered correctly.

**Role 4 Assistance in asset building**

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

**Role 5 Analysis and provision of information**

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

**Role 6 Protect market trust**

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

# Responsible Action as an Institutional Investor

## Adoption of "Japan's Stewardship Code"

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

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

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

➤ Daiwa Securities 

➤ Daiwa Asset Management 

## System at Daiwa Asset Management

Daiwa Asset Management announced its adoption of Japan's Stewardship Code in May 2014 and has been actively working to fulfill its stewardship responsibilities. It has been striving to improve its initiatives, renewing the announcement of its adoption in November 2017 following the revision of the Code in May 2017.

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

Daiwa Asset Management also established the Stewardship & ESG Section within the Investment Planning Department in October 2018 to help show the company’s specific ESG initiatives and approach to parties within and outside the company.

Moreover, Daiwa Asset Management published its “ESG Investment Policy” in January 2020 to clarify its approach to ESG. As of March 31, 2020, the amount of investment in consideration of ESG accounts for as much as 90.14% of the company’s assets under management.

Regarding dialogues with investee companies, based on the Policy to Hold Constructive Dialogues with Investee Companies announced in June 2014, Daiwa Asset Management has conducted engagement activities aimed at accurately understanding the conditions of investees and sharing such assessments. As issues to be discussed with investee companies are changing, it reviewed the Policy in November 2018, reflecting the findings gained through dialogue and the revision of Japan's Stewardship Code and Corporate Governance Code.

Daiwa Asset Management recognizes that it also has duties regarding engagement for passive investment. Based on this recognition, it has been sending its “Policy on Exercising of Voting Rights” and information on its stewardship activities since 2018 to all of the approximately 2,200 investee companies incorporated in its domestic stock index funds. The company hopes this will help increase understanding of its stewardship activities and serve as the first step toward dialogue.

➤ About Stewardship Activities 

➤ ESG Investment Policy

➤ Voting Policy 

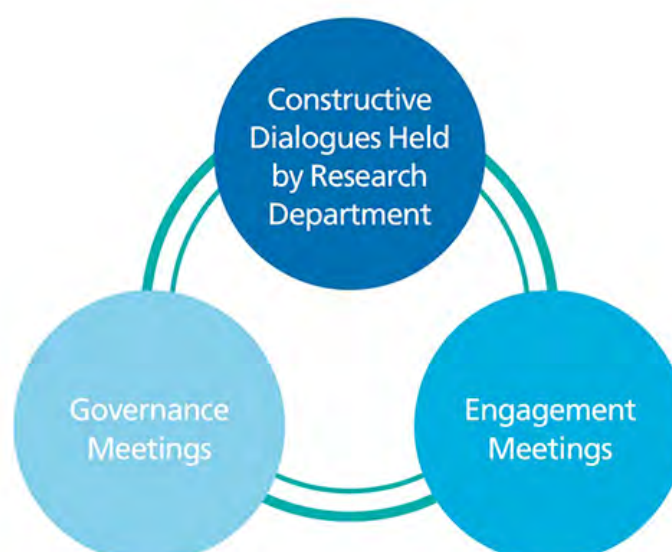
➤ Voting with consideration of the impact of COVID-19 



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



Specifically, dialogues are led by the following three parties.



## Analysts in the Research Department: Constructive Dialogues



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



**The Stewardship & ESG Section of the Investment Planning Department: Governance Meetings**

Personnel in charge of corporate governance collect information on investee companies required for exercising voting rights. In dialogues with investee companies, they explain their policies on exercising voting rights and what they expect from companies with respect to corporate governance, thereby sharing their knowledge with the investee companies. They conducted engagements with approximately 130 companies in FY2019. They also disclose how they exercised their voting rights for individual proposals from shareholder meetings held from April 2017 onwards.

**Engagement Team Comprising Analysts in the Research Department and Fund Managers: Engagement Meetings**

The engagement team held engagement with approximately 30 companies in FY2019, focusing on small- to medium-cap issues mainly incorporated in active investment funds for medium- to long-term investment. It continued to engage in constructive dialogue, delivering the “Long-term Vision and Medium-term Management Plan,” which summarizes points on information disclosure from a long-term perspective, and “Introduction of Daiwa Asset Management’s Engagement Policy,” which mainly describes what Daiwa Asset Management expects from investee companies and the issues that it wants to discuss through constructive dialogue. The team also held dialogue specifically on the environment and social aspects.

Daiwa Asset Management also conducts ES meetings—dialogues specializing in environmental impact and social responsibility. It strengthened ES meetings in FY2019 as it believes that the importance of the environment (E) and society (S) will increase further if medium- to long-term corporate value is taken into consideration.

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

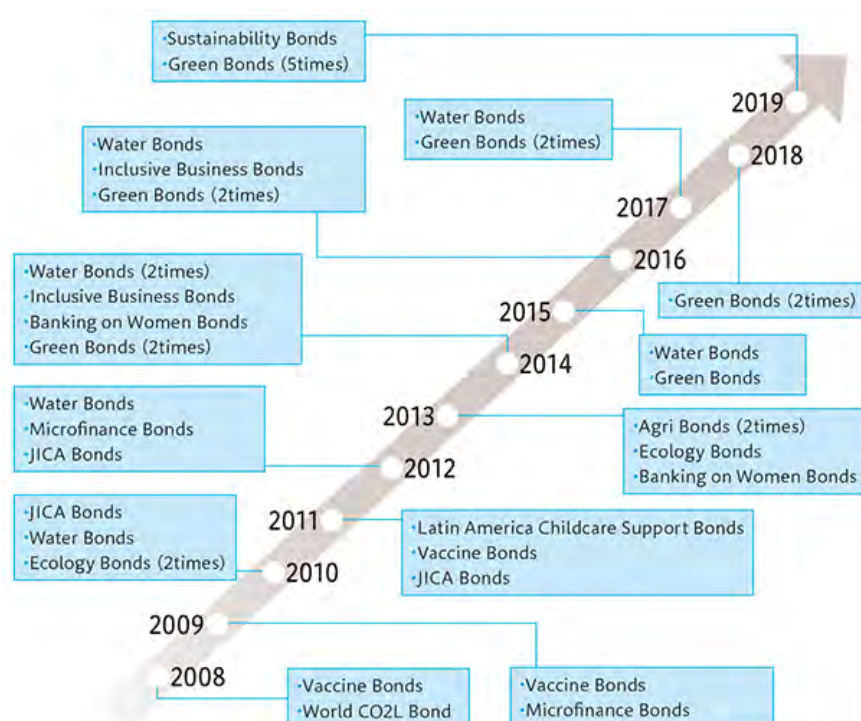
## Participation in Initiatives

Daiwa Securities Group has participated in, signed, and supports a variety of initiatives to contribute to developing a sustainable society through partnerships with various parties, including those in the financial and business world.

### > Participation in Initiatives

## Action through Product Development and Distribution

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



## Impact Investment

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

\* A generic term for bonds the proceeds of which are used for projects that contribute to SDGs (including conventional Impact Investment bonds)

> [Japanese] Social Contribution through Investment-Impact Investment-

### Initiatives in FY2019

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

In the past few years, initiatives for SDGs have spread worldwide, and along with the expansion of the market for related bonds, customers' interest in SDGs has been growing. As a pioneer for Impact Investment bonds in Japan, Daiwa

Securities provides customers with opportunities to invest in bonds issued by public organizations, financial institutions, and other issuers for the purpose of solving social issues.

In September 2018, we sold MOL Blue Ocean Environmental Bonds, the first green bonds issued by an operating company in Japan (sold by two securities companies—Daiwa Securities and Nomura Securities). These were green bonds issued in Japan following the Tokyo Green Bonds (foreign currency-denominated) issued by the Tokyo Metropolitan Government in FY2017. Through the underwriting and sale of these bonds, Daiwa Securities aims to help expand trends towards utilizing precious funds from retail investors for environmental measures, and to this end, we continued with our initiatives in FY2019.

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 (Impact Investment bonds).

### Green Bonds for Retail Investors Sold by Daiwa Securities (FY2019)

Issuers	Use of funds	Sales amount (estimate)
GLP J-REIT*	Used for repaying loans taken out to acquire GLP Maishima II, which is an eligible green asset	¥3 billion
Mitsui O.S.K. Lines*	Used for businesses that have the effects of improving the environment and contribute to solving social issues	¥6 billion
AEON REIT Investment Corporation*	Used for refinancing existing loans taken out to acquire AEON MALL Kofu Showa and AEON MALL Kagoshima, which are special assets meeting the criteria for eligible green assets	¥4 billion
Tokyo Metropolitan Government (TMG)	Used mainly for rebuilding and repairing facilities owned by TMG, replacing lights for facilities and roads owned by TMG with LED lighting, and maintaining parks, as well as coastal protection facility development projects for the Port of Tokyo and the Tokyo Islands	¥2.1 billion
Crédit Agricole Corporate and Investment Bank	Lending to companies and projects that contribute to development of an environmentally friendly economy and society	¥23.1 billion

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

### Results of SDGs bonds (Impact Investment bonds) for retail investors

- Daiwa Securities cumulative sales: ¥735.2 billion

\* Figures have been rounded off

\* Source: Daiwa Securities (From March 2008 to March 2020)

- Daiwa Securities' share in the Japanese market: 49%

Total ¥1,506.1 billion

\* Figures have been rounded off

\* Source: Daiwa Securities (From March 2008 to March 2020)

- SDGs related to Impact Investment bonds sold in the past

Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our StakeholdersEnvironmental  
Initiatives

Others



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

In July 2019, Daiwa Capital Markets Europe (“DCME”) arranged for the issuance of privately-placed bonds for CDC Habitat, a subsidiary of Caisse des Dépôts et Consignations (“CDC”), a public institution in France. CDC Habitat owns and manages approximately 495,000 houses for public institutions and government employees in France. It contributes to France’s public policies by providing emergency shelters for people in a socially difficult situation and supporting the country’s social housing policy. DCME has developed a relationship with CDC over a period of many years. The initiative taken this time contributes to achieving SDG Goal 11 “Sustainable cities and communities,” which is aimed at making cities inclusive, safe, resilient, and sustainable.

In November 2019, DCME also arranged 1 billion euro benchmark sustainability bonds issued by the German state of North Rhine-Westphalia as a co-lead manager. The proceeds will be used as funds for sustainability-related research, countermeasures against climate change, public health, education, and other projects in the state.

### Initiatives in FY2020

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

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

IDB is an international development financial institution aiming to contribute to the economic and social development of Latin American and Caribbean member countries. It has announced that it would direct up to \$12 billion of lending to support countries in their response to the COVID-19 pandemic and its consequences.

The funds raised through this issuance will be used mainly for helping countries affected by COVID-19 to strengthen their public health systems and purchase daily necessities and medical equipment. They will also be used for fiscal spending by local governments to respond to the COVID-19 pandemic and various measures for supporting economic recovery, such as job security measures.

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

## SRI Investment Trusts

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

### Result in FY2019

- Balance in Daiwa Securities Group: ¥221.7 billion
- \* Source: Daiwa Securities
- Daiwa Securities' share in the Japanese market: 40%
- \* Source: Daiwa Fund Consulting (As of March 31, 2020)

- Daiwa Social Contribution Wrap - Daiwa Fund Wrap with a donation service  
Amount donated in FY2019: ¥10.52 million
- \* Total donated amount from customers and from Daiwa Securities
- \* Donated to United Nations World Food Programme, Medecins Sans Frontieres Japan, WWF Japan, Japan Committee for UNICEF, Japan Platform

## Development and Provision of Superior Financial and Investment Products

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

### Daiwa Next Bank's "Support Term Deposits"

Support Term Deposits are designed to support hard-working people and organizations. Daiwa Next Bank donates an amount calculated by multiplying the balance of its Support Term Deposits by a certain rate to recipients chosen by customers. At present, it supports more than 10 organizations working on solving issues based on the following four themes: medical support to children; self-reliance support to children; support for sports for disabled people; and environmental preservation.

Feedback received from customers includes: "This was a good opportunity to learn about social issues" and "I hope similar initiatives will become more widespread."

In December 2019, these Support Term Deposits received the special award "SDGs Partnership Award" in the third "Japan SDGs Award" in recognition of their remarkable contribution to achievement of SDGs.

➤ News from Daiwa Next Bank 

### Initiatives for Solutions Business

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

### Initiatives of Fund Wrap Services

Daiwa Fund Wrap is a service enabling even those who are busy or have no investment experience to easily start medium- to long-term diversified investment. Under a discretionary investment contract, Daiwa Securities invests and manages assets on behalf of our customers. We offer plans that enable each customer to make diversified global investments



according to their investment policy, as do professional institutional investors such as those managing public pension assets. It has become more important than ever for a large number of investors to manage their assets efficiently and stably through diversified global investment, in particular as a measure to address prolonged low interest rates, which have made it difficult to find attractive investment options. Daiwa Fund Wrap is a service offered to customers over the medium to long term. We provide thorough explanations before the conclusion of a contract, report investment performance regularly every three months, and hold follow-up seminars whenever necessary. We thus ensure close communication with customers and seek to build a relationship of trust with them.

In addition, Daiwa Fund Wrap Premium, launched in October 2016, now offers a more detailed service, enabling customers to have multiple investment portfolios and design them in a highly customized manner. In particular, the inheritance recipient designation service and the gift service taking advantage of the calendar year taxation system, which became available in July 2018, are services that can satisfy customers with a strong interest in inheritance tax measures.

Moreover, Daiwa Fund Wrap Online, launched in January 2017, proposes the most suitable investment style from a minimum investment amount of ¥10,000 by utilizing Robo-Advisor technology. We thus provide a service enabling customers who prefer long-term asset management to easily engage in globally diversified investments online.

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

- Balance of domestic Wrap accounts: ¥8,777.4 billion (As of March 31, 2020)

\* Source: Data released by the Japan Investment Advisers Association

- Balance of Wrap accounts at Daiwa Securities: ¥2,087.4 billion (As of March 31, 2020)

\* Source: Data released by the Japan Investment Advisers Association

## Initiatives by Daiwa Asset Management

For Daiwa Asset Management, one of the pillars of building a stable, superior asset management capability is to take appropriate risks in managing active funds. We have therefore built a support system by collecting information from the research division and other relevant specialist teams. This system enables fund managers to take risks after thorough examination. In particular, we are striving to improve our ability to select companies with good prospects to make this a major source for strong investment performance.

We focus especially on ESG information from a long-term perspective. Daiwa Asset Management has placed personnel in charge of ESG within the Fund Management Division to promote ESG investment in an organized manner as a signatory to both the United Nations' Principles for Responsible Investment (PRI) and the Principles for Financial Action for the 21st Century. Since adopting the Japanese version of the Stewardship Code, we have been working to deepen our dialogue with investee companies by means such as holding dialogue with the theme of integrated reports. In October 2018, we established the Stewardship & ESG Section within the Investment Planning Department to further incorporate an ESG perspective and strengthen monitoring.

In addition, 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. In February 2020, Daiwa Asset Management established the Cleantech Stock & Green Bond Fund (asset growth-type/ predictable distribution-type), nicknamed “Mirai Earth,” which focuses on “E” (environment) in response to growing interest in ESG investment and SDGs among retail investors and companies handling its products.

It is especially important to always grasp current trends and customer needs for the development of products. We are therefore striving to maintain close communication by holding seminars for customers and through operation of our unique call center. We are also building a structure that assists companies marketing our products to support the transition from savings to asset building.



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

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

### 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 they were reborn as Daiwa Securities Living Investment Corporation (“DLI”), the J-REIT with the largest amount of healthcare facility assets under management in Japan. 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,” which is identified as a social issue in Japan in the SDGs Implementation Guiding Principles formulated by the government’s SDGs Promotion Headquarters.

#### Total amount of investment in healthcare facilities

- Approximately ¥86.9 billion (as of May 31, 2020)

### Investment in Renewable Energy

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

#### Management results of renewable energy power plants

- Number of deals: 17  
(Hokkaido, Tohoku, Hokuriku, Kanto, Chubu, Chugoku, and Shikoku regions)
- Output: Approximately 120 MW (excluding output from assets on land with leasehold interest)
- Annual energy output (June 2019 to May 2020) : 153,414MWh  
(calculated based on an assumed CO<sub>2</sub> reduction of 72,872 t-CO<sub>2</sub> and an emission factor of 0.000475 t-CO<sub>2</sub>/kWh)
- Balance of assets under management: Approximately ¥50.8 billion

## Group-wide Research on Financial Innovations

Daiwa Securities Group launched the Financial Innovation Committee in FY2016 as a platform for Group-wide research activities, and frontline employees at Daiwa Securities Group Inc., Daiwa Securities, Daiwa Institute of Research, Daiwa Asset Management, and other companies are proceeding with research activities on AI and other state-of-the-art technologies.

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

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

**Response to FinTech and artificial intelligence (AI)**

Since starting Daiwa Online Trade, Japan's first Internet-based securities brokerage service, in 1996, Daiwa Securities has provided various products and services successively over a period of more than 20 years. Due to the widespread use of portable information devices and the development of information communications technology, the importance of Internet channels has increased even more in recent years, with the number of accounts held under contract for Daiwa Online Trade topping 3.3 million as of the end of March 2019. Of Daiwa Securities' total stock transactions, approximately 80% are carried out via the online trading service, underscoring the fact that Daiwa Online Trade has become an indispensable channel for Daiwa Securities.

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

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

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

**Daiwa Online Trade**

- Number of contract accounts: 3,362,505 accounts  
(As of the end of March 2020)

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

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

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

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

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

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

## Easy-to-Understand Communication of Information

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

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

### Initiatives to Provide Information on ESG (Daiwa Securities)

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

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

#### Number of SDGs/ESG seminars held & participants

- 2019: 15 (576 participants)
- 2018: 15 (310 participants)
- 2017: 18 (545 participants)

# Initiatives by Daiwa Institute of Research

## Comprehensive Provision of Information and Policy Proposal Activities

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

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

### Provision of information by DIR through diverse media

- Number of reports posted on the website : 531 reports (Results for FY2018)
- Full texts of reports available on the website
- Number of recent hits on the research division's page : 3.93 million hits (Results for FY2018)

## Strengthening the Provision of Information

The Research Division of DIR launched the Policy Research Department in FY2017. In addition to providing information on the macro economy and financial and capital markets within and outside Japan, the company is now focusing on making policy proposals based on multifaceted analysis of issues such as measures for maintaining the sustainability of government finances and the social security system, and the directions that society and businesses are required to pursue from an ESG perspective. Moreover, it established the Office of SDGs Research & Consulting and the Office of AI Analytic Research in FY2019, and has contributed to society through dissemination of information aimed at solving various issues, while working on new economic forecasting and analysis methods using AI and other technologies. In FY2019, the Office of SDGs Research & Consulting published 81 reports and made 57 visits to financial and nonfinancial companies to provide information. It also launched SDGs Workshops for personnel responsible for SDGs in companies to support SDG initiatives in their companies, and actively engaged in other activities.

## Economic Analysis Initiatives Using AI

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

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

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

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

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

In addition, DIR works on timely dissemination of information utilizing AI. It used Google Trends data and applied a method of machine learning known as clustering to the supply shortage issue caused by the COVID-19 pandemic. By doing so, it determined whether or not such shortages had occurred due to false rumors, while visualizing by item the degree of people's concern that they may not be able to purchase groceries and daily necessities. This method is expected to become an effective tool for policymakers and authorities to take appropriate responses.

Moreover, DIR strives to enhance the quality of disseminated information and policy proposals by actively utilizing various sophisticated analysis methods. In its report "The true power of 'the Nadeshiko-like companies' for their profitability with causal inference" DIR used seven years of data for a total of several thousand listed companies, proving through a statistical method known as cause and effect reasoning that companies' financial performance will improve if they have more female executives and managers. This is a causal relationship that was previously difficult to prove. We believe that, as a basis for promoting SDGs, there are extremely significant policy implications in the conclusion that supporting women's success is effective also from the perspective of improving corporate earnings.



## Provision of Information through Diverse Media

### Lectures and Media Appearances

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

### Issuing of Books and Booklets

The Investment Strategy Department of Daiwa Securities issues the periodical "Daiwa Investment Monthly" and other publications as tools for communicating information to general customers. They are distributed to sales branches of Daiwa Securities and are also available on the Internet. "Daiwa Investment Monthly" videos can also be viewed with a smartphone. We are further evolving our booklets to make them easier to understand. We also provide information in various ways to general customers, including books available through publishers, desk calendars with information on financial events, and wall-hanging market charts.

### Internet-based Initiatives

#### Live Web Seminars

Daiwa Securities Group regularly holds live web seminars where popular strategists and analysts of the Group appear as lecturers. Customers can view them over the Internet in real-time and are also allowed to ask lecturers questions directly either in advance or in real-time by typing into the bulletin board function.

These strategists and analysts sometimes serve as lecturers at seminars held at Daiwa Securities branches as well, enabling many customers to receive market information and commentaries on individual stocks in live seminars.

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

#### Live web seminars (Results for FY2019)

- Total of 13 seminars held
- Annual number of participants: 61,974 participants

## Daiwa Internet TV



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

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

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

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



> Daiwa Internet TV

## Daiwa Asset Management



In June 2019, Daiwa Asset Management released “iFree Touch,” an investment experience app that can be used like a game, hoping that the app would provide the asset building generation with an opportunity to take their first step toward investment. The company also posts “Tweets by Tsumitate Wa-NISA” on its website as educational content for NISA in an effort to distribute information in an approachable, easy-to-understand way. It is a collaboration between the iFree Touch character and “Tsumitate Wa-NISA,” the Financial Services Agency’s official character of the installment-type NISA. Daiwa Asset Management recognizes that providing information to investors through the Internet will become more important with the spread of COVID-19, and distributes, as website content, market information videos that focus on the U.S. and REIT markets, in addition to the Fund Letters and Market Letters that have previously been distributed.

> Daiwa Asset Management website

> iFree Touch official website

> Tweets by Tsumitate Wa-NISA

## Providing Quality Service to Customers

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

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

## Building Deeper, Stronger Trust with Customers

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

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

### Basic Policy on Customer-first Operations

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

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

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

A customer's purchase of a product is only the beginning of a securities company's relationship with the customer. Follow-up is the key to maintaining and solidifying the relationship of trust built with the customer. To alleviate customer dissatisfaction or concerns arising after transactions, we offer thorough explanations, appropriate proposals, and information regarding market conditions, products, and services. We have also expanded the use of emails and online meetings, as well as face-to-face meetings, telephone and other conventional methods, thereby developing a system enabling us to provide appropriate follow-up to as many customers as possible.

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

In FY2018, Daiwa Securities introduced NPS® (Net Promoter Score) as an in-house indicator for measuring customer satisfaction.

The score measures the degree of customer recommendation and is considered to correlate closely with business performance. We position it as one of our most important management indicators.

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

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

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

## Improving In-Branch Customer Service Quality

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

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

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

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

### \*1. Dementia supporter

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

### \*2. Service assistant

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

## Initiatives for Elderly Customers and Inheritance

Daiwa Securities has placed Anshin (peace of mind) Planners—a new type of sales agent—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.

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

## Holding of a Variety of Seminars

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

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

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

## Asset Building through Installment-Type NISA Including Workplace NISA

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

## Information Website for Child Rearing and Money “SODATTE”

Daiwa Securities opened “SODATTE,” an information website for child rearing and money, in April 2016 for the child-rearing generations. With four years having passed since its opening, it has grown to be a website visited by many fans, with more than 250 columns and more than 600,000 page view per month. The website sets up six categories, including “Money Lessons,” “Family Finances” and “Education Funds,” and disseminates columns that provide tips to child-rearing generations.

As part of our initiative for financial education, we released “A-I-U-E-Okane-no-ehon” on the website in December 2019. It is a digital picture book that helps small children to deepen their interest in and understanding of money while learning hiragana.

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

> SODATTE 



**Contact Center Functions**

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

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

By further expanding the ability to take calls, we aim to enhance our support functions for sales branches going forward to increase customer convenience.

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

**Winning of Highest Evaluation from External Assessment Body in Inquiry Desk Category**

Daiwa Securities received a three-star rating, the highest evaluation, in the inquiry desk category of the securities industry in the 2019 HDI Rating Benchmark organized by HDI-Japan. We will continue to further enhance the quality of our services and responses to satisfy customers.

**Initiative to Get Closer to Customers**

Since FY2016, we have been showing pictures of our operators on the website page for telephone inquiries to give customers a sense of security and familiarity with our remote Contact Center.

## 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.

**Customer Feedback Sent to Contact Center**

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

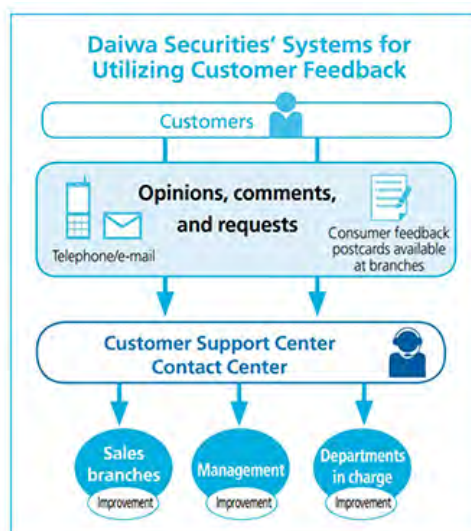
We share such customer feedback information and requests with management and relevant departments and sections of the head office and utilize them to enhance our services and customer interaction. (The number of major improvements implemented in FY2018 was 85.)

We also show some of the inquiries received from customers on our website as "frequently asked questions," while

sharing them with sales branches in some cases to speed up our responses. We are thus working to raise customer satisfaction from various perspectives.

#### Number of cases in FY2019 where responses were taken to customer feedback and requests

- 96 cases (in 48 of which responses were completed)



#### Customer Support Center Initiatives

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

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

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

#### Calls received at the Customer Support Center in FY2018

- Number of calls received: 3,846 calls (down 590 calls)
- Inquiries: 81%
- Complaints: 19%

## Support for Creating Our Future Society

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

## Business development starting from the SDGs

### | SDGs × "Technology"

#### Creation of Next Generation Financial Services

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

Since March 2020, it has been providing digital asset-backed loans. Going forward, the company will develop new financial services, such as the provision of crowd-tipping systems and crowd-funding business, to satisfy diverse the needs of customers.

➤ Fintertech Co. Ltd. 

#### Promotion of Investment and Financing for Energy

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

➤ Daiwa Energy & Infrastructure Co.Ltd. 

#### Renewable Energy Power Generation Projects

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

Of the 16 solar photovoltaic power plants developed and invested in by the company as of the end of May 2020, the 10 plants which are currently owned and on which construction was completed have all been operating stably. The solar photovoltaic power plants under construction in Minamikyushu City, Kagoshima Prefecture (11 MW), Shiraoi Town, Hokkaido Prefecture (35 MW), and Naka City, Ibaraki Prefecture (35 MW) will be completed by the summer of 2020, the end of 2020, and the end of 2021, respectively.

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

#### Stations developed/ invested in by DEI

##### Photovoltaic power stations

- Output: Approximately 213 MW in total  
A breakdown is shown below.

Stations in operation: Approximately 132 MW (total for ten stations)

Stations under construction: Approximately 81 MW (three stations)

- Projected amount of electricity generated annually: Equivalent to the amount for approximately 44,000 households

#### Biomass power generation plant

- Output: Approximately 13 MW in total

A breakdown is shown below.

Stations in operation: Approximately 13 MW (two station)

- Projected amount of electricity generated annually: Equivalent to the amount for approximately 20,000 households

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

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

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

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

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

\* Technology that increases the energy density of wood pellets, etc. through the formation of carbide from woody biomass and other substances, thereby enhancing the efficiency of transportation and storage.

## SDGs× Local Community

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

About half of the small and medium-sized companies in Japan do not have successors. If this situation continues, Japan may lose approximately 6.5 million jobs in total and ¥22 trillion worth of GDP in the next 10 years. Business succession is thus a major social issue.

Daiwa ACA Business Succession Fund, established in October 2018, helps small- and medium-sized companies to pass on their excellent technologies and services to the next generations. By supporting business succession, the fund also encourages the innovation of technology and services with continuity. Through this fund, Daiwa Securities Group will promote Japan's sustainable economic development.

➤ Daiwa ACA Business Succession Fund[PDF:117KB] 

### Promotion of Sustainable Agricultural Production Business

A new type of agricultural business using ICT and other technologies is attracting attention as a solution to the aging of people engaged in farming and shortages of successors - problems faced by Japan's agricultural sector.

In November 2018, Daiwa Securities Group established Daiwa Food & Agriculture Co. Ltd (DFA). The new company is aimed at assisting expansion of the scale of business related to agriculture and food and enhancing efficiency by providing risk money to help actively introduce new technologies.

In the spring of 2019, Daiwa Food & Agriculture launched an agricultural production business, starting with the acquisition of a

production facility for baby leaf vegetables in Kumamoto Prefecture. Moreover, in the spring of 2020, it took a stake in agricultural corporations in Kawanishi Town, Yamagata Prefecture and Kusu Town, Oita Prefecture, which both sell tomatoes cultivated in large-scale greenhouses in their respective areas. Taking advantage of cultivation using large-scale horticultural facilities and expertise in operating such facilities, the company itself handles the agricultural production business.

Going forward, Daiwa Food & Agriculture will continue to pursue expansion of scale and increase in efficiency of agricultural production to contribute to the invigoration of agriculture, a social issue Japan should look to resolve. The company will thereby put into practice SDG Goal 2 “Zero Hunger” and Goal 9 “Industry, Innovation and Infrastructure.”

> Daiwa Food & Agriculture Co. Ltd. 

## SDGs×Life

### Full-Scale Entry into the Healthcare Field

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

> Daiwa ACA HealthCare Inc. 

### Provision of High-Quality Nursing Care Services

Providing quality nursing care services is a pressing issue in Japan as its elderly population is expected to continue increasing. To date, Good Time Living Co. Ltd. has worked on nursing care that helps residents to live independently and improve their condition, rather than simply providing assistance for their disabilities. The company also adopted ICT equipment and technology ahead of others in the industry. In 2019, it completed introduction of mobile devices to all of its 32 facilities, leading to increased efficiency in operations not including physical assistance. In order to change the current state of nursing care services to address the progressive aging of the population, Daiwa ACA HealthCare Inc. will promote the development of an environment that allows nursing care staff to demonstrate higher levels of expertise, as well as the hiring of overseas personnel. We will thereby contribute to the achievement of SDG Goal 3 “Good Health and Well-being” and Goal 8 “Decent Work and Economic Growth.”

> Good Time Living Co. Ltd. 

#### Specific Case of IT Use



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

Care-wing (institutional version) was developed jointly with the manufacturer. It digitalizes the staff operations list, leading to a reduction in overtime work, as it helps to save time required for making changes and revisions



Management of resident data with mobile devices carried by staff

The home-visit nursing care records managed on Care-wing are automatically incorporated into CARE KARTE, a nursing care record system. The integrated management of data on residents' health and lives has contributed to eliminating paper



compared to conventional paper-based management.



A next-generation predictive monitoring system Neos+care®

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

\* As to use of the system, please see the video below. (in Japanese)  
<https://youtu.be/lS0h8mU9vM>

and saving labor in nursing care frontlines.



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

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

\* As to use of the instrument, please see the video below. (in Japanese)  
<https://youtu.be/y23aX4RSLQE>



Artificial intelligence (AI)-based robot Aeolus Robot

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

## Contribution to Local Communities through Investment Activities of REITs

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

### Initiatives against COVID-19

As an initiative against COVID-19, Daiwa Real Estate Asset Management donated ¥5 million in collaboration with Daiwa Securities Group Inc. for supporting accommodation fees under “Room Support Plan for Medical Professionals” implemented at hotels operated by JHAT Co., Ltd. In addition, a hotel close to Haneda Airport owned by Daiwa Hotel Private Investment Corporation, which is managed by Daiwa Real Estate Asset Management, has been used as a temporary quarantine facility for people who have returned from overseas.

### Earthquake Preparation Initiatives

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

## Efforts to Address Aging

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

## Investment in Drug Development Ventures and Other Businesses by DCI Partners

We at DCI Partners have been investing in the biotech field for more than 20 years, including the period of NIF Ventures (now Daiwa Corporate Investment). We currently manage one of Japan's largest funds focusing on drug development, making biotech venture capital investment in Japan and Taiwan. Through the fund, DCI Partners strives to help advance development by providing managerial resources and hands-on support from strategy planning to implementation. With COVID-19 spreading rapidly, biotech startups began working on countermeasures against it. Among the investee companies of the fund, some have started developing drugs and vaccines for the virus, with a view to initiating clinical trials in 2020, while others have submitted applications for marketing approval. Since countermeasures against a pandemic require speed and innovative technological capability, biotech startups are expected to attract more attention and play a larger social role than ever before. DCI Partners will support these companies through its investment activities, work to provide treatment options to patients, and strive to contribute to the health of all people and society.

# Toward Global Realization of Financial Inclusion

## Initiation of Services by New Securities Company "CONNECT"

Smartphones and other technical innovations are changing the common perception of securities companies as targeting only affluent customers who have an advanced level of financial knowledge, in other words, companies with a high access threshold. At present, with everyone having a sophisticated digital device at hand, we recognize that in such an era, generating securities services available to all people in consideration of financial inclusion is an issue facing not only Daiwa Securities Group but also the securities industry as a whole.

CONNECT Co. Ltd., which began providing services in July 2020, is a new type of securities company created by Daiwa Securities Group. It chiefly handles transactions in units of one share and provides services mainly targeted at people in the digital native generation. The company provides and completes all services—from the opening of an account to securities trading—on smartphones, enabling anyone to use securities services, starting with a small amount of investment, as long as they have a smartphone. Under the concept "Create your future, starting with your first share," CONNECT will continue to develop and provide its services so that all people will be able to access better financial services.



> CONNECT Co. Ltd. 

## Support for Reconstruction Following the Great East Japan Earthquake

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

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

### Support for the "New Tohoku" Restoration Business Contest 2019

Since FY2016, Daiwa Securities Group has been supporting the Restoration Business Contest, which recognizes and supports business plans that lead to the restoration of the areas affected by the Great East Japan Earthquake. In addition to the grand and excellence awards, the "Daiwa Securities Group Phoenix Award" has been established as a corporate award, and it was granted in FY2019 to Phoenix Corporation (Morioka City, Iwate Prefecture), which aims to develop a safe and secure snowplow system.

The daily work of removing heavy snow is an extremely serious issue for the disaster-affected areas struggling with labor shortages resulting from the declining population and the aging of the society associated with depopulation. This system will enable even the elderly and women to remove snow easily in a safe and secure manner, and the development of the system is expected to help improve the quality of life in winter in the disaster-affected areas and create jobs. For this reason, Daiwa Securities Group intends to support this initiative.

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



Commemorative photo of the Reconstruction Agency, sponsor companies, and award recipients  
("New Tohoku" Restoration Business Contest 2019)



Then Daiwa Corporate Investment President Yanagihara (at that time, left) and an award recipient  
("New Tohoku" Restoration Business Contest 2019)

## Support for Developing Human Resources Responsible for the Next Generation

### Support for Developing Human Resources Responsible for Next Generation Innovation through "Sido Next Innovator 2018", "Sido Next Innovator 2019".

Daiwa Institute of Research (DIR) was entrusted by the Ministry of Economy, Trade and Industry with secretariat work for "Sido Next Innovator 2018" jointly with World Innovation Lab (WiL, LLC). Under the theme "Thinker to Doer," the program solicits and selects a wide range of people, including those taking up the challenge of generating innovation and those working on challenging new business at major companies. It aims to develop global human resources who will play a major role in next-generation innovation by providing selected applicants with lectures, seminars, workshops, mentoring and interaction with investors and entrepreneurs in Silicon Valley. The program was initiated in FY2015, and FY2019 marks its fifth year.

The program runs for a total of 10 months - two months of open application and selection and eight months of program implementation. In FY2018, applications were solicited from May to June 2018, and 126 successful candidates (program recipients) were selected from among 345 applicants based on rigorous evaluation.

In the domestic program, which kicked off in July, participants went through lectures, workshops, mentoring (in which skilled workers with a wealth of experience called mentors engage in dialogue with and provide advice to unskilled workers to encourage growth and the brushing up of business plans), pitch contests, and other training to brush up their business plans and enhance presentation skills. Alongside the domestic program, the small-class program "Sido Café" was provided for those who wished to participate. In the program, participants deepened their knowledge of specific topics.

In a pitch contest carried out on December 15, 2018, 20 participants were selected as delegates to Silicon Valley based on the overall results of screening by application forms and pitch. The 20 participants took part in a two-week Silicon Valley program in which they visited entrepreneurs playing major roles at local start-ups, personnel in charge of new business development at large companies, and venture capitalists. They enhanced the quality of their own business plans through small meetings and mentoring. Moreover, among those who were not selected as delegates to Silicon Valley, 31 applicants participated in a domestic follow-up program in which they continued to brush up their business plans.

A final result reporting event ("Demo Day") was held on February 15, 2019. Demo Day featured pitches made by a total of 40 participants - 20 delegates to Silicon Valley and 20 participants in the domestic follow-up program, along with speeches by guest speakers, exhibition booths set up by alumni and a panel discussion. DIR will continue to participate in programs such as this which will lead to innovation.



# For the Development of Financial and Capital Markets

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

## Initiatives for Maintaining Market Functions

### Role and Importance of Settlement Functions

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

Number of settlement transactions handled

- Daily  
11,000 transactions on average
- Annually  
Approximately 2.8 million transactions (mainly by institutional investors within and outside Japan)

#### Responsibility as a Securities Company

In March 2020, Daiwa Securities introduced a full-scale teleworking system for all employees ahead of major industry peers. While many companies, including us, have already introduced systems for working from home, Daiwa Securities' new teleworking system is revolutionary in that it combines the development of an infrastructure by distributing a two-in-one device\*1 to all 10,000 employees. This has enabled all employees, from those at frontline divisions to back office divisions, to carry out work almost equivalent to that performed at the office no matter where they are. In settlement operations, which should never be suspended, even during the COVID-19 pandemic, the new system has enabled us to fully demonstrate our capability in achieving a balance between reducing employees' risk of infection and fulfilling our social responsibilities as a securities company.

If anything that could stall securities settlement should occur, it would not only affect us but also damage trust in markets as a whole. It could even have a significant impact on the global economy. We consider it vital to settle transactions accurately and promptly as required in order to ensure that markets function as a social infrastructure and become a driver for economic development. We are therefore striving to build a structure enabling the smooth execution of



settlement operations.

Amid the emergence of investors engaged in frequent trading utilizing computers, we have implemented a reliable system that has high processing capability and can reliably settle a massive number of transactions. We believe, however, that no matter how well operations are systematized, the most important thing for the securities settlement operation is still human resources. Staff members must have a wide range of knowledge to grasp the situation quickly when an irregular event occurs and then respond to it appropriately. For that reason, we are making efforts to visualize and accumulate the experience and expertise acquired through our daily operations, as well as expanding the business knowledge of each individual and the scope of operations they can cover by providing cross-business training and continually rotating tasks.

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

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

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

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

\* A mobile device that can be used as a desktop PC within the company and as a laptop PC or tablet outside the company

#### Securities Companies' Role in Financial and Capital Markets



### Considering Application of Blockchain/ Distributed Ledger Technology to Securities Business

Daiwa Securities and Daiwa Institute of Research (DIR) played central roles in carrying out the second phase of a project to consider the application of blockchain/ distributed ledger technology (DLT) to the securities trade matching operations\*. The project was conducted jointly with 26 companies, including institutional investors, financial institutions, and computer system companies.

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

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

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

## Initiatives for Development of Market Functions

### Private Equity Investment in Myanmar

In 2016, Daiwa PI Partners started considering private equity investment in Myanmar in earnest following the country's move to revise its laws and regulations, including corporate laws and investment laws, alongside its opening up of the economy and deregulation. The company has so far invested in five deals.

In addition, Daiwa PI Partners established DAIWA Myanmar Growth Fund in 2019. Among the investee companies of the fund, DO Microfinance Company Limited, which engages in the microfinance business, contributes to the development of the economy and improvement of people's living standards by providing funds for business, including to the poor and women. Frontiir Pte. Ltd., a major Internet service provider, offers people in Myanmar stable access to the Internet at reasonable prices. Rent 2 Own Holdings Pte. Ltd., which provides motorcycle rental and other services to individuals, contributes to enhancing living standards of people in Myanmar by providing means of transportation indispensable for their lives. Royal Golden Owls Co., Ltd., which operates an online e-commerce marketplace focusing on fashion and apparel products, provides a variety of products to a wide range of consumers in Myanmar, thereby helping to improve people's convenience and living standards.

In Myanmar, in which economic development has just begun, there are a large number of start-up companies with growth potential. We believe that, by continuing to provide capital to these companies, we will be able to promote their growth and contribute to enhancing the social infrastructure and living standards of people in Myanmar.

## Myanmar SME/ Two-Step Loan Project for Agriculture and Rural Development

DIR has long been participating in the Republic of the Union of Myanmar Two-Step Loan Project for Agriculture and Rural Development (known as "Agriculture-TSL") and the Project for the Development of Finance for Small and Medium-sized Enterprises (known as "SME-TSL") together with Japan Economic Research Institute Inc. and Sanyu Consultants Inc. The participation is part of our efforts to contribute to financial inclusion, which is listed as an SDG target, and has continued for eight years since 2012.

Agriculture-TSL is aimed at promoting agricultural mechanization in Myanmar and designed to assist Myanmar Agricultural Development Bank (MADB) in enhancing its capacity to extend long-term low-interest loans suited to the purchase of large agricultural machines. The project team provides practical training directly to more than 200 MADB branches across the country through on-site visits, while making proposals aimed at improving the business efficiency of MADB and advancing the modernization of its facilities.

SME-TSL sets up low-collateral credit lines and credit lines for companies doing business with Japanese companies with the aim of improving small- and medium-sized companies' access to funds for capital investment. Technical assistance has been provided to the overall banking operations of Myanmar Economic Bank (MEB), which manages loans extended through seven private-sector banks.

By playing central roles in these two projects, DIR has gained deep trust from the Myanmar government and private companies and progressively increased its presence in the country. Both projects contribute to the economic development of Myanmar, and DIR remains committed to working on projects similar to these that will contribute to the realization of SDGs.

## Support for Stock Market Development in Vietnam

In March 2019, DIR started providing technical support aimed at development of the stock market in Vietnam as entrusted by the Japan International Cooperation Agency (JICA). The company will implement a variety of support measures including the provision of training in both Vietnam and Japan to the State Securities Commission of Vietnam (SSC), the supervisory authorities of the capital market, as well as the HoChiMinh Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX), over a period of three years until February 2022. Specifically, the support is centered on the following four themes, aiming to enhance the transparency and fairness of the stock market in the country:

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

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

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

Maintenance and Development of Financial and Capital Market Functions 28

# Corporate Governance

Daiwa Securities Group clearly separates the supervisory and executive functions of its management to create a highly transparent and objective corporate governance system. We have adopted a structure in which Corporate Executive Officers of Daiwa Securities Group Inc., as well as employees responsible for head office functions, concurrently serve in the securities subsidiary. This reflects our pursuit of a management structure that improves the efficiency of head office operations and maximizes synergy of each group company.

Corporate Governance Report  
[PDF:744KB]

## Basic Views on Corporate Governance

With group management based on a holding company structure, Daiwa Securities Group aims to achieve a highly transparent and objective governance structure in international terms. The Group has built a unified group management system that elicits synergies among group companies with highly efficient and specialized oversight of group companies.

The Group has adopted a company with Three Committees System with the objective of supervising management through:

- a. Better decision-making agility by having the Board of Directors assign significant authority to corporate executive officers while clarifying the division of duties among corporate executive officers;
- b. More effective supervisory functions at the Board of Directors from the appointment of outside directors with highly specialized skills, and better transparency in management from the establishment of the Nominating Committee, Audit Committee and Compensation Committee with outside directors a majority of their members and serving as chairpersons; and
- c. Highly independent and ethical outside directors providing advice from an outside perspective to the Board of Directors and the three committees based on their knowledge and experiences.

The Group also proactively engages in CSR activities to gain the trust of stakeholders. CSR encompasses providing excellent products and services to customers with integrity, appropriately returning profits and disclosing information to shareholders, creating pleasant work environments and fair personnel evaluation systems for employees, strictly observing regulations and following corporate ethics, managing the environment, and contributing to society.

Through these initiatives, the Group aims to further enhance its corporate governance structure in terms of transparency, agility and efficiency, in order to continuously improve corporate value.

The corporate governance structure consists of the Board of Directors and the three committees (Nominating Committee, Audit Committee and Compensation Committee) as supervisory functions. Business execution functions are embodied in the Executive Management Committee and its subcommittees comprising the Group Risk Management Committee, the Group Compliance Committee, the Disclosure Committee, the Group IT Strategy Committee, and the Overseas Management Committee, as well as the Group Internal Audit Committee, the internal audit organization that reports directly to the Chief Executive Officer (CEO).

To incorporate more diverse perspectives into group management, we have appointed four female directors and corporate executive officers. On a group-wide basis, nine female officers serve as directors, corporate executive officers, and executive officers.

Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our StakeholdersEnvironmental  
Initiatives

Others

## Corporate Governance System at Daiwa Securities Group



## Number of times each committee met (FY2019)

Nominating Committee	3 times
Audit Committee	17 times
Compensation Committee	4 times
Board of Directors	10 times
Rate of attendance at Board of Directors meetings by outside directors	100%

## Major Initiatives in Corporate Governance



## History of Daiwa's Corporate Governance

June 1998	Elected outside auditors
April 1999	Became the first listed Japanese company to adopt a holding company structure
	Established the Advisory Board
	Established the Group Management Committee
June 2000	Established the Compensation Committee
June 2002	Elected outside directors
	Shortened directors' terms of office from two years to one year
July 2003	Established the Internal Control Committee



June 2004	Shifted to a Committee system (currently, a company with Three Committees system)
October 2015	Complied with the Corporate Governance Code
	Established the Outside Directors Committee
April 2017	Appointed outside directors as chairpersons of all three committees

### Point

- Published the Corporate Governance Report detailing our response to the Corporate Governance Code
- Decided that more than two members and more than one third of the Board of Directors should be independent outside directors
- Established the Outside Director's Committee in FY2015 for the purpose of increasing communication amongst outside directors
- Have elected one additional outside director and six out of 14 Board of Directors as outside directors since FY2016
- Strengthened management transparency and oversight functions by increasing the ratio of outside directors on the Nominating Committee and the Audit Committee
- Determined that all of the chairpersons of the three committees would be outside directors from FY2017 while taking steps to further improve the governance system

### Supervisory Function

The Board of Directors consists of 13<sup>\*1</sup> directors, including 6 outside directors<sup>\*2</sup> and 3 female directors. The Board of Directors determines key management policy, in addition to overseeing executive duties. In order to perform this supervisory role from multiple viewpoints in accordance with the demands of society, the policy for selecting new board members states that candidates must have a strong sense of ethics and demonstrate initiative and leadership.

Additionally, outside directors are experts in management and other fields. In addition, the supervisory function of Daiwa Securities Group Inc. is reinforced by the Audit Committee and the Office of the Audit Committee. The Audit Committee, which consists of a majority of outside directors, plays a pivotal role in the supervision of executive duties. The Audit Committee is assisted by the Office of the Audit Committee, which is a department independent of execution of business.

\*1. As of June 30, 2019

\*2. Outside directors as defined by Article 2-15 of Japan's Companies Act

### Audit Committee's Activities

Daiwa Securities Group Inc.'s Audit Committee is engaged in auditing activities for duties executed by directors and corporate executive officers as part of corporate governance. In particular, it focuses on verifying the construction and operational status of the internal control system.

For example, in FY2019, in order to confirm one of the priority issues of the audit policy, "Efforts to realize and deepen customer-first business operations, the Audit Committee conducted hearings with the Compliance Department, Sales Headquarters, and sales offices and employee unions.

In February 2020, all Audit Committee members, including four outside directors, visited Daiwa Securities' Compliance Department and head office. They received explanations from the Compliance Department regarding monitoring

centered on VLS hearings and systems for inspecting sales branches, and from the head office regarding the conduct of meetings where opinions are actively presented, self-checks by sales staff, and measures for reviewing check methods by senior staff. The members asked various questions, including about sales staff's time allocation methods and motivation. They thus took advantage of the visit as a valuable opportunity to deepen their understanding. The Audit Committee will continue to deepen its understanding of the Group's operations and proceed with initiatives to strengthen the Group's corporate governance system.



Audit Committee members receiving explanations from the Compliance Department



Visit to the office floor of the head office

## Preventing Conflict-of-Interest Transactions between Group Companies

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

## Executive Compensation that is Closely Linked to Performance

Compensation for directors and corporate executive officers is based on the following fundamental policies.

### Compensation Committee's Policy on Determination of Compensation of Directors and Corporate Executive Officers

- 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 as well as the medium and 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 operated effectively as a company with a nominating committee, etc.

Compensation for directors and corporate executive officers is determined by the Compensation Committee. Executive compensation has three components: basic compensation; performance-based compensation; and share price-linked compensation. The details of each component are as follows:

- Basic Compensation  
A fixed amount calculated based on his/her position, duties and role.
- Performance-linked remuneration
  - Determined depending on the level of individual contribution, based on consolidated ROE and consolidated ordinary 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 the like.
  - Does not apply to directors who do not serve as corporate executive officers.
- Stock-linked remuneration
  - To increase the link between remuneration and shareholders' value, granted by the Company as Restricted Stock, etc., the value of which corresponds to a certain percentage of base remuneration.
  - Does not apply to outside directors.

## Internal Control System and Internal Audit

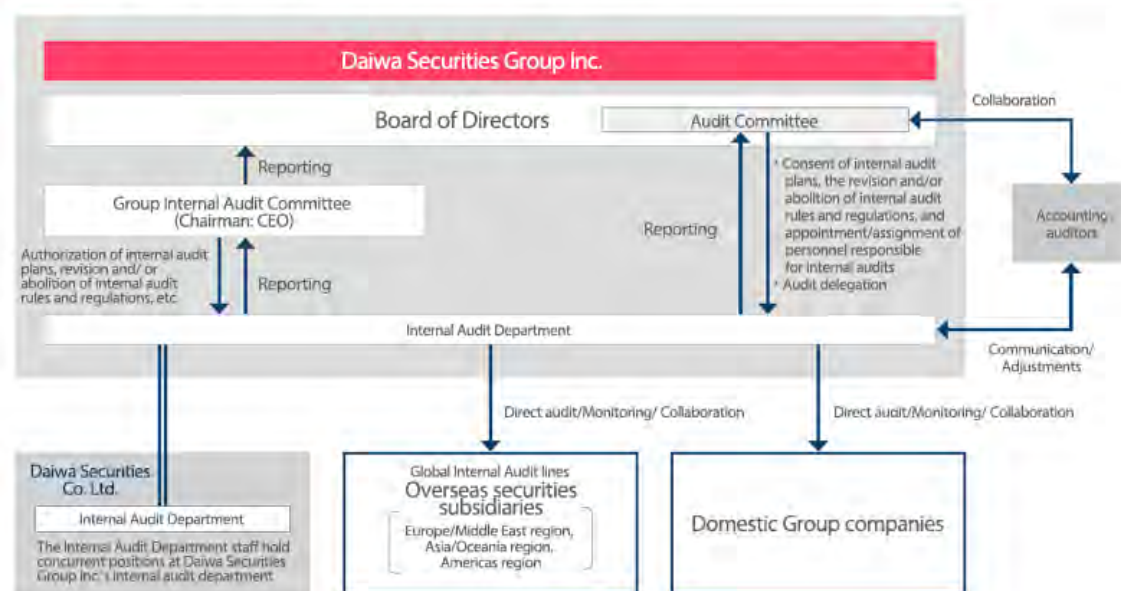
In recognition that management is responsible for maintaining an internal control system to ensure the sound and appropriate execution of business, the Group, under the main initiative of Daiwa Securities Group Inc., has established a system for managing the Group's major business risks. Through this system, the Group endeavors to ensure business effectiveness and efficiency, reliable financial reporting, compliance with laws related to business activities, and asset preservation. Internal auditing departments verify the efficacy of this.

The Internal Audit Department verifies the internal control system. This department sits independently from all other departments, reports to a dedicated corporate executive officer, and ensures internal audits to act as an important function of raising Group value through the creation of a sound and efficient internal control system. It seeks to raise corporate value by effectively conducting internal audits, and primarily implements risk-based internal audits.

## The Group's business activities to which the Internal Audit Department pays special attention

- The internal control systems at Daiwa Securities Co. Ltd. and overseas offices as a global financial instruments business operator
- Internal control systems at Daiwa Next Bank, Ltd. as a bank
- Status of businesses that involve collaboration between Group companies and with companies outside the Group
- Status of management of new risks arising from expansion into new business fields
- Status of control over Group companies by the holding company

Diagram of Daiwa Securities Group's Internal Auditing System



## Authorization of Plans and Reporting of Results

The authorization of internal audit plans and reporting of audit results are undertaken by the Group Internal Audit Committee. Internal audit plans are authorized by the Audit Committee or an appointed Audit Committee member who has received the prerequisite authority from the Audit Committee. The results of audits are also reported to the Audit Committee. Reports to the Group Internal Audit Committee are not limited to the audit results conducted at Daiwa Securities Group Inc. and Daiwa Securities Co. Ltd., but also include highly important findings made during audits conducted on Group companies in Japan and overseas.

## Internal/External Group Cooperation and System Enhancements

The Internal Audit Department collaborates with the internal auditing departments of domestic and overseas Group companies through periodic meetings, monitoring, and audit activities.

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

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

Since January 2003, Daiwa Securities Group has been operating a Corporate Ethics Hotline, through which employees can report problems in the workplace directly to a corporate ethics officer of Daiwa Securities Group Inc. or outside lawyers. The system mainly aims to detect corporate misconduct—which includes violations of the Financial Instruments and Exchange Act and other laws, regulations and rules that include bribery and corruption—in its early stages and prevent such misconduct from occurring.

We declare the protection of callers in our regulations, stipulating that the executives and employees of Daiwa Securities Group may not cause detriment of any kind (dismissal, demotion, pay cuts, cancellation of worker dispatch contracts, replacement, etc.) in relation to reports by callers, may not ask people who have information on callers to disclose such information, and may not seek to identify callers or search for any other information about them in relation to reports.

When the hotline is contacted, the corporate ethics officer, in cooperation with the internal control officers at each Group company, carries out a factfinding investigation, while taking steps to protect the caller. In FY2019, 42 reports were received through the whistleblowing system.

### Number and breakdown of reports to Corporate Ethics Hotline

Matter	Number	Percentage
Harassment-related	17	40%
Compliance violation-related	10	24%
Workplace environment/manners-related	9	21%
Expense/cost-related	2	5%
Labor management-related	1	2%
Other	3	7%

The Group is working to ensure that all employees are familiar with the Corporate Ethics Hotline, including staff at affiliated companies and temporary workers, in order to ensure that anyone can use it without hesitation. We are also making efforts to respond quickly when calls are received. The Group is taking steps to improve the hotline so that it can work effectively as a deterrent to prevent problems before they occur, not just as a measure to solve problems.



Use of the intranet to increase employee awareness



# Compliance

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

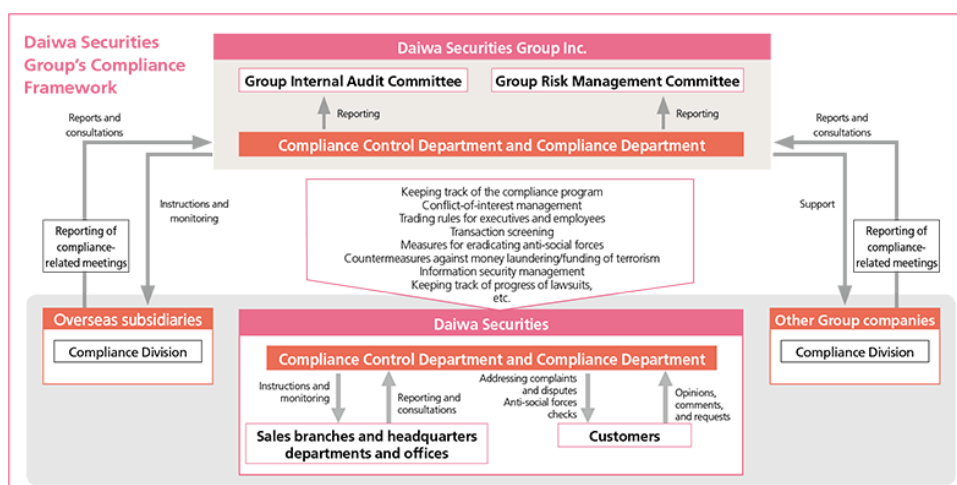
## Compliance System

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

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

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

One of Daiwa Securities’ strengths lies in its stationing of full-time internal administrators belonging to the Compliance Department at all sales branches. The internal administrators work on improving the effectiveness of the PDCA cycle (plan, do, check, act) at each sales branch. They also closely cooperate with the Compliance Department in an effort to build a solid compliance system. Staff members in the compliance division—the Compliance Control Department, the Compliance Department, and internal administrators at sales branches—total approximately 250 as of April 1, 2020. They are striving to strengthen Daiwa Securities Group’s compliance system.



## Full Implementation of “Customer-First”

Daiwa Securities is taking measures in line with the compliance program to ensure the effective operation of our internal control system and strict compliance of our sales activities with laws and regulations.

For FY2020, we set up the pillars outlined below, maintaining “Customer-First” as the keyword, as in the previous fiscal year.

1. Penetration and firm establishment of “Customer-First Operations”—pursuit of the greatest benefit to customers
2. Reinforcement of countermeasures against money laundering/funding of terrorism
3. Exercising of proper functions as a gatekeeper to the market
4. Reinforcement of compliance systems at overseas sites

Daiwa Securities markets various financial products, including 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.

## Daiwa Securities Group’s Customer Inspection System

Daiwa Securities Group recognizes that the financial and capital markets are an important infrastructure for society. We also believe that sustaining trust in the markets is an important role that we must play.

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

1. We undertake the following procedures for all new clients, including customers opening a new account with Daiwa Securities.
  - (1) Compare with our own database constructed using information obtained from news reports, the Internet, and other sources
  - (2) Compare with databases provided by public and other institutions
  - (3) Utilize overseas information provided by Japan Center for International Finance
2. We regularly check for matters of concern related to existing clients and conduct further investigation if necessary. When a problem is identified, we promptly terminate or exclude trading.
3. We strive to obtain the latest information in collaboration with the police, the bar association, and other external organizations aimed at eradicating anti-social forces.
4. We conduct training for executives and employees at our Group companies every year. The training is designed to raise their awareness of the importance of eradicating anti-social forces and countermeasures against money laundering and the provision of funds to support terrorism, as well as to share knowledge of the latest laws and regulations, and relevant cases.

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

## Securing the Fairness and Transparency of the Market

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

To prevent illicit transactions within Daiwa Securities Group, we strictly manage not just material facts of listed companies but also broader information related to them in a similar way.

We have also introduced a system managing their information, keeping track of people obtaining information and where information has been sent. Through these efforts, we have constructed a structure to prevent illegal transactions.

## Preventing Conflict-of-Interest Transactions between Group Companies

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

## Initiatives against Bribery and Corruption

In line with the principles of the United Nations Global Compact, Daiwa Securities Group works to prevent corruption. Daiwa Securities' code of ethics and conduct includes prohibitions on employees giving or receiving rewards or entertaining customers. Headquarters departments and offices have also incorporated the status of observance of management rules on entertainment into self-inspection items since FY2015. Each department and office therefore inspects their practice voluntarily, and the results of inspections are checked by relevant departments and divisions. Officers in charge or relevant departments and divisions also monitor the use status of entertainment expenses at sales branches to confirm that such expenses are appropriately spent.

With respect to dealings with government officials, headquarters departments and offices and sales branches all manage such dealings separately. They thus keep an especially close eye on those dealings, as entertaining government officials is prohibited by law. Our management rules on entertainment also prohibit employees from giving benefits to government officials of foreign countries. In addition, we provide periodic e-learning training and engage in other awareness-raising activities for employees to ensure that we are not involved in bribery or corruption.

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

## Information Security

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

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

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

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

## Fostering Compliance Awareness

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

## Important Issues for FY2020 and Beyond

We will continue with our initiatives toward the realization and evolution of “Customer-First Operations.” At the same time, we will continue to reinforce our countermeasures against money laundering and funding of terrorism as a challenge for particular focus in FY2020. It is imperative that we comply with set rules, but we consider that the goal of our initiatives should not only be to achieve such adherence. Compliance is a common theme that must be addressed by the entire securities industry and it is also a matter of trust in the industry as a whole. We will therefore exchange information with industry peers and proceed with measures while sharing good practices with each other. Daiwa Securities Group will strive to strengthen compliance as a leading company of the industry going forward, and will make efforts to contribute to enhancing trust in the entire securities industry.



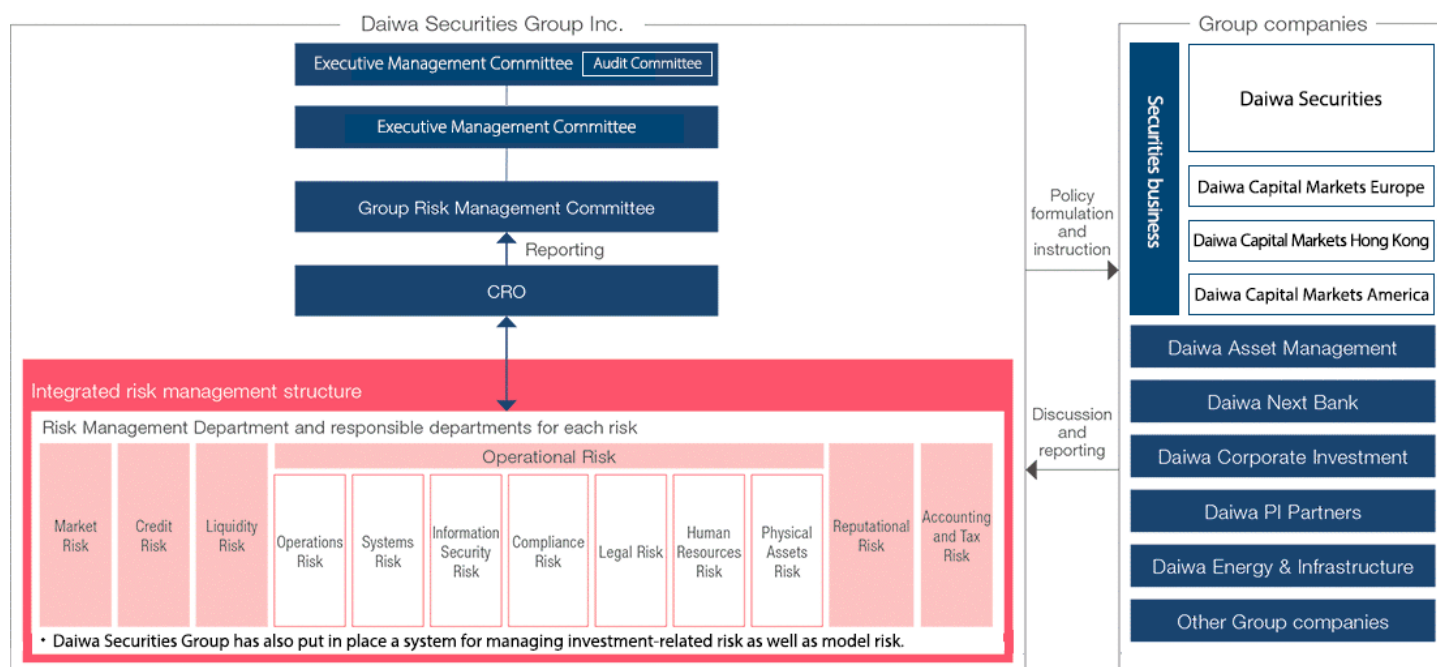
## Risk Management

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 are likely to appear in the medium- to long-term, such as climate change risk. By doing so, we seek to achieve sustainable improvement in corporate value.

### Response to the TCFD

## Risk management system

### Risk Management System



Based on its RAF, the Board of Directors of Daiwa Securities Group Inc. has approved the Rules for Risk Management. The rules define basic policies related to risk management, the types of risks that need to be managed, and the responsible executives and departments for each major risk. In order to establish an effective risk governance system, we have created a Guideline for Three Lines of Defense and maintain a comprehensive structure for risk management.



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

1. Management's proactive involvement of management in risk management
2. The structure of a risk management system that responds to features of the risks held by the Group
3. Understand overall risk based on integrated risk management, secure strong capital and the soundness of liquidity
4. Clarify the risk management process

Each of the Group companies conducts risk management that responds to the risk profile and size of each business in accordance with the abovementioned basic policies. The Risk Management Department and responsible departments for each risk within Daiwa Securities Group Inc. monitor Group companies, and report the risk exposures and issues concerning the risk management system to the Group Risk Management Committee. This is a sub-committee of the Executive Management Committee of Daiwa Securities Group Inc., and it undertakes discussions and makes decisions about reported issues. In addition, major Group companies regularly hold risk management meetings in order to strengthen their risk management systems.

## Types of Risks to Be Managed / Managing Major Risks

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

Risks that are particularly important for the Group are those that involve our key securities business. Because the Group utilizes its own accounts to temporarily hold product positions for sales purposes and to provide products to customers, the Group is subject to market risk due to market fluctuations, foreign currency and other liquidity risk, credit risk related to counterparties and issuers, and risk for which hedges do not function, as well as operational risk that naturally occurs through the execution of business. The Group utilizes stress tests\*1 and top risk management\*2 to manage risk on an integrated basis, including measuring the impact on capital and liquidity within the Group from a forward-looking perspective.



\*1. Stress tests are used for the integrated evaluation of impacts on capital, liquidity, and business systems based on probable stress scenarios that may have a major impact on the Group

\*2. Top risk management is used to select and manage those risk events that stand to have a significant impact on the Group, in the event that such risks should emerge, as top risks

**(1) Market risk management**

Market risk refers to the risk of incurring losses due to market fluctuations, which affect the value of stock prices, interest rates, foreign exchange rates, and commodity prices. In terms of the Group's trading business, by providing market liquidity the Group acquires compensation while at the same time taking on market risk through the holding of a certain amount of financial assets. The Group implements suitable hedges to curtail fluctuations in profits and losses. However, as hedges may fail to function effectively in times of stress, the Group sets limits on Value at Risk (VaR)\*<sup>1</sup> and loss estimates under various types of stress test\*<sup>2</sup> 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 risk of the Group's trading activities involves counterparty risk and issuer risk.

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

**Supplier risk**

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

**Issuer risk**

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

## Daiwa Securities Group (Consolidated) Value at Risk

### Range and Assumption of VaR

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

(Billions of yen)

	18/6	18/9	18/12	19/3	19/6	19/9	19/12	20/3
<b>VaR (Month-end)</b>	<b>1.34</b>	<b>1.39</b>	<b>1.76</b>	<b>1.06</b>	<b>1.33</b>	<b>1.42</b>	<b>0.94</b>	<b>1.22</b>
Quarter								
High	1.80	1.67	1.87	2.29	1.68	1.55	1.61	1.77
Low	1.16	1.15	0.95	0.86	0.74	1.02	0.94	0.87
Average	1.40	1.36	1.34	1.45	1.18	1.27	1.28	1.18
By risk factor (Month-end)								
Equity	0.65	0.51	0.40	0.29	0.38	0.39	0.34	0.19
Interest	1.21	1.23	1.68	1.06	1.16	1.35	1.21	1.12
Currency	0.16	0.17	0.24	0.18	0.21	0.24	0.20	0.20
Commodities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

### Note: Management of market risk and credit risk unrelated to the trading business

Besides the trading business, the Group also owns operational investment securities related to the investment business, loans and securities related to the banking business, and investment securities that are held for the purpose of maintaining business relationships. Those assets are also exposed to market and credit risks, and risk management is conducted according to the risks that are unique to each line of business.

**(3) Liquidity risk management**

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

**Basic Policy on Fund Procurement**

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

**Liquidity management system using Liquidity Management Indicators**

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

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

**Contingency Funding Plan**

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

**(4) Operational risk management**

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

**Definitions of Principal Operational Risks**

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

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

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

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



**(5) 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.

**(6) 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.

**Tax Policy**

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

**Daiwa Securities Group Tax Policy**

1. Daiwa Securities Group complies with laws and ordinances, and contributes to sustainable development of society through appropriate tax payments with high ethical standards.
2. Daiwa Securities Group rewards our shareholders by achieving sound profits based on proper and fair tax planning.
3. For cross border intra group transactions, Daiwa Securities Group sets an appropriate price, which can achieve adequate accountability under transfer price tax regulations.

4. The CFO, executive officer in charge of Finance, and Head of Finance Department of Daiwa Securities Group Inc. from time to time provide guidance and advice to subsidiaries and other departments within the Group as necessary, so that corporate governance over tax matters can be well shared and implemented throughout Daiwa Securities Group.

## 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

Under its Medium-Term Management Plan, “Passion for the Best” 2020, Daiwa Securities Group is promoting the IT strategy (basic IT policy) of establishing an IT platform that provides momentum for the digital transformation. The Group is also working to further strengthen IT governance in order to address the diversification of its business portfolios and the evolution of technology.

### IT governance Structure

The Group IT Strategy Committee is established at Daiwa Securities Group Inc. as a sub-committee of the Executive Management Committee, and the IT Strategy Committee is created at Daiwa Securities as a subcommittee of the Management Committee. These committees deliberate and decide medium- and long-term IT investment policies and plans after taking into account business needs and trends in the business environment, such as systems and regulations.

Against a backdrop of globally tightening financial regulations, increasingly serious and sophisticated cyberattacks, greater digitalization enabled by technological evolution, and unbundling of financial services, the chief information officer (CIO) has been placed in charge of overseeing all IT-related operations across the Group, including overseas bases and in new business lines based on hybrid strategies, to ensure Group-wide risk management and business innovation. By managing IT resources and further strengthening collaboration within the Group, the CIO is working to enhance the Group’s IT capabilities.

### Status of IT investment

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

In FY2019, the Group established an environment in which employees can focus more on further improvement of customer satisfaction, such as by introducing business terminals and communication tools that are premised on telecommuting in order to enable working efficiently regardless of location, and increase the frequency of contact with customers. In addition, the Group streamlined the business process, such as account opening, etc., by introducing paperless processes and automation, and launched a new accumulation investment service, which allows customers to set and manage funding conditions according to their purpose. The Group also worked on increasing the sophistication of risk management such as by strengthening measures against cyber-attacks and money laundering.

### 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. In light of the growing threat of cyber-attacks over the past few years, we recognize the importance of cybersecurity as a group management issue, and have accordingly established a cybersecurity management system centered on Group-wide Daiwa-CSIRT\*.

In recent years, new attack methods have been reported, including those that target terminals used for telecommuting and those that infiltrate networks through Group companies, business partners, and contractors. Therefore, the Group continues to collect and analyze the latest information on cyber-attack methods and vulnerability while coordinating with external organizations and companies, and continues to work toward improving its resistance and resilience to cyber-attacks.

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

## Human Rights Education and Awareness

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

### Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues

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

### Specific Efforts

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

Human Rights Awareness Promotion Committee

Revised on August 12, 2016

## Human Rights Education and Awareness System

In 1984, Daiwa Securities Group set up the Human Rights Awareness Promotion Committee. The committee aimed at promoting activities and training for raising human rights awareness, thereby encouraging better understanding and

appreciation of social integration and other human rights issues. We have been working to achieve its objectives. Besides the committee, all Group managers at the head office or branch level act in a promotional role, engaging in education and awareness activities to ensure that employees correctly understand and acknowledge human rights and social integration issues.

Daiwa Securities Group has been a member of the Industrial Federation for Human Rights, Tokyo, since 1998. The Federation is composed of 123 companies mostly headquartered in Tokyo with a combined total of 1.5 million employees (as of April 2020). Federation members work together to further improve their employees' awareness of human rights issues through research and communication.

**Composition of Human Rights Awareness Promotion Committee**  
**Chair:** Human Resources Officer at Daiwa Securities Group Inc.  
**Vice Chair:** Head of the Human Resources Department  
**Committee Members:** Five department heads including the head of the Corporate Planning Department, General Affairs Department, and Compliance Control Department

## Initiatives in FY2019

In FY2019, we provided human rights education as part of training for the Group's new employees conducted immediately after their induction ceremony. It is also included in training for young employees (annex education) and for those newly becoming general managers, managers, and associate managers. The chief of the Human Rights Awareness Promotion Committee Secretariat has taken charge of all of these training courses.

We have also been providing training on LGBT issues since FY2015. It has been conducted for those in the Group's compliance and human resources divisions. The issues are also taken up in training for new employees every year. LGBT issues are also included in training for promoted employees as an opportunity to deepen their understanding. The cumulative number of employees participating in training on LGBT issues is now 4,835.

The Group held a Human Rights Awareness Workshop for all executives and employees to consider human rights from multiple viewpoints. Discussions between participants were held after watching "Introduction to Diversity," an educational video with the theme of the importance of respecting diversity.

We also called for human rights awareness slogans between October and November 2019 in a contest designed to promote a broader and deeper understanding of human rights issues. Contest participation was open not just to employees but also to their families. The winning entries were presented in our in-house magazine.

## Human rights education for employees for FY2019

Training participants	545 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	1,201 promoted employees
Objective	To acquire knowledge and raise awareness concerning human rights required for their respective positions



# Supply Chain Management

## Supply Chain Management and ESG Due Diligence including Human Rights

Daiwa Securities Group regularly checks documents disclosed by major business partners, including providers of IT equipment and services, as well as news reports about these companies and their reputation on the Internet in order to address issues in the Group's supply chain, including those related to the environment, society, human rights, information and cyber security. If any issues are found, we take steps such as urging the business partners to make improvements.

We also collect information provided by public institutions within and outside Japan and exchange information with external parties to be aware of human rights issues existing in the countries and regions where the Group conducts business operations. We then consider taking appropriate measures for important issues.

We carry out due diligence in deals underwritten, considering not only business performance and financial aspects, but also ESG issues. When we find issues regarding the business model of an issuer or its planned use of proceeds, we conduct more thorough due diligence through such means as field work and meetings, and sometimes make proposals for improvement to the issuer. If major concerns remain even after taking such measures, we report them to Chief Risk Officer (CRO).

Similarly, we also carry out due diligence in self-investment deals

## Daiwa Securities Group's Response to Issues in its Supply Chain

Subject	Specific initiatives	Frequency
Major business partners including providers of IT equipment and services	Check documents disclosed by partner companies and external information	Regularly
Countries where the Group conducts business operations	Collect information on human rights issues	As needed
Deals underwritten	Due diligence in consideration of ESG	As needed
Self-investment deals	Due diligence	As needed

➤ Response to the UK Modern Slavery Act 2015 

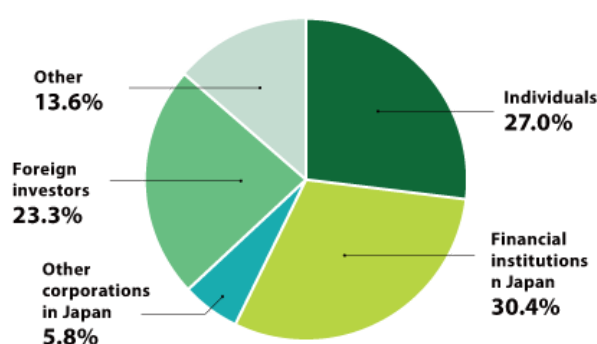
## Engagement with Shareholders and Investors

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

## Breakdown of Shareholders

**Breakdown of Investor Type(As of March 31,2020)**

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



## Capital Policy

Daiwa Securities Group, aiming to achieve sustainable growth by earning healthy profits, will implement a capital policy that takes all stakeholders into consideration by striving to balance investment in growth, improve capital efficiency, maintaining financial health, and enhancing shareholder returns.

### Dividend Policy

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

### Shareholder Returns

We raised the target payout ratio to at least 50% from FY2018. When we can secure a sufficient amount of the internal reserves required for future business development, we intend to increase returns to our shareholders, including share buybacks. The full year dividend payout ratio was 51.1% in FY2019, with the total return ratio standing at 92.5%.

## Share buyback

Buyback period	From August 28, 2019 to December 3, 2019
Total number of shares repurchased	50 million shares (Percentage of total number of issued shares excluding treasury stock: 3.19%)
Total amount of shares repurchased	¥25,081 million

## Fair Disclosure

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

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

### Disclosure Policy

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

## Communication with Shareholders and Other Investors

Every year, many shareholders attend our general meeting of shareholders, which is an opportunity for us to interact directly with everyone. To increase communication opportunities, we also carry out various IR activities. These include telephone conferences on the days of earnings announcements, briefings about the company for individual investors, management strategy briefing sessions, one-on-one meetings with institutional investors and analysts in Japan and overseas, and participation in Daiwa Investment Conferences held within and outside Japan.

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

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

### Questionnaire for Shareholders

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

### Shareholder Rewards Questionnaire Contents at the End of September 2019

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

## Shareholder Rewards Program

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

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

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

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

Starting with the shareholder rewards offered to shareholders of record on September 30, 2019, shareholders can choose to receive a discount on the initial cost of private nursing homes under the name of "Good Time Living" and rental residences for the elderly under the name of "Platesia," both of which are operated by Good Time Living Co. Ltd., a subsidiary of Daiwa Securities Group Inc. A reward item was also added to the program for shareholders of record on March 31, 2020, providing preferential services that can be used when staying at hotels owned by Daiwa Hotel Private Investment Corporation.

➤ For details on shareholder rewards, click here

## Initiatives in FY2019

### Dialogue with Various Stakeholders

Daiwa Securities Group continued to actively disseminate information contributing to the improvement of the Group's corporate value. We communicated the progress of our Medium-Term Management Plan, an overview of our management policy, and other information efficiently and effectively in earnings announcements and management strategy briefing sessions, as well as in integrated reports and business reports. For institutional investors in Japan and abroad, we implemented effective activities suited to each investor base, and held an IR roadshow by top management for overseas institutional investors. In FY2019, we nurtured relationships of trust with personnel responsible for exercising voting rights, in addition to analysts, portfolio managers, and others, through periodic communications. In December 2018, we held an ESG meeting for institutional investors and analysts, with outside directors participating. In FY2019, we conducted a total of 196 one-on-one ESG meetings, exchanging opinions with institutional investors. The topics for these meetings varied widely, including materiality (important management issues), the status of responses to TCFD, Net Promoter Score (NPS), the effectiveness of the Board of Directors, cross-shareholdings, and director compensation systems.

Moreover, following the increase in the ratio of individual investors, we also focused on briefings for individual investors, with the CEO participating. We also held seminar style company briefings for individual investors on the Internet, in addition to briefings at sales branches of Daiwa Securities, attracting the participation of many investors and large audiences. Furthermore, we participated in briefings organized by Daiwa Investor Relations (Daiwa IR), a Group company,



and external companies with the aim of increasing contact points with individual investors. At these briefings, we provide a question and answer session and conduct a survey, thereby obtaining diverse feedback to use for the improvement of communication with individual investors in the future.

➤ For details on IR events and briefings, click [here](#)

## Number of overseas IR activities held in FY2019

Number of meetings with institutional investors and analysts	196 meetings
--	--------------

This includes the following overseas IR activities: two IR events in North America (18 meetings), two IR events in the EU (24 meetings), and two IR events in Asia (18 meetings)

Number of briefings for individual investors	35
Briefings at Daiwa Securities locations	25
Briefings organized by Daiwa Investor Relations	6
Briefings via the Internet	3
Seminar for female investors	1
Total number of live participants and on-demand viewers	Approx. 9,200



September 2019 seminar-style company briefing for individual investors on the Internet (President and CEO Nakata)

➤ To view the video, click [here](#)

## Communication with Stakeholders

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

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

## Policy on Communication with Stakeholders

### • Basic Policy (1)

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

### • Basic Policy (2)

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

### • Basic Policy (3)

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



## Important external initiatives

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

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

> [Click here for details](#)

## Workforce Statistics

### Daiwa Securities Group (Consolidated)

#### Number of employees

(Unit: persons)

		As of March 31, 2019			As of March 31, 2020		
		Employees	FA*1	Temporary employees	Employees	FA*1	Temporary employees
Japan	Male	8,092	47	-	8,025	42	-
	(Career track*2)	7,638	-	-	7,499	-	-
	(Managers)	4,158	-	-	4,177	-	-
	Female	5,210	43	-	5,347	38	-
	(Career track*2)	3,616	-	-	3,741	-	-
	(Managers)	490	-	-	562	-	-
	Japan total	13,302	90	806	13,372	80	535
Overseas		1,804	-	109	1,868	-	112
Total		15,106	90	915	15,240	80	635

\*1. Financial advisors

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

## Number of New Graduates Recruited

Daiwa Securities Group appoints talented human resources regardless of gender.

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

		April 2016	April 2017	April 2018	April 2019	April 2020
Career-track employees, regional career-track employees, etc.	Male	332	345	289	337	244
	Female	330	333	289	340	216
	Ratio of women	49.8%	49.1%	50.0%	50.2%	46.9%

\* This data covers eight Group companies.

## Daiwa Securities (unconsolidated)

### Number of Employees

(Unit: persons)

		FY2015	FY2016	FY2017	FY2018	FY2019
Japan	Male	5,028	5,128	5,216	5,204	5,144
	Female	3,491	3,657	3,824	3,975	4,032
	Total	8,519	8,785	9,040	9,179	9,176

### Number of New Graduates Recruited

	April 2016	April 2017	April 2018	April 2019	April 2020
Male	271	275	219	262	169
Female	287	290	229	263	142
Ratio of women	51.4%	51.3%	51.1%	50.1%	45.7%

\* This data covers career-track and regional career-track employees

## Average Age

	FY2015	FY2016	FY2017	FY2018	FY2019
Average age (as a whole)	37.9	38.0	38.0	38.3	38.4
Average age (male)	39.5	39.6	39.6	39.8	39.7
Average age (female)	35.6	35.7	35.7	36.2	36.6

\* This data covers Daiwa Securities

## Average Number of Years of Service

	FY2015	FY2016	FY2017	FY2018	FY2019
Average number of years of service (as a whole)	13.5	13.6	13.7	13.8	13.9
Average number of years of service (male)	15.1	15.2	15.3	15.4	15.5
Average number of years of service (female)	11.3	11.4	11.4	11.5	11.8

\* This data covers Daiwa Securities

## Working Hours and Paid Vacation Usage Rate

	FY2015	FY2016	FY2017	FY2018	FY2019
Annual regular working hours (hours)	1837.5	1837.5	1837.5	1837.5	1837.5
Average monthly overtime hours (hours)*1	24.0	23.5	23.2	22.8	21.7
Paid vacation usage rate (Average number of days taken)	63% (13.4)	66% (14.0)	68% (14.2)	68% (14.3)	72% (16.0)

\* This data covers Daiwa Securities

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



## Hiring Initiatives

### Hiring Approaches and Trends

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

We also focus on attracting people capable of excelling globally in order to develop a global network and strengthen alliance strategies.

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

### Fairness in Hiring

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

#### Guidelines for Fair Hiring

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

### Recruitment of University Graduates

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

➤ [Click here to see Number of new employees for FY2020](#) 

\* Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Ltd., Daiwa Institute of Research Business Innovation Ltd., Daiwa SB Investments Ltd., and Daiwa Corporate Investment Co., Ltd

Number of new employees for FY2020	460 people (5 group companies*)
------------------------------------	---------------------------------

## Diversity and Inclusion

### Encouraging Women to Succeed

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

See also [Work-Life Balance](#) for more information on promoting women's activities.

### Targets Related to Initiatives for Empowering Women

Daiwa Securities Group has a proven track record of implementing a wide range of initiatives that help female employees reach their full potential. At Daiwa Securities, we have set specific targets for the years through FY2020. 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 FY2020 (Daiwa Securities)

- Ratio of women in managerial positions: At least 15%, a more than fivefold increase from the FY2005 level
- Ratio of women in new graduates recruited: 50% (stable)
- Ratio of women among participants in training: 50%
- Rate of taking annual leave: At least 70%
- Rate of taking childcare leave for male employees: 100%

#### Support for Female Employees' Career Advancement

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

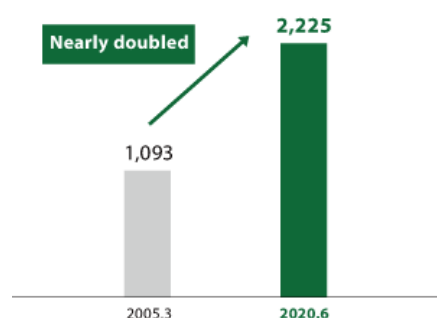
To date, more than 1,400 female employees have converted to career-track positions. An increasing number of employees have also taken advantage of our Professional Return Plan, a system for re-hiring employees who left work to raise children or care for family members, starting them at the same level of compensation as when they left. The scope of this system was expanded in FY2015. This has helped us to secure talented personnel who support business operations. The number of female employees right before being promoted to managerial positions is 2,225 at the end of June 2020, substantially increasing from 1,093 in 2005.

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

## Appointment of Female Executives and Women in Managerial Positions

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

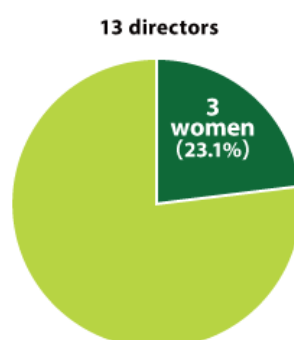
### Trends in Female Employees Right Before Being Promoted to Managerial Positions



## Becoming a Member of 30% Club Japan

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

### Number of female executives



## Support for the Success of Veteran Employees

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

Highly-motivated and talented employees can continue working after retirement under our Daiwa Master System. In FY2017, we started allowing senior advisors to continue working regardless of their age. A total of 110 employees used this system in FY2019. In accordance with the effectuation of revisions to the Act on Stabilization of Employment of Elderly Persons in 2013, and as the careers of employees are lengthening, we associate our sustainable growth as a company with the employment of older people who wish to keep learning and working in a meaningful way as a part of the organization. Daiwa Securities is greatly expanding its training

programs for employees aged 45 and older, and has introduced the License Certification System that provides incentives to employees who have improved their skills and polished their acumen as professionals. Over the four years since these programs were introduced, approximately 1,800 employees, 60% of employees aged 45 and older, have participated in the more than 20,000 seminars offered by these programs. In addition, we introduced a Superior Managing Director System as the highest employee position and enhanced the personnel system for veteran employees with outstanding expertise and knowledge who have made remarkable achievements. We support both work and caregiving, and are creating an environment in which employees can move forward enthusiastically without concerns over their future lifestyle.

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

## Employment of People with Disabilities

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

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

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

### Employment Rate for Persons with Disabilities

FY2017	FY2018	FY2019
2.10%	2.33%	2.57%

## Promoting Increased Understanding toward the LGBT Community and Related Issues

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

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

# Human Resource Development and Skill Enhancement

## Employee Training Approaches and Trends

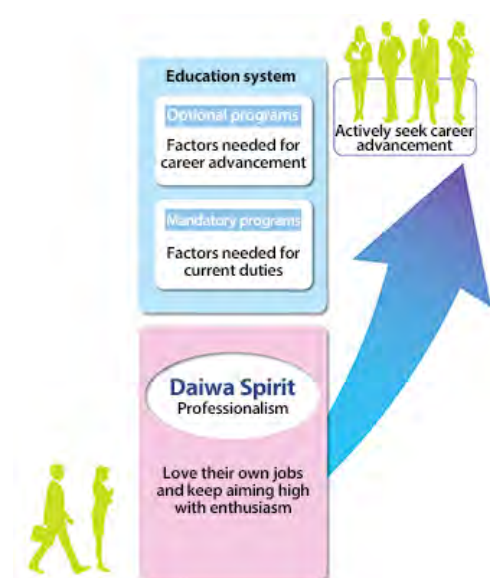
The source of Daiwa Securities Group's competitiveness lies in the capabilities of its employees. The Group focuses on the development of human resources who can provide high value-added solutions through the use of our "Quality No. 1" integrity and specialized skills.

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

We believe that our employees must have a firm understanding of corporate ethics and compliance to ensure the development of sound financial and capital markets. Accordingly, we provide all employees with regular training on information security and compliance. We also believe that not only having a strong commitment to compliance but also maintaining a high sense of morality and making decisions in light of general social norms is important for living up to the trust of customers and society. Based on this belief, we hold monthly discussions, using a case study approach, for young employees within the first five years of employment, with the participation of senior employees.

## Education and Training System

Daiwa Securities Group seeks to be a group of true professionals who love their jobs and keep aiming high. Our employees not only acquire skills necessary for their current work assignments but also make consistent efforts toward achieving their career visions. We have adopted an educational system comprising mandatory programs clearly positioned as duties that must be worked on, and a variety of optional programs that can be chosen according to the needs of each employee for their career advancement. In this way, we support the autonomous career formation of each employee. We also aim to foster a sense of solidarity among Group employees across divisions while offering training opportunities at group meetings.



Daiwa Securities Group's Education System



## Training Records in FY2019

Number of times skill training was held in FY2019:	29 training courses held 57 times
Number of participants	4,126 people
Cumulative number of participants (FY2007-FY2019)	17,853 people
Cost for the Group's educational investment:	¥2.2 billion
Cost per employee	¥160,000

### Training for Young Employees

Daiwa Securities Group views the first two years of an employee's career as a period for their basic training for becoming a professional. Accordingly, we implement the Daiwa Basic Program that covers this period of training. The program sets the items and levels that should be acquired, and organically combines group training, OJT, e-learning, and support for the acquisition of qualifications. Moreover, since FY2017, we have been providing an educational program called "Q-Road" for employees in their third to fifth year of employment. This program helps to improve their knowledge, techniques, and mindsets to achieve "Quality No.1" in the industry. It presents high-level goals to further promote employees' growth.

### Skill Training

We provide twice-a-year skills training aimed at enhancing the skills and techniques that employees themselves want to improve as an opportunity for them to acquire various skills and special knowledge. We enhanced our e-learning program from FY2017, while introducing two-way online training this fiscal year. We have thus developed a training system that can better satisfy employees' motivation for self-development. For example, in the inheritance and business succession master course, which is provided by a practicing tax accountant, employees learn basic knowledge of laws and systems and then generate output through case studies to acquire practical skills. The course helps the participants to acquire skills and special knowledge for conducting a high-quality solutions business, as many of them state that it was useful for understanding customers' issues and needs and providing solutions to address them. In addition, a wide range of training programs on coaching, PC skills and other topics have been made available so that employees can choose programs according to the career they aim for, regardless of their affiliated department and duties.

### Training for Veteran Employees

We have been providing the Advanced Skill-building Program, a training program for employees aged 45 and older that is designed to continuously improve skills. We have also introduced a license certification system that provides incentives to employees who continue to work to improve their skills. Since its introduction, approximately 1,800 employees, accounting for more than 60% of personnel aged 45 and older, have undertaken over 20,000 training programs.

## Supporting Employees Trying to Earn Credentials

Daiwa Securities sees Financial Planner (AFP and CFP®) and Securities Analyst qualifications as core requirements, and encourages employees to acquire these certifications. As a result, the number of employees with CFP® certifications has exceeded 1,000 for the first time for a company/organization in Japan, making it the highest level in the industry. CFP® is a high-level credential certifying knowledge and skills in the tax system, inheritance, and real estate fields needed for providing financial planning services. Moreover, as a result of the introduction of the Daiwa Basic Program, an educational training program covering the first two years of employment, nearly all employees in their second year of employment acquire AFP, while 70% have passed the Certified Member Analyst of the Securities Analysts Association of Japan (CMA) examination (Level 1).

We have also introduced an Inheritance Planner Certification® as an in-house qualification system. The certification is granted to employees who have completed practical training, based on extensive knowledge obtained through the acquisition of CFP® certification, and can be used for business worksites. In addition, the company provides generous support by, for example, subsidizing certification costs so that employees can enhance their specialized skills and become professionals.

### Number of Persons Earning Major Credentials (as of March 31, 2020)

Number of persons earning CFP® certifications:	1,020 people
Number of Certified Member Analyst of the Securities Analysts Association of Japan (CMA)®:	1,470 people

## Intra-Group Job Postings and the Career Track Change System

We have instituted a Career Track Change System that enables non-career-track employees to transfer to career-track and regional career-track positions. Under the system, more than 1,300 employees have moved to other positions. We have also instituted a system of intragroup job postings to help employees with skills and the desire to realize their potential to open new career paths.

## Evaluation System

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

We also evaluate employees comprehensively by taking their compliance-related performance into account. In addition, we endeavor to create a personnel evaluation system that motivates all employees, regardless of years they are with us, whether they are young, middle of career, or experienced veterans, to take on the challenges of the next stage of their careers and to work in positions with greater responsibilities. Even while on childcare leave, employees are still eligible for promotions as we properly evaluate their contributions to date.

## Work-Life Balance



### Support for women's advancement and work-life balance

Daiwa Securities Group is working to create an environment in which all employees, men and women, from young to experienced, can continue to work with a high level of motivation.

One of the Group's Corporate Principles is "placing importance on personnel" and the corresponding text is "The source of the Group's competitiveness lies in the capabilities of its employees. The Group will promote the creativity of employees by offering them a challenging and self-directed working environment that encourages their abilities and appropriately rewards their contributions." We believe that maximizing the motivation of each and every employee will lead to higher customer satisfaction and ultimately higher shareholder value. We are implementing various measures with the aim of becoming a Group in which employees feel that their work is rewarding, and feel even more proud to be a member of the Group, extending to their families and related parties. In 2020, we formulated the No. 1 in Job Satisfaction Plan 2020. We are working to establish an environment that enables all employees to work efficiently in the limited time available and to demonstrate their full potential.

\* WLB: Abbreviation for work-life balance.

## Daiwa Securities Group's approach to supporting women's advancement

One of the Daiwa Securities Group's Corporate Principles is "Placing importance on personnel," and its management strategy states, "The Daiwa Securities Group is working to create an environment in which all employees, men and women, from young to experienced, can continue to work with a high level of motivation."

Regarding support for women's advancement, in order to produce female leaders who will drive the Japanese financial world, we will actively promote female employees and create an environment where they can continue to work actively even after life events such as marriage and childbirth. We will support the efforts of companies by publicizing the status of support for women's advancement in the Group.

In 2009, four female directors were appointed concurrently. To incorporate more diverse perspectives into our Group management, we have appointed three female directors at Daiwa Securities Group Inc. and nine female directors, officers, and executive officers throughout the Group. Daiwa Securities Group Inc. has endorsed the 30% Club Japan activity launched in Japan in May 2019, in which Chairman of the Board and the President/CEO participate as members. 30% Club Japan aims to increase the percentage of women on the board of directors of TOPIX 100 to 30% by 2030, and aims to increase the percentage of women in the top ranks of Japanese companies.

There are about 20% of branch managers and two overseas base managers (as of June 2020), demonstrating increasing advancement of women. As the number of role models increases, it becomes easier for women to plan their careers, and in recent years, the number of female employees who are aiming to improve their careers through a shift to career-track and regional career-track positions has significantly increased.

Furthermore, we support various systems and measures that exceed legal requirements so that employees can continue to work actively even after undergoing life events such as marriage and childbirth.

We are striving to create the ideal work environment where each employee feels that their work is rewarding and a source of joy, and can challenge themselves to maximize their potential. Going forward, we will continue to improve the work environment for all employees, both men and women, young and experienced, so that they can fully demonstrate their abilities and feel even more rewarded by their work.



Kana Shirakawa, Executive  
Managing Director  
Head of Human Resources and  
Chief Health Officer (CHO)  
Daiwa Securities Group Inc.

## Various systems

<b>Childcare leave</b>	Can be taken up to the day before the child reaches the age of three
<b>Childcare Support Leave</b>	Can be taken when the spouse gives birth or returns to work (within the first two weeks of child care temporary retirement when treatment is guaranteed). Since its introduction in September 2014, it has been used by a cumulative total of 1,400 people. As a general rule, it takes a minimum of one week.
<b>Pre-childcare leave for male employees</b>	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.
<b>Short working hours system</b>	A system that allows employees to leave the company up to 90 minutes early until their children graduate from elementary school
<b>Exemption/restriction on overtime work</b>	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
<b>Nursing care leave</b>	Up to 5 days per child before elementary school, up to 10 days per year if the employee has 2 or more children (can take in half-day units)
<b>Daycare subsidy</b>	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
<b>Babysitter system</b>	Employees can use a babysitting service contracted by the company at a special rate until their children complete the third grade of elementary school

<b>Support desk for employees looking for nursery schools</b>	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
<b>Job location change system</b>	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 300 people have used this system
<b>Spouse work reassignment leave system</b>	Employees can take up to 5 years of leave if their spouse is transferred overseas
<b>Birth gift of 2 million yen from the third child</b>	The Group pays 2 million yen as congratulations for the birth of the third and subsequent children
<b>Nursing care leave</b>	Employees can take up to four periods of nursing care leave within 3 years (1095 days) for each family member requiring care
<b>Nursing care time</b>	Employees can take up to 2 hours per day of family care time within 3 years from the start of use
<b>Nursing care-support leave</b>	Employees can take leave to take care of family members who need nursing care, to attend hospital, etc. or to carry out procedures on behalf of family members. Up to 5 days per year can be taken (half days can also be taken, 10 days for 2 or more family members).
<b>Nursing Care Travel Home Expense Allowance</b>	The Group subsidizes travel expenses incurred when employees return to their parents' home to provide nursing care.
<b>Life Support Paid Leave</b>	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)
<b>Work-Life Balance phoneline</b>	The Work-Life Balance phone line provides various types of advice to employees regarding balancing work and child care/ nursing care, career planning, etc.
<b>Professional Return Plan (re-hiring of sales staff)</b>	A system to re-employ employees who have retired due to marriage, childbirth, or nursing care, etc. with the same treatment as when they retired Used by about 70 people in total
<b>Expanded leave system</b>	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
<b>The telecommuting system</b>	Work-from-home is possible in all departments including sales to balance work with nursing care, cancer treatment, and infertility treatment
<b>Daiwa ELLE Plan</b>	Regarding health issues for women who are active at various life stages, the Group provides comprehensive support including measures for the menopause; ELLE vacations (for poor physical condition during menstruation/menopause and fertility treatment); improvement of literacy such as e-learning training for managers; subsidies for specific fertility treatments; and a work-at-home system to balance work and fertility treatment

The Group continues to educate its employees through various training sessions according to position regarding the initiatives and objectives of "supporting women's advancement" and "promoting work-life balance" as management strategies. Furthermore, the Group conducts training on its work-life balance support system for balancing work with child care and nursing care responsibilities based on the idea that it is important to deepen mutual understanding not only for employees who use the system, but also for the employees who work alongside them.

In addition, once a year, we conduct a survey for all employees about work-life balance and balancing work with child care and nursing



care responsibilities. We survey the recognition, degree of use, and issues of our systems, while soliciting opinions and requests from employees, to promote further understanding and enhance penetration of the systems. Based on employee feedback, we also review the design and operation of these systems.

## Various measures

### Supporting career advancement among female employees

To help female employees move closer to their ideal future image while going through various life events, the Group implements a career support training initiative for female employees named Daiwa Woman's Forum. The initiative provides an opportunity to make it easier for female employees to picture their future work style and career image. Every year, 100 to 200 female employees who are one step before a managerial position participate across divisions and departments. In addition to career plan training and skill training, the curriculum incorporates interaction with role models such as female directors and female managers. The program thus contributes to building networks among women.

In addition, based on the experience to date, the Group holds a training event for female managers, "Daiwa Woman's Management Forum," to further improve the future image that each person envisions.

Against the backdrop of extended working lives amid the shift toward people living to 100 years old, in FY2019, we expanded the range of career choices to include "regional career-track" (positions that do not involve relocations). We have also established a new "broad regional career-track" system that allows employees to be relocated within a certain area, seeking to enable staff to continue to play active roles and remain strongly motivated.



### Various skill training

For the purpose of fostering true professionals, the Group provides various skill training sessions that are opportunities for employees to acquire various skills and specialized knowledge. We are making efforts with the goal of setting the ratio of female participants to 50% by FY2020 (46% in FY2019).

### Job shift system

With regard to job shifts, up to now more than 1,400 people have shifted to career-track or broad area career-track that can be relocated within a certain period of time or area career-track that does not involve relocation, and the number of female employees active in a wide range of jobs has increased significantly.

As the number of role models has increased, the number of female employees who are aiming to improve their careers by shifting their job has greatly increased.

**Work-Life Balance Committee**

In 2017, Chairman of the Board Takashi Hibino and the President and CEO Seiji Nakata were appointed co-chairpersons of the Work-Life Balance Committee, which is launched to promote women's activities and dramatically improve productivity under stronger leadership. Staff from various positions and departments, from executives and managers to young employees, participate as advisors to discuss and verify the status of various measures, including efforts to achieve goals for the promotion of women's activities, support for balancing work with childcare and nursing care, leaving work before 19:00, planned annual leave taking, and male employees taking childcare leave.

**Women's Advancement Promotion Team Regular Meetings**

Meetings of the Women's Advancement Promotion Team are held regularly. The meetings provide an opportunity for interaction as female employees and executives such as female directors and female department managers exchange opinions about careers.

**Round-table discussions**

Round-table discussions are held among female employees, and group discussions are conducted covering concerns and issues regarding their continuing work. The participants present the contents of the discussions to management and express their opinions and ideas.

**System Usage Calendar**

The Group introduced a "System Usage Calendar" that allows all employees in the department to share their plans for using annual leave, continuous leave, and the systems for balancing work with child care (short working hours system, etc.). It is extremely effective in promoting annual leave for all employees, and has become a system that allows each workplace to use the leave systems smoothly.

**Distribution of Career Design Books**

To support the career design of each and every employee, the Group posts "Career Design Books" on the internal portal site, making them available to all employees. These books compile information on a variety of career paths and positions, various personnel systems and education/training programs, and welfare and other systems.

**Return to work guideline**

The Group has established guidelines for department managers so that employees can take child care leave and return to work smoothly. These guidelines encourage appropriate consideration to make it easy for employees to use the system according to their physical condition and individual circumstances. They also promote understanding among other employees, and describe how to distribute work according to the situation and how to provide training as a role model. They go on to describe how to give fair and impartial evaluations and feedback to employees with various circumstances, such as those who will use the system and those who have returned to work. Through training and other measures managers can remain informed and educated.

In addition, the Group has distributed a list of the various work-life balance systems to managers as "Work-life balance systems for balancing work and child care/nursing care that managers need to know about."

### Education for managers

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

Furthermore, for the purpose of improving management ability and the productivity of the entire Group, subordinate employees and related departments evaluate the work and behavior of managers in their daily work, and the results are fed back to the individual. In this way, a "360-degree evaluation" is conducted for all management including executives, department managers, and section managers. As part of these evaluations, the status of diversity efforts is also evaluated, and the results are incorporated into the manager's evaluation.

### Self-reporting system

The Group has implemented a "self-reporting system" as an opportunity for managers to think about their future goals and career development. Managers share their hopes and goals with their superiors and interviews are held to support their career advancement as managers.

### Career Consulting Salon

The Group set up a "Career Consulting Salon" on the work-life balance promotion site (inside the Daiwa WLB station) for employees only, and female executives and female department managers act as "career advisors" to discuss career paths and work-life balance with junior employees across divisions and departments.

### Expanded support for balancing work and nursing care

The Group is helping employees balance their work and nursing care in various ways. To further improve the environment in which employees with abundant experience and a high degree of specialization can continue to work actively without feeling anxious about future nursing care, the Group established a nursing care leave system that exceeds the legal requirements (up to 1095 days, can be acquired in four periods) and introduced a work-from-home system for all departments including sales departments. Further, following consultations with employees who are providing nursing care and their families, the Group introduced a Nursing Care Concierge Service that can provide various solutions. Moreover, in conjunction with "Nursing Care Day" on November 11th, the Group held study sessions at all branches entitled "Responding to an Aging Society and Balancing Work and Family Care," to raise employee awareness and foster a corporate culture that makes it easy to use the systems.

## Trend in Number of women in managerial positions

Since the establishment of the "Women's Advancement Promotion Team" in 2005, the Group has continued to make various efforts with the aim of supporting women's advancement and realizing "work-life balance" for employees, while establishing various support systems for work-life balance that exceed legal requirements. As a result of our efforts so far, the number of female managers has five-fold compared to before the introduction of the measures.

The Group operates a fair treatment and evaluation system that encourages all employees, from young people, mid-level employees, and experienced employees, regardless of their years of employment, to work hard at a higher stage and in a position of greater responsibility. Also, based on the belief that promoting appointments based on fair evaluations and creating an environment in which diverse human resources can maximize their abilities will lead to an increase in corporate value, even during child care leave,

employees are evaluated correctly based on their achievements up to that point and are eligible for promotion. The Group has created an environment in which employees can aim for career advancement even as they experience life events.

As a result of various efforts, the number of role models has increased, and the number of female employees in positions just below management positions has doubled since 2005.

Furthermore, the Group is appointing future candidates for executives regardless of gender at an early stage, and is working to develop candidates for management executive positions through selective management training.

## Daiwa Securities Group

	2006 As of March 31	2016 As of March 31	2017 As of March 31	2018 As of March 31	2019 As of March 31	2020 As of March 31
Number of women in managerial positions (Consolidated)	97	316	375	424	490	562
Ratio of female managers	2.7%	7.5%	8.8%	9.4%	10.5%	11.9%

## Daiwa Securities Co. Ltd.

In terms of the ratio of female managers, the Group is continuing various initiatives with the goal of increasing the ratio to 15% or more by 2020, which is more than five times the level in fiscal 2005 when the Group began its concerted efforts for women's advancement.

The ratio of women who have a position at or above the level of manager is 9.7% (45/462), and the ratio of women at the level of section manager is 13.9% (401/2,881) (as of March 31, 2020).

	2006 As of March 31	2016 As of March 31	2017 As of March 31	2018 As of March 31	2019 As of March 31	2020 As of March 31
Number of women in managerial positions (Consolidated)	77	239	295	329	378	432
Ratio of female managers	2.8%	9.8%	10.6%	11.6%	12.9%	14.5%

\* Deputy managers and above are counted as managers

	FY2015	FY2016	FY2017	FY2018	FY2019
Number of new female managers (Daiwa Securities)	45	62	40	61	64
Ratio of women among new managers	27.1%	32.3%	24.4%	26.2%	26.8%

## Child care/nursing care-related

With the goal of supporting the spouse's child care and smooth return to work, and supporting the further advancement of women, the Group is advancing efforts to achieve a 100% rate for men taking child care leave by 2020.

### ○Trend in the number of employees taking child care leave

	FY2015	FY2016	FY2017	FY2018	FY2019
Female	640	671	695	696	680
Male	250	327	437	420	378
Total	890	998	1,132	1,116	1,058

### ○Trend in the number of employees taking nursing care leave

	FY2015	FY2016	FY2017	FY2018	FY2019
Female	4	0	2	5	10
Male	2	2	3	3	3

### ○Other data

		FY2015	FY2016	FY2017	FY2018	FY2019
Childcare leave usage rate	Female	100.0%	100.0%	100.0%	100.0%	100.0%
	Male	73.1%	96.8%	100.0%	100.0%	100.0%
Return rate from child care leave	Female	92.5%	91.5%	89.5%	91.4%	91.9%
	Male	100.0%	100.0%	100.0%	100.0%	99.0%
Employment rate when a female employee's child is 1 year old		100.0%	100.0%	100.0%	100.0%	100.0%
Short working hours system users		249	324	373	446	505
Daycare subsidy users		505	625	702	759	583
Birth gifts for third child		33	31	54	45	28

## Promotion of WLB

With the goal of "realizing a high degree of work-life balance", the Group is making efforts to promote work-life balance, aiming to pursue work styles in which work and life are in harmony, and to enhance the work environment where both men and women can work in various ways.

The Work-Life Balance Committee, which is chaired by the Chairman of the Board and the President and CEO, is held every quarter, and under strong leadership, officers and employees working in various positions at various departments, from executives and department managers to young employees, participate in a wide range of discussions on various measures such as work-life balance and promotion of women's advancement. The Group has also set up a Work-Life Balance Promotion Office in the Human Resources Department to plan, make proposals, and promote work-life balance and support for women's advancement. In addition, the Group has set up a Women's Advancement Promotion Team, in which women from each division participate in a cross-divisional manner and make suggestions for improvements to support women's advancement. The Work-Life Balance Committee, the Work-Life Balance



Promotion Office, and the Women's Advancement Promotion Team are working together to implement various measures, and hold regular cross-Group women's advancement promotion meetings in order to progress efforts across the Group.

### Expanding the Telecommuting System

In March 2020, the Group expanded the telecommuting system, including working from home, in order to realize various work styles according to a variety of life stages and improve the productivity of the company as a whole. We distributed a two-in-one terminals to all employees, introducing a full-scale teleworking system for all employees. This has enabled us to work in the same environment as going to the office, even during the current COVID-19, helping to protect the safety of employees and their families.

### Implementation Smart Biz year-round

Since April 2020, the Group has been implementing the "Smart Biz (Work Without a Tie)" program as a year-round initiative even outside the "Cool Biz" period. The initiative is aimed at further promoting innovative ideas through the invigoration of workplace communication and physical and mental refreshment.

### Enforcement of leaving the office before 7 p.m.

Since 2007, the Group started to encourage employees to leave the office before 7 p.m., with the goal of achieving a 100% implementation rate in all divisions. In this way we are promoting the efficient work of employees within a limited time. Furthermore, the Group has developed guidelines for work and meetings where multiple departments collaborate. The Work-Life Balance Committee regularly verifies the implementation status of leaving the company before 7 p.m. Since 2015, the Group has been expanding investment in human resource development by capitalizing on the results of productivity improvements. In addition, in 2017 and 2018, the Group provided a "special allowance for work-life balance and work style reform," and in 2019 provided a "special allowance for productivity improvement." Lump sum payments, funded by the results of productivity improvement, were paid to employees separately from their bonuses. Further, the Group operates an "hourly leave system" that allows employees to take annual leave in units of one hour, which enables flexible work styles. The Group has also set up a "shift work system" according to the business situation of each department.

### Promotion of taking annual leave

The Group promotes "taking planned annual leave" for the purpose of improving productivity and work efficiency by refreshing the mind and body and bringing out new vitality. With the goal of increasing the rate of taking annual leave to 70% by 2020, as part of its efforts, the Group introduced a System Usage Calendar and set up kids' ceremony vacations, family day vacations, parents' longevity vacations, long service thanks vacations, and marriage preparation vacations.

### Family Workplace Visits

Since 2008, the Group been carrying out "Family Workplace Visits" in which we thank the families who support our employees every day and invite them to the workplace. Held at head offices nationwide, these events are popular with employees and their families. In 2019, about 6,500 families participated.

Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our StakeholdersEnvironmental  
Initiatives

Others



### Daiwa WLB Station

A work-life balance promotion site exclusively for employees, which introduces the child care and nursing care systems and features content on the subjects of self-improvement and health. It can be viewed from home while on leave, and the bulletin board is used as a communication tool for employees. In addition, the Group has set up a "Career Consulting Salon" that utilizes the bulletin board function, and female executives and female managers give advice to junior female employees about their concerns and questions.



Work-life balance promotion site  
"Daiwa WLB Station"

### Questionnaire about work-life balance

The Group regularly conducts a questionnaire on work-life balance and balancing work and child care/nursing care for all employees, and strives to understand the usage status and requests about the systems to create an environment in which all employees can work more comfortably.

### Use of Group newsletter/Group satellite broadcasting

In every issue of the bi-monthly Group newsletter, there is a regular feature on "Everyone's Work-Life Balance Open Space," which introduces the Group's initiatives and systems for work-life balance, and role models that are active in various careers. In addition, the Group facilitates the sharing of best practices in each department via Group satellite broadcasting.

## Initiative results/evaluation

### External evaluations of initiatives

Results from the Group's efforts to support women's advancement and promote work-life balance have been steadily realized, and the Group has been highly praised by many external evaluation organizations in recent years.

2006	<ul style="list-style-type: none"> <li>Award for Companies That Promote Equality and Work-Life Balance Equality Promotion Company Division "Director General of Tokyo Labour Bureau Excellence Award" (sponsor: Ministry of Health, Labour and Welfare)</li> </ul>
2009	<ul style="list-style-type: none"> <li>Award for Companies That Promote Equality and Work-Life Balance Equality Promotion</li> </ul>

2009	<p>Company Division "Minister of Health, Labour and Welfare Excellence Award" (sponsor: Ministry of Health, Labour and Welfare)</p> <ul style="list-style-type: none"> <li>• The 3rd Work-Life Balance Grand Prize "Excellence Award" in the Organizational Activity Division (Sponsor: Japan Productivity Center)</li> <li>• The 4th "Nikkei Child Care Support Grand Prize" (sponsor: Nihon Keizai Shimbun)</li> </ul>
2010	<ul style="list-style-type: none"> <li>• The 3rd Diversity Management Award "Work-Life Balance Award" (sponsor: Toyo Keizai Inc.)</li> </ul>
2011	<ul style="list-style-type: none"> <li>• 3rd overall in "BEST 100 Companies in Which Women Play an Active Role" 1st in Utilization of Women category (sponsor: Nikkei WOMAN)</li> </ul>
2012	<ul style="list-style-type: none"> <li>• Award for Companies That Promote Equality and Work-Life Balance Family Friendly Division "Director General of Tokyo Labour Bureau Excellence Award" (sponsor: Ministry of Health, Labour and Welfare)</li> </ul>
2013	<ul style="list-style-type: none"> <li>• Career Supporting Company Award 2013 "Minister of Health, Labour and Welfare Award" (sponsor: Ministry of Health, Labour and Welfare)</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Selected for "Diversity Management Companies 100 Selection" (sponsor: Ministry of Economy, Trade and Industry)</li> </ul>
2015	<ul style="list-style-type: none"> <li>• Selected for FY2014 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> <li>• Selected for "Health &amp; Productivity Stock Selection" in FY2014 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> </ul>
2016	<ul style="list-style-type: none"> <li>• Selected for FY2015 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> <li>• Selected for "Health &amp; Productivity Stock Selection" in FY2015 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> <li>• "BEST 100 Companies in Which Women Play an Active Role" 1st place for Promotion of Women's Advancement 5th place for Diversity Penetration (sponsor: Nikkei WOMAN)</li> <li>• Ikumen Company Award 2016 "Special Encouragement Award" (sponsor: Ministry of Health, Labour and Welfare)</li> <li>• 7th place for "Companies That Facilitate Easy Parenting 2016" (sponsor: Nikkei DUAL)</li> <li>• Award for Companies That Promote Equality and Work-Life Balance Family Friendly Division "Minister of Health, Labour and Welfare Excellence Award" (sponsor: Ministry of Health, Labour and Welfare)</li> <li>• Award for Advanced Companies Where Women Can Shine "Minister of State for Special Missions (Gender Equality) Award" (sponsor: Cabinet Office)</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Selected for FY2016 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> <li>• Selected for "Health &amp; Productivity Stock Selection" in FY2016 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> </ul>
2018	<ul style="list-style-type: none"> <li>• Selected for FY2017 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> <li>• Selected for "Health &amp; Productivity Stock Selection" in FY2017 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Selected for FY2018 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry,</li> </ul>

2019	<p>Tokyo Stock Exchange)</p> <ul style="list-style-type: none"> <li>Selected for "Health &amp; Productivity Stock Selection" in FY2018 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> <li>2nd place for "Companies That Facilitate Easy Parenting 2019" (sponsor: Nikkei DUAL)</li> </ul>
2020	<ul style="list-style-type: none"> <li>Selected for FY2019 "Nadeshiko Brand" (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> <li>Selected for "Health &amp; Productivity Stock Selection" in FY2019 (sponsor: Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)</li> <li>3rd place for "Companies That Facilitate Easy Parenting 2020" (sponsor: Nikkei DUAL)</li> </ul>

### 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 six consecutive years from fiscal 2014 as a listed company that excels in promoting women's advancement.

The Group was commended for setting clear goals regarding the promotion of women's advancement and work-life balance and promoting an environment where personnel with diverse values can maximize their abilities.



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

On December 18, 2015, Takashi Hibino, Chairman of the Board, endorsed the Declaration on Action of the "Group of Male Leaders Who Will Create "A Society in which Women Shine"" which is led by the Gender Equality Bureau of the Cabinet Office

Under this activity, male leaders of companies actively engaged in promoting women's advancement shared a Declaration on Action in order to maximize the abilities that women can have, and expanded the circle of support.




## Formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace

The Daiwa Securities Group has been making various efforts to support women's advancement, and Daiwa Securities formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace in April 2016. Through this effort, the Group will further accelerate the creation of an environment in which personnel with diverse values can maximize their abilities.

[A general business owner action plan was formulated and submitted on April 1, 2016]

➤ Daiwa Securities Action Plan [PDF: 89.6 KB] 

[Press Release]

➤ "Setting Goals for Promoting Women's Advancement and Approval to the Cabinet Office of "Meeting of Male Leaders to Accelerate the Success of Women"" [PDF: 103 KB] 

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

In recognition of this initiative, as of June 9, 2008, the Daiwa Securities Group Inc. received the "Child Care Support Authorized Company Mark" (known as "Kurumin") from the Ministry of Health, Labour and Welfare as a "company actively working on support for the development of the next generation" based on the Act for Measures to Support the Development of the Next Generation.

Furthermore, on March 11, 2016, Daiwa Securities received the "Platinum Kurumin Certification" as an excellent "parenting support company" that is working at a higher standard than companies that acquired "Kurumin."

[A general business owner action plan was formulated and submitted on November 1, 2015]

➤ Daiwa Securities Action Plan [PDF: 256KB] 



## Received the symbol mark (known as "Tomonin") from the Ministry of Health, Labour and Welfare for promoting the development of a "work environment that ensures a balance of work and nursing care"!

The Group is continuously working to create a workplace environment that makes it easy to use the work-life balance support systems so that employees can continue to work while balancing work and nursing care.

The Group received the symbol mark (known as "Tomonin") from the Ministry of Health, Labour and Welfare for promoting the development of a "work environment that ensures a balance of work and nursing care"





## Health Management

Daiwa Securities Group is actively working to maintain and promote the health of its employees from a business perspective. Our efforts have been highly praised by society. For example the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange have jointly selected Daiwa Securities Group as "Health & Productivity Stock Selection" for six consecutive years as an excellent listed company in terms of employee health initiatives. We have also been certified as an "Excellent Health and Productivity Enterprise (White 500)" for four consecutive years.

In promoting health management, we have established various KPIs, including the percentage of overweight employees, the percentage of employees who regularly exercise, the percentage of employees seeing doctors after receiving problematic results in health checkups, and presenteeism. We have also set targets, which include, for example, reducing the obesity rate at age 35 by 30% by 2024, and we implement a PDCA cycle.

The Group's Corporate Principles include "placing importance on personnel." Based on the idea that the source of the Group's competitiveness lies in the capabilities of its employees, we believe that both the wellbeing of our employees and improvement in the company's productivity must be achieved. We are also seeking to create an environment in which employees feel motivated to work actively over the long term and we are working strategically to maintain and improve the health of our employees.

We started our initiatives to improve employees' health in earnest in 2008, when specific health checkups and specific counseling guidance were initiated at worksites, through close collaboration between the Human Resources Department, the Health Insurance Society, and industrial as well as occupational health staff.

In 2015, to further reinforce the Group's structure to promote health management, we appointed a Chief Health Officer (CHO) and established the Health Management Promotion Section within the Human Resources Department.

In addition, we began publishing a white paper on health and launched the CHO-sponsored Health Management Promotion Meetings, which are held quarterly across the Group to recognize issues, evaluate efforts, make improvements, and implement a PDCA cycle for health management.

Currently, we are implementing measures such as the "KA-RA-DA iki-iki Project" aimed at improving health awareness; the "Ganbaru Support - Cancer Working Support Plan-" to support both work and cancer treatment; the "Daiwa ELLE Plan" that provides comprehensive support for women's health; a health checkup plan that integrates various types of checkups, and online health consultation by doctors.

Going forward, we will continue to work on health management at an even higher level in order to improve employee productivity and continue to demonstrate high performance as an organization.



\* "Health Management" (in Japanese) is a registered trademark of NPO Kenkokeiei

- "Health & Productivity Stock Selection" refers to an initiative that aims to promote "health management" efforts. Listed companies on the Tokyo Stock Exchange that practice outstanding "health management" are selected as "leading companies" and are introduced as being attractive to investors who place importance on increasing corporate value from a long-term perspective.
- "Excellent Health and Productivity Enterprise (White 500) " recognizes corporations that are practicing excellent health management based on the health promotion efforts promoted by Nippon Kenko Kaigi (a health promotion organization) in collaboration with insurers.

## History so far

	Main achievements	External Evaluations
FY2008	<ul style="list-style-type: none"> <li>• Started specific counseling guidance (metabolic syndrome guidance)</li> <li>• The Human Resources Department, General Health Development Center, and Human Resources Department started working together to promote health</li> </ul>	
FY2009	<ul style="list-style-type: none"> <li>• Introduced a system for checking past health checkup results and various health information online</li> <li>• Started following-up with persons with possible medical issues with the "yellow paper" system</li> </ul>	
FY2010	Started walking and quit smoking challenges	
FY2011	Started "Eating to 80% full" (Harahachi) campaign	
FY2012	Started Red Case Support Program (for severely ill persons)	
FY2013		Received the Minister of Health, Labour and Welfare "Extending Healthy Life Expectancy Award"
FY2014	Our Group's efforts were published in the "Minister of Health, Labour and Welfare White Paper"	Selected as "Health Management & Productivity Stock Selection"

	Main achievements	External Evaluations
FY2015	<ul style="list-style-type: none"> <li>Started point incentive *</li> <li>* 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</li> <li>Appointed Human Resources Officer of Daiwa Securities Group Inc. to "Chief Health Officer (CHO)"</li> <li>Implementation of "Promote Health Management Meetings"</li> <li>Established "Health Management Promotion Section" in the Human Resources Department of Daiwa Securities Group Inc.</li> <li>Issued "Daiwa Securities Group White Book on Health"</li> </ul>	<p>Selected as "Health &amp; Productivity Stock Selection 2016"</p> <p>➤ Press Release [PDF: 114 KB] </p>
FY2016	<p>KA-RA-DA iki-iki Project Introduction</p> <p>➤ Press Release [PDF: 91KB] </p>	<ul style="list-style-type: none"> <li>Selected as "Health &amp; Productivity Stock Selection 2017" and "Excellent Health and Productivity Enterprise 2017 (White 500)"</li> <li>➤ Press Release [PDF: 99KB] </li> <li>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</li> <li>➤ Press Release [PDF: 80KB] </li> </ul>
FY2017	<p>Introduced Employment Support Plan for Employees with Cancer</p> <p>➤ Press Release [PDF: 121KB] </p>	<ul style="list-style-type: none"> <li>Selected as "Health &amp; Productivity Stock Selection 2018" and "Excellent Health and Productivity Enterprise 2018 (White 500)"</li> <li>➤ Press Release [PDF: 141KB] </li> <li>Received the Tokyo Metropolitan Government "Company Award for Excellent Initiatives for Balancing Treatment of Cancer Patients and Work"</li> <li>➤ Press Release [PDF: 78KB] </li> </ul>
FY2018	<p>Introduced Daiwa ELLE Plan</p> <p>➤ Press Release [PDF: 191KB] </p>	<p>Selected as "Health &amp; Productivity Stock Selection 2019" and "Excellent Health and Productivity Enterprise 2019 (White 500)"</p> <p>➤ Press Release [PDF: 98KB] </p>

Our strategy for achieving SDGs	Initiatives through Business Activities	Initiatives for Supporting Business Activities	Initiatives with Our Stakeholders	Environmental Initiatives	Others
	Main achievements	External Evaluations			
FY2019	<ul style="list-style-type: none"> <li>Introduced a new health checkup plan (a system that allows people to have a cancer checkup together with their regular health checkup, specific counseling guidance using ICT, online health consultation by a doctor)</li> <li>Started health promotion measures for young customers (fitness app, counseling guidance for people in their 20s and 30s)</li> </ul>	Selected as "Health & Productivity Stock Selection 2020" and "Excellent Health and Productivity Enterprise (White 500)" > Press Release [PDF: 113KB] <a href="#">📄</a>			

## Structure to Promote

### Appointment of Chief Health Officer (CHO)

In 2008, when specific health checkups and specific counseling guidance were started at the workplace, the Human Resources Department, Human Resources Department, and occupational health staff began to work in earnest to strengthen employees' health in the Group. Then, in 2015, a Chief Health Officer (CHO) was appointed to strengthen the health management promotion system, and the Health Management Promotion Section was established within the Human Resources Department.

### Held "Health Management Promotion Meetings" sponsored by CHO

In addition, the "Health Management Promotion Meetings," which are sponsored by the CHO and attended by executives from each Group company, are held quarterly. Occupational health staff, Health Insurance Society, employee unions, and outside experts participate in the meetings to verify and share health management initiatives.

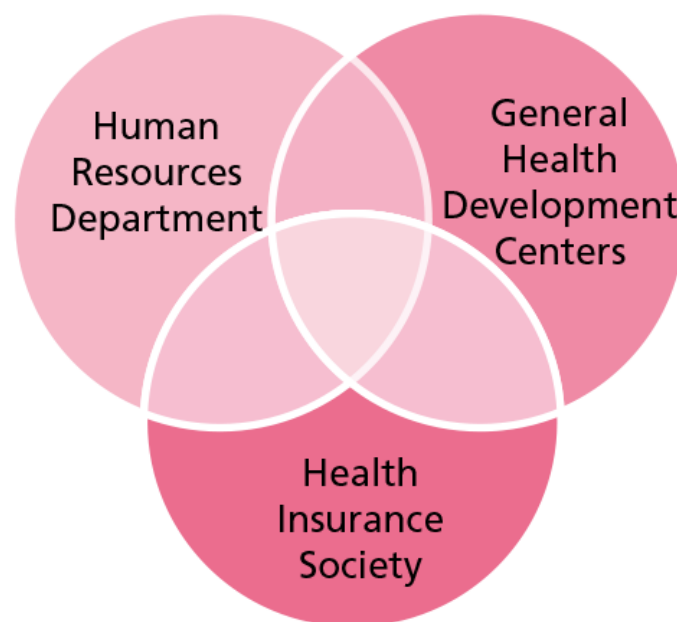


Promote Health Management Meetings



## Three-Part system

In fiscal 2008, we established the Three-Part system through cooperation by the Human Resources Department, the General Health Development Center, and the Health Insurance Society from the perspective of the company's obligation to give consideration to safety and promote health among insured persons, with the aim of enhancing the viability of our health business.



## Initiatives

Regular health checkup	
Comprehensive medical examination	Supported by the Health Insurance Society for people aged 35 and older
Breast cancer and cervical cancer examinations	For women under age 35. Supported by the Health Insurance Society
Employment Support Plan for Employees with Cancer	Support for balancing work and cancer treatment
Daiwa ELLE Plan	Comprehensive support for women's health
"yellow paper"	Sent to employees who have a possible medical issue following the regular health checkup. Promotion of medical institution consultation
KA-RA-DA iki-iki Project ~Healthy Lifestyle~	A project aimed at raising the health awareness of all employees, including those who are indifferent to health (young customers, etc.). We introduced a system whereby employees are awarded points for taking part in health promotion events that can be exchanged for gifts such as health-related goods, healthy beverages, and donations to TABLE FOR TWO
Smoking cessation support	Quit smoking program and quit smoking challenge where applicants take part in groups
Walking challenge program (point incentive)	Participants join a group with the goal of walking 10,000 steps a day for three months. Gifts are awarded by the Health Insurance Society
Harahachi program to promote moderate meal portions (point incentive)	Participants join a group with the goal of eating to 80% full for one month
Lectures on health literacy (point incentive)	Participants learn about lifestyle diseases, exercise, nutrition and mental health to improve their health literacy
Disseminating information to all Group employees	Disseminate information from the General Health Development Center to all Group employees via the company intranet



Disseminating information to all Group employees	Provide a wide range of knowledge on measures to combat lifestyle-related diseases, cancer, hay fever, infectious diseases, and women's health problems
Influenza vaccination	The medical office provides influenza vaccinations. The Health Insurance Society provides subsidies, including for family members
White Book on Health	Issued "Daiwa Securities Group White Book on Health"
Mental health support	Stress check, mental health consultation, mental health training

## Employment Support Plan for Employees with Cancer

Since 2017, we have introduced the Employment support plan for employees with cancer, a support system for balancing work and cancer treatment. In addition to flexible working systems such as short working hours and telecommuting, we provide financial support and have set up a helpdesk. We are also striving to create workplaces that make it easy to work by deepening understanding of cancer patients.

Medical examination/ Health checkups	Leave/Unpaid leave—Operation/ Hospitalization	Return to work—Balancing work and cancer treatment
<ul style="list-style-type: none"> <li>Comprehensive medical examination (cancer screening) (employees aged 35 years or older)</li> <li>Breast cancer and cervical cancer exams (Female employees aged younger than 35 years)</li> <li>Options for employees of specific ages (Employees aged 50, 55, and 60 years)</li> <li>Recommendation for receiving further testing after Comprehensive medical examination</li> <li>Gastric cancer risk screening/Hepatitis virus screening</li> </ul>	<ul style="list-style-type: none"> <li>Annual leave</li> <li>Life support paid leave</li> <li>Unpaid leave</li> </ul>	<ul style="list-style-type: none"> <li>Short working hours system</li> <li>Restricted overtime work</li> <li>Exemption from overtime work</li> <li>Treatment support time</li> <li>Annual leave by the hour</li> <li>The telecommuting system</li> <li>Appearance support (subsidizing the cost of wigs and artificial breasts, etc.)</li> </ul>
<b>Consultation service</b> <ul style="list-style-type: none"> <li>Telephone consultation service for mental health</li> <li>Consultation for support in balancing work and cancer treatment (Health Consultation Services at General Health Development Centers)</li> </ul>		
<b>Financial support</b> <ul style="list-style-type: none"> <li>Medical expenses loans</li> <li>Loans for advanced medical care expenses</li> </ul>		
<b>Fostering supportive environments</b> <ul style="list-style-type: none"> <li>Declaration and dissemination of our basic policy regarding support for cancer patients</li> <li>Raising awareness among employees, through training, on coping with both work and cancer treatment</li> </ul>		

## Daiwa ELLE Plan

In October 2018 we introduced the "Daiwa ELLE Plan" as a comprehensive support system for women's health issues. We provided support for women's menopause, established of ELLE leave (leave for menstrual/menopausal conditions or infertility treatment), improved employee health literacy, and enhanced support for balancing work and infertility treatment. In order to support the balance between work and infertility treatment, in addition to ensuring that women have time for treatment, we newly established a subsidy system for specific types of infertility treatment.

	Employees in their 20s	Employees in their 30s	Employees in their 40s	Employees in their 50s	Employees in their 60s
<b>Checkups</b>	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 employees of specific ages (50, 55, and 60 years)
<b>Pregnancy and childbirth</b>	Maternal health management, childcare leave				
<b>Leave</b>	ELLE leave Annual paid vacation, Annual leave by the hour, Life support paid leave (to be available in half-day increments), Unpaid leave				
<b>Improvement of health literacy</b>	Dissemination of information on women's health Implementation of training on health by doctors and health nurses (carried out in training for new employees and on other occasions) "Strengthen Team Power—What Supervisors Should Know about Subordinates' Health" (for all employees in managerial positions) KA-RA-DA iki-iki Project "Kokokara Beauty—Health Lecture for Working Women"				
<b>Consultation service</b>	Gynecological consultation by General Health Development Centers Telephone consultation services for mental health				
<b>Support for balancing work and treatment</b>	Support for balancing work and infertility treatment <ul style="list-style-type: none"> <li>ELLE leave</li> <li>The telecommuting system</li> <li>Life support paid leave</li> <li>Specific infertility treatment subsidy program</li> <li>Medical expense loans from the Mutual Aid Society</li> <li>Training for employees in managerial positions and lectures on health literacy for women</li> <li>Consultation service</li> </ul> Employment support plan for employees with cancer, a support system for balancing work and cancer treatment				

## KA-RA-DA iki-iki Project

Since 2016, the Human Resources Department, Health Insurance Society, and General Health Development Center have worked together to introduce the "KA-RA-DA iki-iki Project" targeting all employees, including young employees who have less interest in health, with the aim of further improving health awareness.

When an employee participates in a health promotion event, they receive "SDGs points," which are converted into money and donated by the company to TABLE FOR TWO. The "Kara-Iki points" collected from participating in events can be donated to social contribution activities or exchanged for health related prizes, so that employees' health efforts help to contribute to society.

## Events

- 10 minutes per day of physical activity (Plus 10)
- No alcohol challenge program
- Breakfast Everyday
- Diet recording
- Stop eating between meals
- KA-RA-DA iki-iki seminars
- Harahachi program to promote moderate meal portions
- Walking challenge program
- Smoking cessation challenge program



Staff taking part in KA-RA-DA iki-iki Project



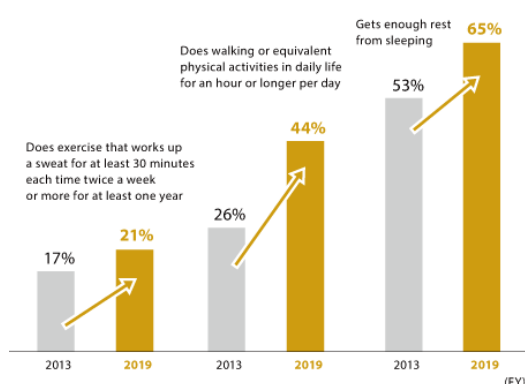
## Initiatives for Mental Health

The Human Resources Department, the General Health Development Centers, and the Health Insurance Society work together to provide detailed advice to employees seeking consultations about their concerns, mental health problems, anxiety, stress, etc., while helping them to manage their mental health. Highly-specialized counseling is also conducted by collaboration between a psychiatrist and a certified clinical psychologist.

## Results of initiative

The number of employees with a healthy lifestyle has increased.

## Indicators to be increased



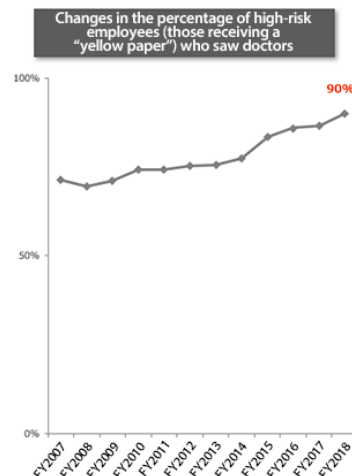
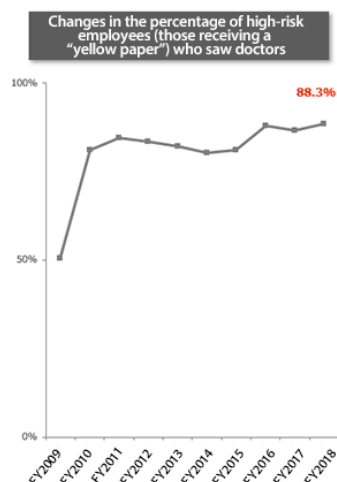
## Indicators to be decreased



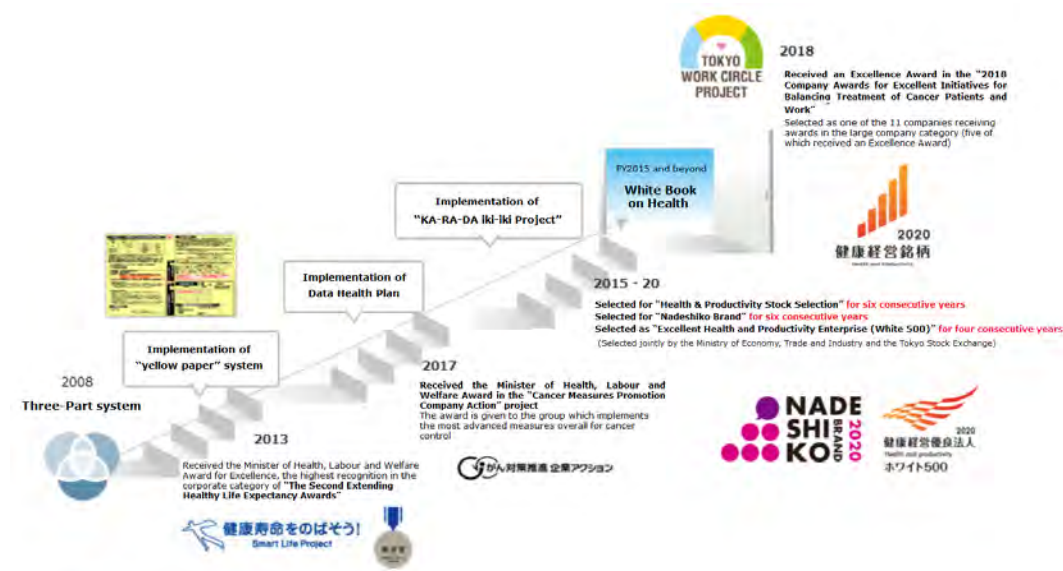
Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our StakeholdersEnvironmental  
Initiatives

Others

We were able to confirm a heightened level of employee health awareness.



## External Evaluations



## Other related data

Percentage of obese employees	35-year-old obesity rate Male: 24.8% Female: 7.6%
Non-smoking rate	77.2%
Percentage of employees who took the stress check	92.5%
Work Motivation Survey	Work 3.2 Organization 3.2 Colleagues 3.2 Growth and career advancement 3.2 Remuneration 3.1
Number of women in managerial positions	565
Ratio of women in managerial positions	2.2% [March 2005] → 11.5% [End of June 2019] (Daiwa Securities 2.3% → 14.0%)
Rate of participation in regular health checkups:	almost 100%

Rate of participation in thorough medical examinations, which are voluntary screenings (mainly cancer screenings for employees aged 35 years or older)	FY2017: 87% FY2018: 90%
Percentage of employees who regularly exercise:	21%
Proportion of those seeing doctors after regular employee health checkups with problematic results in such checkups:	88.3%

## Health issues

(Excerpt from White Book on Health)

The proportion of obese people is increasing as a whole. Since the number of obese people tends to increase with age, it is necessary to raise awareness of health from a young age. Especially for young people, there is a problem with lifestyle habits, such as an increase in the percentage of both men and women who do not eat breakfast. In addition to measures against obesity, it is necessary to take measures that will lead to awareness about establishing a healthy lifestyle from the start of employment.

In addition, the number of both men and women with blood pressure for which medical examination is recommended is increasing. Furthermore, a high percentage of employees with this level of blood pressure remain at the same level the next year and the year after. Therefore, it is necessary to take prompt measures to support employees who are at or above the blood pressure level for which medical examination is recommended.

### Goals for improvement initiative

Focus on obesity control and hypertension control, continue to provide thorough counseling guidance to each risk group, and encourage them to participate in the "KA-RA-DA iki-iki Project" to make them aware of their lifestyle habits.

In order to ensure that young people have awareness of health from an early stage, implement new health events using ICT to increase the participation rate. Provide counseling guidance to employees who are obese and enhance opportunities to obtain knowledge and information on health.

### Goals

- Reduce obesity rate at age 35 by 30% by 2024
- [Target] Obesity rate for 35-year-olds in FY2024 Male: 20%, Female: 8%

## Communication with Employees

We believe that good communication with employees is vital for a better workplace environment. We have thus implemented a semiannual self-assessment system whereby employees can communicate their career plans to their superiors and the Human Resources Department. Under the system, employees can also communicate to the Human Resources Department not only their career visions but also their thoughts on the duties they assume, personnel and training systems, the workplace environment, and other matters. Daiwa Securities Group uses such feedback to develop an environment that enables employees to work with a high level of motivation.

To give feedback on assessment results, we conduct interviews with department and sales branch heads twice a year, thereby sharing future goals and career development with them and providing appropriate guidance and advice to each employee.

We also regularly conduct surveys on work-life balance for all employees. We incorporate employees' feedback, and have introduced the Nursing Care Concierge Service to remove employees' concerns about nursing care. We have also introduced a support desk for employees looking for nursery schools to ensure that those on leave can have a smooth return to work, while expanding a program for subsidizing expenses for day care and after-school child care for employees with children up to the third grade in elementary school. Moreover, we conduct interviews with employees returning from childcare leave after a certain time has passed in an effort to resolve any worries they may have.

These inputs from employees help us to identify areas for improvement in our systems and initiatives and to create a better workplace environment.

### Work Motivation Survey

In August 2018, we introduced a Work Motivation Survey as a monitoring indicator. It is designed to raise employees' motivation to work through challenges for higher value-added operations and contribute to customers and society, thereby achieving a virtuous cycle of improved employee and customer satisfaction. Based on assessed results, we identify factors leading to increases in employees' motivation and use such factors for various measures.

## Communication among Employees

In October 2007, Daiwa Securities introduced a program for supporting club activities. This program was created to help employees enjoy their time off and deepen their friendships with colleagues, building more opportunities for sharing a sense of camaraderie and solidarity. It is also intended to support work-life balance and facilitate a fuller social life for employees. The program was expanded and enhanced in FY2009. Under this program, employee groups that meet certain conditions are recognized as Daiwa Clubs or Daiwa Circles, which receive subsidies to cover some of their activity costs.

As of March 2020, 20 clubs and five circles were active across the Group.



## Relationship with Employee Unions

Under various 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.

## Initiatives for Families

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

## Active Use of In-House Magazine

Daiwa Securities Group issues an in-house magazine, "Fuji," whose history dates back to 1925, when one of the company's predecessors, Fujimoto Bill Broker Bank, commenced its publication. The content covers a broad scope from the basic management policy, a message from top management, specific SDGs initiatives (includes ESG and improvement of environmental awareness), information from Group companies, introduction of awardees through our awards system, introduction of family day, explanation of our welfare and human resources system, human rights issues, to our internal whistle-blowing system (framework and status of usage). By including information that traverses the Group, our intention in producing the magazine is not only to engender communication among company employees but also to further the Group culture, the sense of connectedness and exchange of knowledge. At present, 20,000 copies of the bi-monthly magazine are distributed among Group executives, employees and retirees. In addition, the magazine is also posted on the work-life balance promotion website for employees, making it viewable to company employees who are currently involved in child rearing, nursing family members or are on leave from work.

## Activities to support Communities through Our Foundations

Daiwa Securities Group proactively works on social contribution activities through public interest incorporated foundations and funds to realize a prosperous society.

### Daiwa Securities Health Foundation



➤ For details on Daiwa Securities Health Foundation, click [here](#)

In 1972, Daiwa Securities Health Foundation was established in commemoration of Daiwa Securities' 30th anniversary. It has changed its grant targets in line with the times. It currently targets research projects on medicine and medical care for diseases specific to middle-aged and elderly people, as well as projects on preventing the elderly from becoming bedridden, rehabilitation, home-based medical care and nursing care, with grants provided mainly to support young researchers. In FY2019 (its 46th year of support), the Foundation awarded a total of ¥30.6 million to 33 recipients. In addition to the grants, it strives to contribute to local communities through issuing reports on research results, hosting various seminars, and other activities.



Presentation ceremony at Daiwa Securities Health Foundation (Head Office)

### Daiwa Securities Health Foundation's cumulative grants awarded through FY2019

Number of recipients	1,288 people
Total amount of grants	¥1,268.5 million

## Daiwa Securities Foundation



➤ For details on Daiwa Securities Foundation, click [here](#)

In 1994, Daiwa Securities Foundation was launched as part of commemorative activities for the 50th anniversary of the establishment of Daiwa Securities. It has provided grants to activities for supporting the elderly, children with disabilities, and children, and other volunteer work with great social significance, as well as disaster relief efforts for victims of large-scale natural disasters such as those from earthquakes and torrential rain. In FY2018, the Foundation expanded its scope of support by adding activities for supporting children living in poverty or other harsh environments to its grant targets. In FY2019 (its 26th year of support the second year of grants for children), the Foundation awarded a total of ¥47.76 million to 184 organizations.



Presentation ceremony at Daiwa Securities Foundation (Nagoya Branch)

## Daiwa Securities Foundation's cumulative grants awarded through FY2019

Volunteer Activities Grants	<ul style="list-style-type: none"> <li>Number of projects receiving grants : 3,674 projects</li> <li>Total amount of grants : ¥856.46 million</li> </ul>
Grants to volunteer work for disaster recovery (the Great East Japan Earthquake)	<ul style="list-style-type: none"> <li>Number of projects receiving grants : 258 projects</li> <li>Total amount of grants : ¥104.66 million</li> </ul>
Grants to volunteer work for disaster recovery (the Kumamoto Earthquakes)	<ul style="list-style-type: none"> <li>Number of projects receiving grants : 75 projects</li> <li>Total amount of grants : ¥21.45 million</li> </ul>
Grants to activities supporting children	<ul style="list-style-type: none"> <li>Number of projects receiving grants : 8 projects</li> <li>Total amount of grants : ¥3.88 million</li> </ul>

## Media reports concerning grant activities

Daiwa Securities Health Foundation	11 newspapers and TV stations
Daiwa Securities Foundation	Grants to volunteer work for disaster recovery: 35 newspapers and 2 TV station

\* Surveyed by Daiwa Securities Health Foundation and Daiwa Securities Foundation

## Daiwa Anglo-Japanese Foundation (Chartered in the United Kingdom)

➤ For details on Daiwa Anglo-Japanese Foundation (Chartered in the United Kingdom), click here [□](#)

As a UK charity for fostering closer ties between the United Kingdom and Japan, the Daiwa Anglo-Japanese Foundation was established in 1988 with contributions from Daiwa Securities Co Ltd.

The Foundation's Tokyo office provides local assistance to Daiwa Scholars (students from the United Kingdom) staying in Japan for about 20 months, administers grant applications from Japan and collaborates with other institutions promoting Anglo-Japanese relation

### Activities

1. Awarding grants to individuals, institutions, and organizations working to promote ties between the United Kingdom and Japan
2. Awarding scholarships (Daiwa Scholarships) for British graduates to study Japan and the Japanese language
3. Organizing a year-round calendar of events at Daiwa Japan House in London, which is the Foundation's headquarters, to improve understanding of Japan in the United Kingdom
4. Organizing events in Japan in collaboration with the British Embassy and others

## Receipt of the Japan-British Society Award

For details on receipt of the Japan-British Society Award, click here [□](#)

The Daiwa Anglo-Japanese Foundation Tokyo Office won the Japan-British Society Award, and inscribed silverware was presented by H.I.H. Princess Akiko of Mikasa at the Society's annual dinner held on November 28, 2019.

The Japan-British Society Awards scheme was set up in 2008 to celebrate the 100th anniversary of the founding of The Japan-British Society. The Awards are given every year to individuals and organizations making significant contributions in the field of Japanese-British relations to recognize their steady efforts that would have otherwise not been acknowledged.



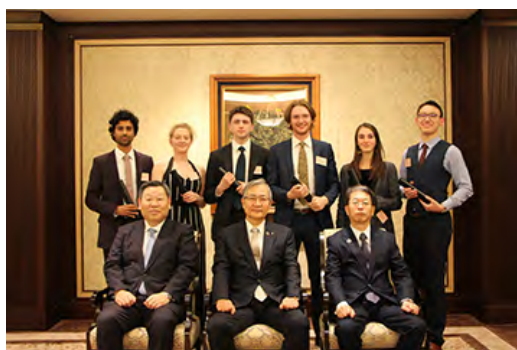
Silverware given at Japan-British Society Awards (Director of Tokyo Office on the right)

## Daiwa Scholars and Daiwa Scholars in Japanese Studies

➤ For details on Daiwa Scholarships, click here [□](#)

Daiwa Scholars 2018, who came to Japan in 2018, had four-week home-stays in Sapporo City, Kochi City, Kasuga City, Miyazaki City, Nago City, and Taketomi Town (Iriomote Island) after completing their one-year Japanese language study.

In areas where it is possible to visit a Daiwa Securities branch, the Scholars made visits and deepened interaction with branch staff.



The Daiwa Scholar 2018 completion ceremony

Cumulative number of people completing  
the Daiwa Scholar program by FY2019

182 people

## Daiwa Myanmar-Japan Foundation



In April 2013, Daiwa Securities Group established the Daiwa Myanmar-Japan Foundation to improve people's livelihoods in Myanmar and develop the human capital necessary for sustainable economic growth. Since its establishment, the Foundation has implemented a scholarship student support program that provides junior staff of the country's central government with opportunities to study in Japan. To date, it has supported a total of 30 scholarship students. After completing their studies, the students are provided with opportunities to receive training at the Financial Services Agency of Japan and Daiwa Securities Group. The Foundation has also provided training to 84 certified public accountants in Myanmar to date, based on the tripartite memorandum of understanding signed with the Myanmar Institute of Certified Public Accountants and the Japanese Institute of Certified Public Accountants. It also plans to assist staff of the Government of Myanmar in gaining securities-related credentials, starting in 2020, in an effort to help improve their financial knowledge. The Foundation's initiatives are positioned as one of the measures that Japan's public and private sectors have worked on together to invigorate Myanmar's capital market. They contribute to developing and creating a network of the human resources that will form the country's future leaders.



## Contributions by Daiwa Myanmar-Japan Foundation

Number of Myanmar citizens receiving  
scholarships

30 people

Number of participants in public accountant  
training

84 people

\* Cumulative contributions until FY2019

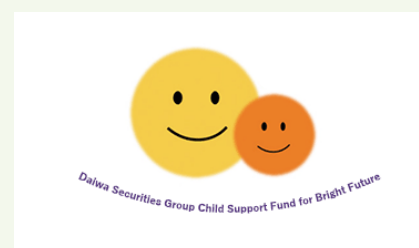


## For Your Dreams - Daiwa Securities Group Smiles to Children Project

The Daiwa Securities Group has launched the "For Your Dreams - Daiwa Securities Group Smiles to Children Project" to help solve the problem of child poverty.

### Outline of the Project

As part of its "Smiles to Children Project," Daiwa Securities Group has created "Daiwa Securities Group Child Support Fund for Bright Future" in collaboration with the Public Resources Foundation, a public interest incorporated foundation. And we have donated gifts to children through the "Santa Charity Program", a fund-raising activity by executives and employees and volunteers of OBs and OGs to help children to create fun memories of Christmas.



## Why do we support the future of children

"The financial and capital markets are a symbol of capitalism, and its benefit securities companies have been receiving. Meanwhile, capitalism can generate a disparity, becoming a cause for child poverty, which is a distortion of society. For this reason, we recognize the need to contribute to solving the poverty issue by using sound profits that we have gained from our core businesses.

Progressively declining birthrates and an aging population resulting in a decreased number of children shouldering Japan's future will significantly affect the sustainable growth of the country.

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

Eradicating child poverty is an extremely challenging goal that cannot be achieved overnight. However, we must now work to improve the environment surrounding children and break the chains of poverty.

[View details](#)

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

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

## Daiwa Securities Group Child Support Fund for Bright Future

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

Daiwa Securities Group intends to contribute a total of around ¥100 million in the initial five years and will select grant recipients after soliciting applicants.

Total amount of grants  
for FY2017 (the first  
call)

**9,000,000円**

Total amount of grants  
for FY2018 (the second  
call)

**15,950,000円**

Total amount of grants  
for FY2019 (the third  
call)

**21,220,000円**

## 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.

## Why Daiwa Securities Group is Working to Support Children

The financial and capital markets are a symbol of capitalism, and securities companies have benefited from them. On the other hand, capitalism can cause disparities and contribute to the poverty of children, which is also a strain on society. That is why we believe that we should use the sound profits we earn from our core business to help solve the problem of poverty.

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

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

Eliminating child poverty is an extremely high goal that cannot be achieved overnight. However, it is now necessary to improve the environment surrounding children and stop the chain of poverty.

## Message

### Our desire to support children

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

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



Daiwa Securities Group Inc.  
President and CEO  
Seiji Nakata

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

In addition to the company's support activities, we started the "Santa Charity Program" last year, in which Group officers and employees and ex-employees can participate voluntarily, and we received more donations than expected. It is important that these efforts have the support of each and every person involved and are continuously carried out. In the future, I hope that they will become part of voluntary efforts to tackle various social issues.

## Action with NPOs

The Daiwa Securities Group plans various programs such as disaster relief programs and programs to donate part of the trust fees of investment trusts. By subsidizing NPOs rooted in the community, we are working steadily to provide support where needed.

### Daiwa Securities Phoenix Japan Program


In May 2012, we established the Daiwa Securities Phoenix Japan Program as a measure to support reconstruction after the Great East Japan Earthquake that occurred on March 11, 2011. Under this program, we donate part of the trust fees from the investment trust "Daiwa Nippon Support Fund Vol. 3 - Phoenix Japan -."

(Collaboration: Authorized NPO Japan NPO Center)

### Kopernik Program

Since fiscal 2010, the Group has provided support to the American NPO Kopernik, which was established to improve quality of life and reduce poverty in developing countries. This program is operated by donations related to the investment trusts "Daiwa Eco Fund" and "Russell Investment Global Environmental Technology Fund".

### Other disaster support (examples)

- Donation in response to damage caused by Typhoon Hagibis in 2019 10 million yen
- Contribution to Areas Damaged by the 2018 Hokkaido Eastern Iburi Earthquake 10 million yen
- Contribution to Areas Damaged by the Torrential Rain in July 2018  
10 million yen  
About 11.22 million yen (donation activities by officers and employees)
- Donation in response to the heavy rain disaster in northern Kyushu in FY2017 10 million yen
- Donation in response to the Kumamoto earthquake (April 2016) 10 million yen  
  - 2016 Kumamoto Earthquake Earthquake Reconstruction Support Site "Kasesurumon." 
- Sponsored the "'New Tohoku' Reconstruction Business Contest"

## Major initiatives to date

### Disasters

#### Daiwa Securities Group Tsunami Reconstruction Fund (implemented March 2005 to September 2015)

The "Daiwa Securities Group Tsunami Reconstruction Fund" was established on March 9, 2005 as a measure to support the reconstruction of areas affected by the Sumatra Earthquake and Indian Ocean Tsunami that occurred on December 26, 2004. This is a long-term support project over 10 years from 2005, with Daiwa Securities Group Inc. contributing 10 million yen each year (100 million yen in total).

(Monitoring: Authorized NPO Asia Community Center 21, Fund management: Sumitomo Mitsui Trust Bank, Limited)



### Society

#### 3keys program (implemented October 2012 to March 2016)

Since fiscal 2012, the Group has been providing support to 3keys, a designated NPO that provides learning support at orphanages. Under this program, we contribute part of the trust fees from the investment trust "Daiwa SRI Fund" to support the activities of this organization.

#### "Daiwa SRI Fund" Grant Program (implemented April 2006 to July 2013)

This is a subsidy program for domestic NPOs with the purpose of developing NPO staff who are active in fields related to "life" (human security fields). We donated part of the trust fees of the investment trust "Daiwa SRI Fund" during its operation.

(Collaboration: Designated NPO Civil Society Initiative Fund)

#### Social Business College (implemented October 2010 to September 2012)

As a successor program to "Daiwa JFS Youth Sustainability College", we conducted a program for the general public with the theme of "social business." We provide the details of this college in the form of lecture records and case study reports. This program was held using part of the trust fees from the investment trust "Daiwa Eco Fund".

(Collaboration: Music Securities, Inc.)



## Daiwa JFS Youth Sustainability College (implemented October 2006 to September 2010)

A program was held for students in which sustainability was divided into four themes to provide an overall picture over four years (once session a month). Our college was translated into English and transmitted to 191 countries and regions around the world from the website of the environmental NGO Japan for Sustainability. This program was held using part of the trust fees from the investment trust "Daiwa Eco Fund".

(Collaboration: Designated NPO Japan for Sustainability)

### Environment

## Support for production of "Renewable Japan Status Report" (implemented 2010 to 2011)

We donated trust fees from the investment trust "Daiwa Eco Fund" to be used as production costs for the 2011 and 2012 editions of the "Renewable Japan Status Report" published by the designated NPO Institute for Sustainable Energy Policies.

## Daiwa Russell GEF Environmental Technology Promotion Project (implemented 2008 to 2009)

This was a project to compile and disseminate a handbook about basic technologies that can be sufficiently created and operated by materials and human resources in developing countries from among Japan's environmental technologies. A donation was made from part of the trust fees of the investment trust "Russell Investment Global Environmental Technology Fund."

(Collaboration: General Incorporated Foundation Global Environmental Forum)

## Daiwa CI Biodiversity Conservation Fund (implemented 2007 to 2008)

We established and supported a fund to support eight local communities that are important for biodiversity conservation in areas around World Natural Heritage Sites. A donation was made from part of the trust fees of the investment trust "Daiwa Eco Fund."

(Collaboration: General Incorporated Foundation Conservation International)

## Promotion of Social Contribution Activities

Daiwa Securities Group believes that participation in volunteer programs and other community activities by employees helps broaden their perspectives and familiarize them with different values. We consider that this, in turn, has a good influence on both their work and their lives.

Through our intranet, we provide information on volunteer opportunities for projects planned by ourselves, other businesses and NPOs/ NGOs as well as events that help educate employees and raise their awareness. We also strive to create an environment that makes it easy for employees to volunteer by setting up a recognition program, the Volunteer Award, and other incentives.

In FY2019, we also introduced Volunteer Leave. In the first fiscal year, a total of 11 employees used this system and participated in volunteer activities (for 11 days).

## Initiatives to Promote Volunteer Activities

### President's Awards program

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

### Dissemination of Information through the Internal Network



In-house magazine "Fuji"

The Daiwa Securities Group introduces the best practice in such volunteer work, through our in-house magazine and internal TV programs.

## Collection Drive



The Daiwa Securities Group has been running the following collection drives as initiatives that are easy for employees to participate in. Collected items are donated to various NPOs and sold by them to fund their activities, including support for education, medical services and assistance to the disabled in developing countries.

### Examples

- Participation in "Used Book Sale Donation for Children's Future" (donation to Children's Future Support Fund )
- Donation of unusable postcards and used stamps (donations to Japan Committee "Vaccines for the World's Children" and Live with Friends on the Earth)
- Donation of redundant calendars (donations to groups involved in disaster assistance or community support activities, which are selected each fiscal year)

### Contribution made in FY2019 through collection drives (equivalent monetary value)

- Used Book Sale Donation for Children's Future : ¥121,961
- Japan Committee "Vaccines for the World's Children" : ¥112,455
- Live with Friends on the Earth : ¥91,388

## Donation Activity through Food and Drink

Since the spring of 2013, Daiwa Securities Group has contributed to the TFT Program, which is organized by TABLE FOR TWO, an internationally designated NPO. This is an initiative aimed at correcting food imbalances between developing and developed countries by donating a portion of revenue from the purchase of food and drink by Group officers and employees to pay for school lunches in developing countries.

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

The contributions made through the TFT Program during the period of January to December 2019 were equivalent to around 151,688 school lunches in developing countries (calculated on the assumption that one meal costs ¥20).



## Donation of Shareholder Reward Items

Daiwa Securities Group Inc. implements a shareholder reward program. Together with the operation of this program, we donate reward items returned to us due to the relocation of shareholders and other reasons, as well as reward items received for our shareholdings in other companies, to organizations such as designated NPOs and public interest incorporated foundations. Our donation recipients in FY2019 included children’s dining rooms that assisted children by providing food during temporary school closures due to the COVID-19 pandemic.

## Initiatives in Japan

### Initiatives for Community Vitalization

Under the SDGs initiative for community revitalization, Daiwa Securities supports regional festivals across Japan to contribute to revitalizing communities.

In FY2019, executives and employees deepened interaction with communities in the 42nd Hinokuni Festival (Kumamoto Branch), the 32nd Wasshoi Hyakuman Summer Festival (Kita-Kyushu Branch), Awa Odori Festival (Tokushima Branch), Mito Komon Festival (Mito Branch), the 30th Fukushima Waraji Festival (Fukushima Branch), and Yamagata Hanagasa Festival (Yamagata Branch).



The 57th Yamagata Hanagasa Festival (Yamagata Branch)



Awa Odori Festival (Tokushima Branch)



## Disaster Restoration Assistance

Daiwa Securities' Sendai Branch supports TOUR de TOHOKU, a cycling event aimed at assisting restoration efforts, etc. after the Great East Japan Earthquake. On the event day, branch employees and their families took part in volunteer work, providing well-designed drinks at aid stations to riders who gathered from all over Japan.



Photo of members participating in the volunteer activity (Sendai Branch)

## “Souvenir SDGs” Project

The Secretariat has incorporated an the SDGs perspective into its souvenir selection criteria. It uses as gifts products selected by focusing on themes such as community building, restoration efforts, fair trade, and support to developing countries when looking for products. The criteria proposed by the Secretariat have been widespread across the company.



Examples of souvenirs contributing to SDGs

## Initiatives Taken by the Group's Overseas Offices

### Activities at the Group's London Operational Base

Daiwa Capital Markets Europe (“DCME”) has started company-wide initiatives to contribute to sustainability. In FY2020, it plans to establish an SDGs Subcommittee and an ESG Subcommittee.

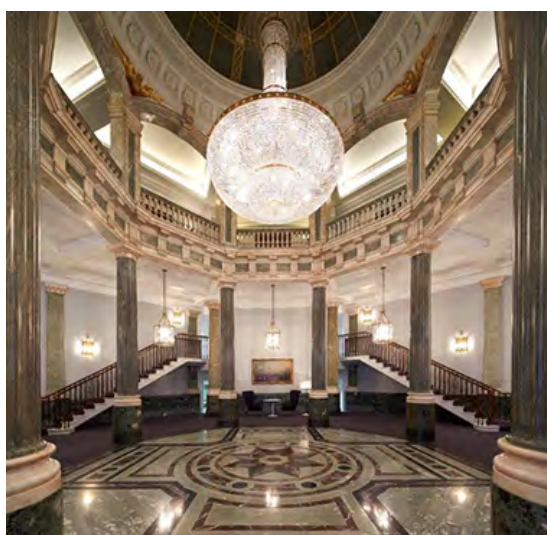
The SDGs Subcommittee will focus on diversity and inclusion, sustainability, promotion of health (well-being), and donation (charity) activities. Meanwhile, the ESG Subcommittee will put emphasis on accumulating expertise and results in relation to ESG from the perspectives of business, risk, and regulations. It will contribute to the development of the ESG markets in Europe and Japan. Through these company-wide approaches, DCME aims to turn the promotion of health (well-being) and economic, environmental, and social sustainability into the cornerstone of its activities and values.

### Environmentally Friendly Office

DCME’s Facilities Department always keeps in mind reducing carbon dioxide emissions in the office and environmental impact in light of SDG Goal 12 “Responsible Consumption and Production” and Goal 13 “Climate Action.” When formulating an environmental plan for 2019, it focused on the energy consumption, waste, and sustainability of DCME and its supply chain as a whole.

In 2019, DCME replaced the boiler of its heating system to improve the system’s energy efficiency while replacing all lights in its building with LED lighting. These measures, along with improvements to the building management system, have enabled the company to reduce its electricity consumption by 42% and gas consumption by 30% since 2014. DCME has also changed its power company so that a large part of the power supplied to its office would be from clean and renewable sources.

DCME executives and employees are encouraged to use recycling boxes set on each floor. Waste that is not recyclable is burned at an incineration facility as an energy source. Food waste is converted into a fuel source after its organic components are decomposed in anaerobic digestion process.



DCME’s entrance hall. LED lighting is used for all lighting equipment

## Initiatives by Employees

DCME supports two charities each year. It donates contributions made by executives and employees to these charities while regularly sharing messages from the charities. In FY2019, DCME supported “The Mizen Foundation” and “School in a Bag.” As part of activities for supporting “School In a Bag,” executives and employees carried out the task of packing stationery into 200 bags at the DCME office, and the bags were sent to underprivileged children.

In addition, as an initiative related to SDG Goal 2 “Zero Hunger,” DCME made a donation to a food bank in the Hackney district of London. The groceries and daily necessities collected by executives and employees were put into small, easy-to-carry packages and provided to people in need.



CEO Meekins and the “School Bag” he made and donated to a school in Ghana



## Activities at the Group's New York Operational Base

### Charity Friday

Daiwa Capital Markets America (“DCMA”) hosts a “Charity Friday” once a month in which employees are allowed to wear jeans for their \$5 donation to a selected charity. DCMA matches double the collection amount each Charity Friday, increasing the impact of our donation and furthering our commitment to the various causes we support. In 2019, the company made donations through Charity Friday to the following organizations.

- the Susan G. Komen for the Cure in support: the largest breast cancer organization in the United States addressing breast cancer on multiple fronts, including research, community health, worldwide outreach, and public policy initiatives
- Tuesday’s Children: provides support and a safe “landing place” to traumatized children, families, and communities left reeling from terrorism or traumatic loss
- Children’s Aid: Supports families living in New York City who struggle with poverty and their children

and others



## Wellness Initiative /Women's Initiative

Under its “Wellness Initiative,” DCMA holds programs and events throughout the year to promote health and wellness. In June 2019, the company invited healthcare professionals to its health and wellness fair and provided its employees with an opportunity to receive checks on their blood pressure, skin age, and BMI in a fun way to raise their awareness of health. In addition, DCMA issues monthly newsletters and holds nutrition seminars twice a year, and through these initiatives, along with other efforts, the company provides its employees with opportunities to deepen their knowledge of health.

DCMA invited Keiko Tashiro, Deputy President of Daiwa Securities Group as a special guest of its “Women’s Initiative,” and DCMA female employees exchanged opinions on women’s work styles. Furthermore, in an effort to help women succeed, DCMA makes a donation to “Dress for Success,” a global NPO that offers clothes and shoes to low-income women to assist them in going through the job hunting and job interview process.



## Let's Support COVID-19 Fighters! Feeding the Front Line in NY

With challenging situations continuing worldwide due to the effects of COVID-19, DCMA supported “Let’s Support COVID-19 Fighters! Feeding the Front Line in NY,” a project to bring complimentary bento lunch boxes to medical professionals working under difficult circumstances every day.

This is an activity for continuing to provide bento lunch boxes to frontline medical professional fighting against the virus while risking their lives. It was launched after an appeal by the Nippon Club, which many Japanese companies operating in the United States join. The activity commenced in May 2020, starting with hospitals in New York City, and the scope of its targets has been gradually expanded since then to include hospitals in other areas.

## Activities at the Group's Singapore Operational Base

Daiwa Capital Markets Singapore Limited (“DSL”) conducts various activities that proactively support promotion of SDGs. For example, dozens of DSL staff participated in a volunteer sewing activity sponsored by a charity. They effectively utilized resources by creating pocket tissue pouches at the office, using cloth from used clothing, during lunch time and other occasions and donating the completed pouches. Moreover, DSL has also set up a space for collecting used clothing, unopened food products, and other items within the office and has continued to use resources effectively. These initiatives have helped to promote a deeply-rooted sense of ownership among employees.



## Activities at the Group's South Korea Operational Base

### Participation in “Love Kimchi Fair”

Following on from 2018, Daiwa Securities Capital Markets Korea (“Daiwa Korea”) participated as a social contribution activity in the “Ninth Love Kimchi Fair” on November 20, 2019. The event was organized jointly by securities industry-related bodies, including the Korea Financial Investment Association and the Korea Exchange. Kimchi is essential to Koreans’ diet as it is said that no other side dishes are needed if kimchi is there. In the country, people follow *gimjang*, a traditional practice of making a large quantity of kimchi in advance around the end of November each year to prepare for a long, cold winter. The 36,000 kg of kimchi made on the day of the “Ninth Love Kimchi Fair” was sent to welfare facilities supported by the Green Umbrella Children’s Foundation, an NGO, and the Korea Financial Investment Association to help the socially disadvantaged.

In addition to this, Daiwa Korea makes a donation every month to Korea Food for the Hungry International, an NGO providing support to starving children within and outside South Korea, to further contribute to society. In South Korea, the central government has recently been strongly promoting efforts to achieve work-life balance, and local companies have been actively implementing measures in line with the government’s policy. Amid such trends, Daiwa Korea is working on the following: (1) encouraging proactive participation in social service activities (introducing social contribution activity programs and providing compensatory leave to employees who participate in weekend activities); (2) creating comfortable work environments for women (improvement of welfare programs at each stage of pregnancy, childbirth, and child rearing, allowing adjustment of working hours and providing time to visit doctors for pregnant employees, setting up a nursing room and providing time for nursing at the discretion of the department head); and (3)



encouraging employees to leave the office on time and take their annual paid leave (employees are required to submit their annual paid leave plan through to the end of period to management) to achieve work-life balance, and enhancing the welfare benefit system (supporting employees' self-development expenses, such as for studying languages, and expenses for promoting and maintaining health).

Daiwa Korea will continue these activities and proactively respond to the corporate image expected by Korean society in an effort to contribute more extensively to society.



## Collaborative Programs

Daiwa Securities Group engages in collaborative programs as part of our efforts to create an environment where our employees find it easy to participate in volunteer activities.

➤ Membership of a community-based organization for volunteer work [Japanese] 

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

➤ Chiyoda Volunteer Club [Japanese] 

Since 2009, we have joined the Chiyoda Volunteer Club, a free-of-charge membership program operated by Chiyoda Volunteer Center. Club members receive information on volunteer activities within the Chiyoda ward every month through an e-mail newsletter. The system of the club is simple and convenient encouraging our employees to participate in volunteer work under this program.

## Past Activities

### Forest Preservation Activities

Daiwa Securities Group has continued to conduct hands-on programs for experiencing the importance of maintenance and preservation of forests, which account for two thirds of Japan's total area.

#### Hands-on Forest Experience in Sayama Hills



The Group provided employees and their families with a forest preservation experience for 10 years from 2005 to 2014 at Mount Takao (Hachioji City, Tokyo). We changed the place of activity to Sayama Hills in Tokorozawa City, Saitama from FY2015 and have been conducting a program aimed at community village preservation activities.

#### Hands-on Forest Experience in Mount Takao



The program was implemented at Mount Takao (Hachioji City, Tokyo) for 10 years from 2005 to 2014. It involves thinning out trees in the first year and carrying out maintenance work for pathways in the second year, using lumber from the thinning work. The program attracted around 30 participants each year as a program in which both parents and children (elementary school children or older) can participate.

### Food Culture Exchange with Daiwa Scholars



Together with the Daiwa Anglo-Japanese Foundation, the Group holds a food culture exchange event between Group employees and Scholars coming to Japan in September each year. The event is held for the purpose of cultural exchange between Japan and the United Kingdom. Through a cooking experience, we introduce washoku (Japanese cuisine), which has been added to the UNESCO Intangible Cultural Heritage list and is loved across the world.

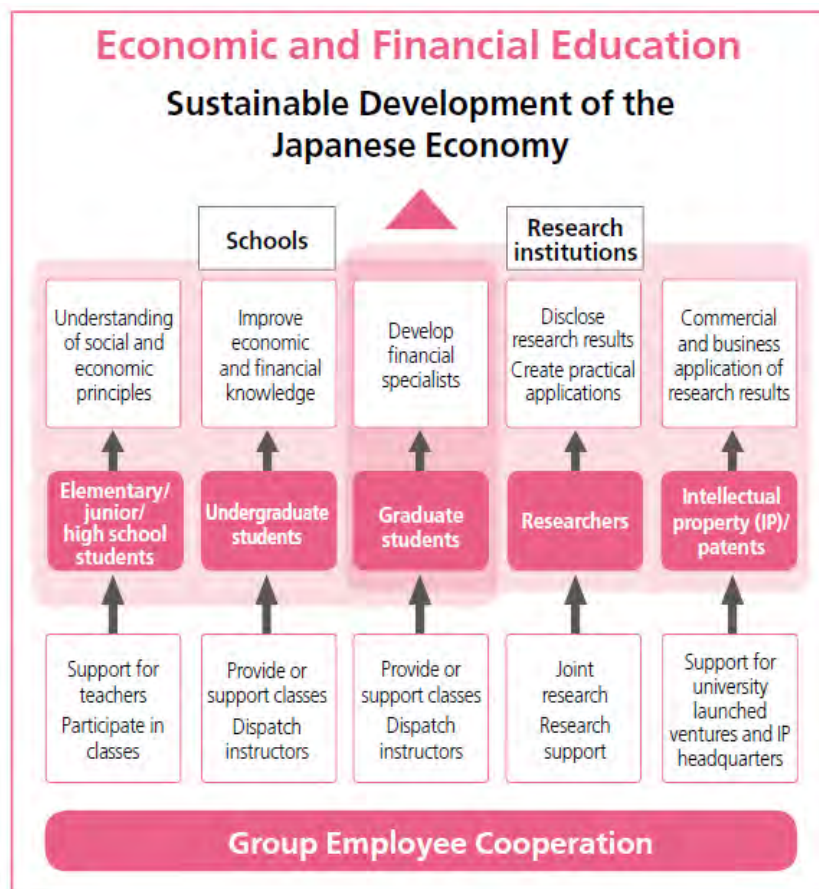
### Holding of Events with Sign Language and Simultaneous Captioning



Daiwa Securities Group has provided sign language classes for beginners to increase understanding and use of sign language. On July 7, 2011, to celebrate the 10th anniversary of the classes, we held an event that could be participated in together with people with a hearing impairment. The sign language classes have ended, but we have continued to hold events using sign language and simultaneous captioning on an irregular basis.

## Economic and Financial Education for the Young Generation

Capitalizing on financial and economic expertise accumulated through its securities business, Daiwa Securities Group engages in business-academia collaborations and supports programs for junior and senior high school students as well as teachers. We believe that economic and financial education is important in helping young people develop the capacity to build their own lives and shape the future world.



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

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



### Class at Elementary School In July 2019

Daiwa Securities Shibuya Branch Chief Ono visited an elementary school in the Minato ward and gave a class there. This was part of the career education event held by the school during the summer vacation to increase interest in jobs among students. The class was well received by the school organizing the event.



Branch Chief Ono providing a class on the theme of the Group's financial education textbook "Let's Learn about Stocks"



## Financial Education Textbook "Let's Learn about Stocks"



Daiwa Securities Group Inc. prepared "Let's Learn about Stocks," a financial education textbook targeting upper-grade elementary school children and above, with support from school teachers.



## Target

Upper-grade elementary school children and above

## Content

- Company role
- Structure of the corporation and financing with shares
- The role of stock exchanges and how stocks are helping
- Role of securities companies

> Click here for details [Japanese][PDF:849KB]

## Support to "Job Museum" and "Job Almanac"



Since FY2016, Daiwa Securities Group Inc. has been providing support to "Job Museum," career education materials for elementary school children released by The Asahi Shimbun Company.

> Click here for details [Japanese]

- The web version, "Job Museum Kids," has a quiz and other features enabling visitors to enjoy the site like a game.
- The book version, "Job Almanac," has been donated to elementary schools and junior high schools across Japan, as well as overseas Japanese schools and some children's cafeterias.
- "Job Almanac 2018" Donation of 64,000 copies (published on June 15, 2018)
- "Job Almanac 2019" Donation of 67,000 copies (published on June 17, 2019)
- "Job Almanac 2020" Donation of 70,000 copies (published on June 29, 2020)



## Information on economic and financial education learning website

## SODATTE



The website sets up five categories, including "Money Lessons," "Family Finances" and "Education Funds," and disseminates columns that provide tips to child-rearing generations.

> [Click here for details](#)

## Picture book of money for toddlers "a-i-u-e-o kane no ehon"



This is a website where adults and toddlers of the child-raising generation can study together and learn the Japanese hiragana.

> [Click here for details](#)

## Okane no Mikata



A website where teenagers, mainly junior high and high school students, can enjoy learning basic knowledge about finance, economy and investment that will be needed in the future to plan their own life and manage money.

> [Click here for details](#)

## Daiwa Internet TV

In 2000, Daiwa Securities Group began "Daiwa Securities Information TV," Japan's only channel dedicated to securities information, on the multichannel pay TV broadcast service "SKY Perfect TV!" Since April 2011, we have been producing "Daiwa Internet TV" at our own studio and distributing it online in an effort to target a wider range of viewers. We distribute information on the Tokyo market five times a day in a timely manner, while providing local market information from Hong Kong and New York every day. In addition to these daily programs, we distribute corporate information as well as video reports where analysts and economists at Daiwa Securities and DIR provide commentaries on current issues in an easy-to-understand way.

証券情報をわかりやすく  
**ダイワインターネット TV**

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

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

> [Daiwa Internet TV](#)

## Support for KidZania



Daiwa Securities Group is a supporter of KidZania, a theme park designed to offer work experiences to children, and has been providing support to the facilities in Tokyo and Koshien (Hyogo Prefecture) since they opened. KidZania provides children from the age of three to 15 with programs that enable them to learn the mechanisms of society in a fun way. In the Daiwa Securities pavilions, children act as consultants at a securities company, giving advice to clients, going to nearby pavilions, and checking their levels of traffic and popular products. Based on the results of those checks, they then make investment recommendations for their clients.



KidZania

## Finance Park



Daiwa Securities Group cooperates with Finance Parks operated by Junior Achievement Japan, a public interest incorporated foundation. This program provides opportunities for junior high school students to learn economic and financial mechanisms that will be necessary for them in their adult life. Finance Parks have been operating in Shinagawa (Tokyo), Kyoto, Iwaki (Fukushima Prefecture), and Sendai (Miyagi Prefecture). We have set up pseudo-branches of Daiwa Securities in these parks.



(on an application basis; surveyed by Junior Achievement Japan)

**Number of participants in Finance Parks for FY2019**  
**21,102 people**

## Breakdown

- Shinagawa: 1,854
- Kyoto: 7,804
- Iwaki: 3,183
- Sendai: 8,261

## Student Company Program (Company Management Experience Program)



Daiwa Securities Group cooperates with the Student Company Program provided by Junior Achievement Japan. In the program, high school students learn about management and the functioning of companies by actually managing a stock company. In FY2013, high school students in Tokyo established a stock company during an extracurricular class. Daiwa Securities Group employees participated as outside directors for six months, providing advice on company management.

## CEE Japan

Daiwa Securities Group supports CEE Japan, a general incorporated association, to provide economic education programs for school teachers. In partnership with the U.S. Council for Economic Education (CEE), we seek to implement programs tailored to Japanese schools.

## Introduction of Books

## Economic Puzzle Sleuths: Understanding the True Meaning of Money



Written by Susumu Okano

The Asahi Gakusei Shimbun Company

This book explains the economy as a whole in an easy to understand way, from the beginning of money to recent worldwide financial crises. On reading through the book, readers will be able to see the flow of the global economy and acquire a general knowledge of money, as hints for living a wise life.

[Click here for details](#)

## Economics Learned by American High School Students



Written by Gary E. Clayton

Translated by the Product Planning Department of Daiwa Securities

Translation supervised by the Education Business Department of Daiwa Institute of Research

WAVE Publishers

This book is the translation of the 1999 version of “Economics: Principles and Practices,” which is a textbook generally used by U.S. high school students. The translation work was carried out by the Product Planning Department of Daiwa Securities and the Education Business Department of Daiwa Institute of Research. The book explains in an easy to understand way the mechanisms of the economy, such as how the prices of goods are determined.

# Environmental Management / Initiatives to Environmental Load Reduction

Protecting the global environment, which is the basis of our livelihoods, is essential for a sustainable society. Through our business activities, Daiwa Securities Group contributes to the resolution of environmental issues by developing products that reduce the environmental burden, and also by assisting financing for the development of environmental technologies and infrastructure. At the same time, we are working to establish a system that efficiently collects data on the Group's environmental load. We are also focusing on raising employees' environmental awareness to empower them to reduce the environmental burden in daily business operations. In our FY2020 management strategy briefing, we listed the volume of CO<sub>2</sub> emissions as one of our FY2020 KPIs for promoting achievement of SDGs. Thus, working on reducing the environmental burden of society as a whole has become part of our management strategy.

## 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.

Daiwa Securities Group Inc. (May 22, 2012)

## Targets for FY2030

### Reduce CO<sub>2</sub> emissions by at least 20% from the FY2009 level

#### Targets for FY2020

- ✓ Initiatives for the reduction of CO<sub>2</sub> emissions  
Continue to reduce CO<sub>2</sub> emissions by at least 1% compared with the previous fiscal year.  
\* On a Domestic consolidated basis
- ✓ Initiatives for the reduction of electricity consumption  
Achieve a reduction of at least 10% from the FY2009 level (as of FY2020)  
Achieve a reduction of at least 20% from the FY2009 level (as of FY2030)  
\* On a per unit area basis for both targets
- ✓ Improve the accumulation of environment-related data and analytical skills
- ✓ Continue to introduce eco-cars
- ✓ Purchase products certified under the Japan's Top Runner Program standards

## Initiatives to Reduce the Environmental Impact of Business Activities

### Introduction of Environmental Accounting

As part of our efforts to reduce environmental loads, Daiwa Securities Group prepares and discloses environmental accounting. It is expected to help us to track the costs and effects of environmental preservation more accurately and reduce environmental loads more effectively.

➤ Refer to "SDGs Related Data" for details 

### Initiatives at Group Companies

When installing new equipment at head and branch offices, Daiwa Securities requires that the equipment be certified under Japan's Top Runner Program standards. In FY2019, we investigated the impact of postponing the replacement of multifunction copiers and other equipment at the head office as well as the elimination of paper associated with the introduction of tablet devices. As a result, we have decided to replace equipment within the head office in FY2020 with products satisfying Top Runner Program standards, while planning to reduce environmental loads through reduction of surplus equipment. We are aiming for a 10% reduction in multifunction copiers.

We have also been successively replacing our company cars since FY2014 with eco-cars and hybrid vehicles that have significantly improved fuel efficiency. With the completion of the planned replacement, CO<sub>2</sub> emissions will be reduced by an amount equivalent to the CO<sub>2</sub> absorption of more than 40,000 Japanese cedar trees annually (an estimate by Daiwa Securities using fuel efficiency data disclosed by automakers).

The introduction of LED lighting into the head office of Daiwa Institute of Research was completed in the summer of 2017. In addition, Daiwa Securities Group strives to choose environmentally friendly products in its central purchasing.



**Company cars in Japan (Daiwa Securities) 1,065 vehicles**

including

- 837 eco-cars
- 157 hybrid cars

(As of March 31, 2020)

**Introduction results for FY2019**

- 409 eco-cars
- 11 hybrid cars

**Introduction plan for FY2020**

- 76 eco-cars
- 28 hybrid cars
- Cases of soil and groundwater pollution found within office sites FY2019 0

**Investment in energy-saving air conditioning systems for FY2019 ¥47 million**

(including installation costs)

**Initiatives to Raise Environmental Awareness**

Daiwa Securities Group is striving to raise the environmental awareness of each employee through various initiatives. For example, our in-house magazine, "Fuji," has a column entitled "Eco-Initiatives in the Office." The column mainly shares the status of the Group's environmental initiatives and introduces environmental measures that can be implemented by employees, depending on their individual awareness.

We also participated in a campaign led by the Tokyo Metropolitan Government's Bureau of Environment to promote efforts to reduce plastic shopping bags at convenience stores within offices. The initiative is still being implemented even after the end of the campaign.

When printing documents, we recommend using aggregate printing and double-sided printing. We also encourage the reduction of paper usage by showing operational guidance and the rate of reduction in paper usage for every three months in the areas within offices where multifunction copiers are installed. We reduced paper consumption by 6.4% year on year in FY2019, within the same scope as FY2018.

### Offering Environmentally Friendly Services

Daiwa Securities provides an “e-Member” online service allowing customers to receive various reports, including prospectuses and reports on the details of transactions and transaction balances, in electronic format on the Internet, instead of written notifications (hardcopy reports and prospectuses). Reports and prospectuses received in electronic format can, in principle, be accessed and checked online as and when required, saved to personal computers and other devices, and printed for five years after initial receipt.

As of March 31, 2020, about half of Daiwa Securities’ customers use this “e-Member” online service. We will continue recommending the service to increase the number of customers using it.

Daiwa Securities also uses LIMEX in part of its promotional items such as ballpoint pens and seminar bags. We are considering expanding its use going forward.

\* LIMEX is a composite material made from limestone that is expected to reduce environmental impacts. It is a registered trademark of TBM Co., Ltd.

### CO<sub>2</sub> Emissions

In comparison with the previous fiscal year, CO<sub>2</sub> emissions in FY2019 fell by approximately 0.7% for Daiwa Securities Group's domestic offices, as a result of a positive initiative to conserve energy.

➤ Refer to "SDGs Data Edition 2020" for details 

### Initiative to Reduce CO<sub>2</sub> Emissions

We have set up the goal of reducing CO<sub>2</sub> emissions, while complying with the Act on the Rational Use of Energy and Tokyo's environmental protection ordinances in a continuous and systematic way. We continue to take energy saving initiatives, including implementing the "Cool Biz" program again in FY2019, carrying out energy savings measures through on- and off-peak periods.

## Initiatives Regarding Impacts of Climate Change

In recent years, concerns have been raised about the possibility of large-scale flood damage due to the significant increase in sea level resulting from global warming and the occurrence of super typhoons. Some major offices of Daiwa Securities Group are located not far from the coast and rivers and may be affected if large-scale flood damage occurs.

The Group will continue with our efforts to minimize the impact of such damage on its operations not only by making general preparations for flood damage but also by decentralizing important facilities and buildings into multiple locations and moving equipment to upper stories. We aim to minimize the physical risk of climate change on our business activities.

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

Daiwa Real Estate Asset Management launched a Sustainability Committee in FY2013 with a view to systematically addressing a variety of ESG related challenges. The company formulated the Rules on the Sustainability Promotion System in FY2018. These rules clarify the promotion system and policy on disclosure of information related to sustainability activities of each investment corporation.

### Initiatives at Shinjuku Maynds Tower

At the Shinjuku Maynds Tower building, which is owned by Daiwa Office Investment Corporation (DOI), we have continued to install LED lighting systems since 2012, replacing lights in common-use space, such as the underground parking lot, first basement level, and entrance on the first floor. As a result, we have already achieved our initial target of installing LED lighting in approximately 80% of common-use space. We have also adopted the green lease scheme since 2014 to promote the use of LED lighting in tenant-owned spaces. The installation has proceeded gradually under the scheme, with both tenants and landlords enjoying its benefits. We expect LED lighting to be introduced into approximately 95.9% of the area of tenant-occupied spaces by the period ending November 2020. The property was certified by the Development Bank of Japan (DBJ) as a “building with exceptionally high environmental and social awareness (Four Stars)” in February 2019.

#### CO<sub>2</sub> emissions reduction by adopting LED lighting (in comparison with the levels prior to the introduction of LED lighting)

- Approximately 648.0 t-CO<sub>2</sub> a year

(Shinjuku Maynds Tower in 2019)

- \* Green lease scheme: A method enabling the landlord and the tenant of a rental building or other type of rental property to cooperate and reduce the environmental load in a scheme benefiting both sides. Such methods include an arrangement where part of the tenant's savings attributable to the landlord's investment in energy-saving facilities, such as a decrease in electricity charges, is returned to the landlord as a green lease payment.
- \* Scoring model of DBJ Green Building Certification: A comprehensive scoring model uniquely developed by the Development Bank of Japan Inc. (DBJ). The DBJ grants certification to real estate properties that are highly environmentally and socially friendly (“Green Building”), based on a five-level ranking system.

### Initiatives at Daiwa River Gate

At Daiwa River Gate, which is owned by DOI, we installed solar wind powered street lights in 2018, taking advantage of the property's environment of strong winds and abundant sunlight, as it adjoins a river. The installation has enabled us to use renewable energy to increase the intensity of illumination. As a result, the intensity of illumination has increased to the extent that the steps in the stairs areas can be seen clearly, and this has also contributed to improving the environment surrounding the building from crime prevention and other perspectives. We plan to consider introduction of such facilities into other properties as well, depending on the situation, and install them successively going forward.

## Initiatives at Rental Residences

Daiwa Securities Living Investment Corporation has been advancing initiatives for environmental conservation. For example, it is introducing LED lighting, energy-saving air conditioners, and eco-friendly wallpaper into the rental residences it owns. It also posts notices in the residences, encouraging residents to save electricity, water, and other resources.

- **Status of FY2019 initiatives**

Installation of LED lighting: 829 units

Installation of energy-saving air conditioners: 639 units

Replacement with eco-friendly wallpaper: approximately 100,000 m<sup>2</sup> (reductions of CO<sub>2</sub> emissions: approximately 18,980 kg-CO<sub>2</sub>)

## Toward Achieving a Hydrogen Society: Entrusted with Global Trends Survey by NEDO

Daiwa Institute of Research (DIR) has been commissioned to undertake survey and research work by the New Energy and Industrial Technology Development Organization (NEDO) toward the realization of a hydrogen society. The commissioned work encompasses the collection and analysis of information on the latest trends across the world (the United States, Canada, EU countries, China, and South Korea) concerning hydrogen fuel cells, as well as identification of issues for development strategies in hydrogen fuel cell technology in Japan.

The survey and research work is aimed at timely collection and analyzing of a wide range of the latest information on hydrogen fuel cells, and sharing it with relevant parties in Japan, toward the realization of a hydrogen society, taking safety and the environment into consideration. The information includes policies and markets for hydrogen fuel cells and research and development trends across the world, including in the U.S., Canada, EU countries, China, and South Korea. As part of these activities, DIR visits international institutions and attends international meetings. Japan, the U.S., and Germany took the lead in the fuel cell field, but various countries, such as China, South Korea, Australia, and the Netherlands, have recently been searching for uses of hydrogen suited to their energy situation. The work is also aimed at identifying issues for Japan's strategy for developing hydrogen fuel cell technology going forward by accurately understanding, assessing, and analyzing developments in other countries.

In this way, DIR will be proactively engaged in business related to development of new energy sources that are environmentally friendly.

## Response to the TCFD

### Expression of Support for the TCFD

Taking the opportunity presented by the adoption of the Paris Agreement in December 2015, efforts that include the mitigation of and adaptation to climate change are under way around the world to transition to a lower-carbon society. In the finance industry, there are concerns that climate change will affect the business activities of investee/borrower companies, resulting in instability in the financial market.

In December 2015, the Financial Stability Board (FSB<sup>\*1</sup>) established the Task Force on Climate-related Financial Disclosures (TCFD<sup>\*2</sup>) to consider climate-related information disclosure and financial institutions' responses at the request of G20 Finance Ministers and Central Bank Governors. Subsequently, in June 2017, the TCFD announced its final report which recommends that financial and nonfinancial companies disclose the financial impacts of climate change.

Under these circumstances, Daiwa Securities Group Inc. announced its support for the TCFD in April 2018 to further promote environmental initiatives, including climate change initiatives such as on climate change. In May 2019, the Company participated in the TCFD Consortium, which is a platform for dialogue among companies and financial institutions that support the TCFD and in which the Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment of Japan also participate as observers.

\*1. FSB: Financial Stability Board

\*2. TCFD: Task Force on Climate-related Financial Disclosures

TCFD official website




### Impact on Daiwa Securities Group in the Course of a Transition to a Lower-Carbon Economy

Based on the TCFD Recommendations, Daiwa Securities Group is disclosing information on climate change initiatives for each of the four core elements of disclosure, as shown in the table below. At the present time, the Group is currently undertaking analysis based on multiple climate-related scenarios, identifying risks and opportunities related to climate change for the Group while proceeding with quantitative evaluations of the major businesses that may be affected by climate change and expected financial impacts.

Going forward, the plan is to enhance the disclosure of the analysis results and the Group's countermeasures based on them. In addition to working to further enhance information disclosure and to strengthen communication with stakeholders, the Company will continue to position climate-related risks and opportunities as one of its most important management issues while advancing the building of a sustainable business structure.



## Disclosures in Accordance with the TCFD Recommendations

Items	Recommended disclosures	Initiatives	Link
Governance	<p>The organization's governance around climate-related risks and opportunities</p> <p>a) Oversight by the Board of Directors</p> <p>b) Management's role</p>	<ul style="list-style-type: none"> <li>Monitor climate-related risks and opportunities</li> </ul> <ol style="list-style-type: none"> <li>(1) Formulation of Environmental Vision, Environmental Principles, and Basic Environmental Policies</li> <li>(2) Chaired by the president and CEO, the SDGs Promotion Committee considers various social issues, including those related to climate changes, when examining and discussing materiality and business plans, as well as when setting KPIs.</li> <li>(3) Reports on content discussed in (2) to the Board of Directors and the Executive Management Committee as appropriate SDGs managers in place at each headquarters and Group company monitor the business environment from the perspective of SDGs/ESG, including climate-related risks and opportunities</li> </ol>	<ul style="list-style-type: none"> <li>➤ Environmental Initiatives</li> <li>➤ Structure of SDGs Promotion</li> </ul>
Strategy	<p>Impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</p> <p>a) Climate-related risks and opportunities</p> <p>b) Impacts of climate-related risks and opportunities</p> <p>c) Potential impacts under different climate-related scenarios</p>	<ul style="list-style-type: none"> <li>Conduct Scenario analysis* of climate-related risks and opportunities Identify the following risks and opportunities during the analysis process (Refer to diagram in lower half of page for process)</li> </ul> <p>* The scenario analysis conducted this time was provisional, limiting the scope of targets. Going forward, the scope of targets will be expanded</p> <p>&lt;Opportunities&gt;</p> <ol style="list-style-type: none"> <li>(1) Increase in demand for funds to prepare for a lower-carbon society (financing for the renewable energy business, issuance of Green Bonds, etc.)</li> <li>(2) Increase in deals underwritten in association with (1)</li> <li>(3) Increase in opportunities for investing in new industries and companies that contribute to the transition to a lower-carbon society</li> <li>(4) Increase in business opportunities for providing solutions to assist in the transition to a lower-carbon society (</li> </ol>	<ul style="list-style-type: none"> <li>➤ Action through Product Development and Distribution</li> <li>➤ Support for Creating Our Future Society</li> <li>➤ Investment in Green Giraffe </li> </ul>

Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our Stakeholders**Environmental  
Initiatives**

Others

Items	Recommended disclosures	Initiatives	Link
Strategy		<p>Infrastructure-related advisory services, including renewable energy)</p> <p>(5) Improvement of evaluations from stakeholders through appropriate disclosure of the aforementioned initiatives.</p> <p>&lt;Risks&gt;</p> <p>(1) Decrease in business from companies and others significantly affected in the course of the transition</p> <p>(2) Increase in reputational risk associated with investment and underwriting related to businesses with a heavy environmental load</p> <p>(3) Decrease in assets under management resulting from a decline in the value of assets held by funds</p> <p>(4) Increase in costs associated with the tightening of environmental regulations and countermeasures against disaster risk</p> <p>(5) Decline in the value of assets held by the Group and decrease in selling opportunities</p>	

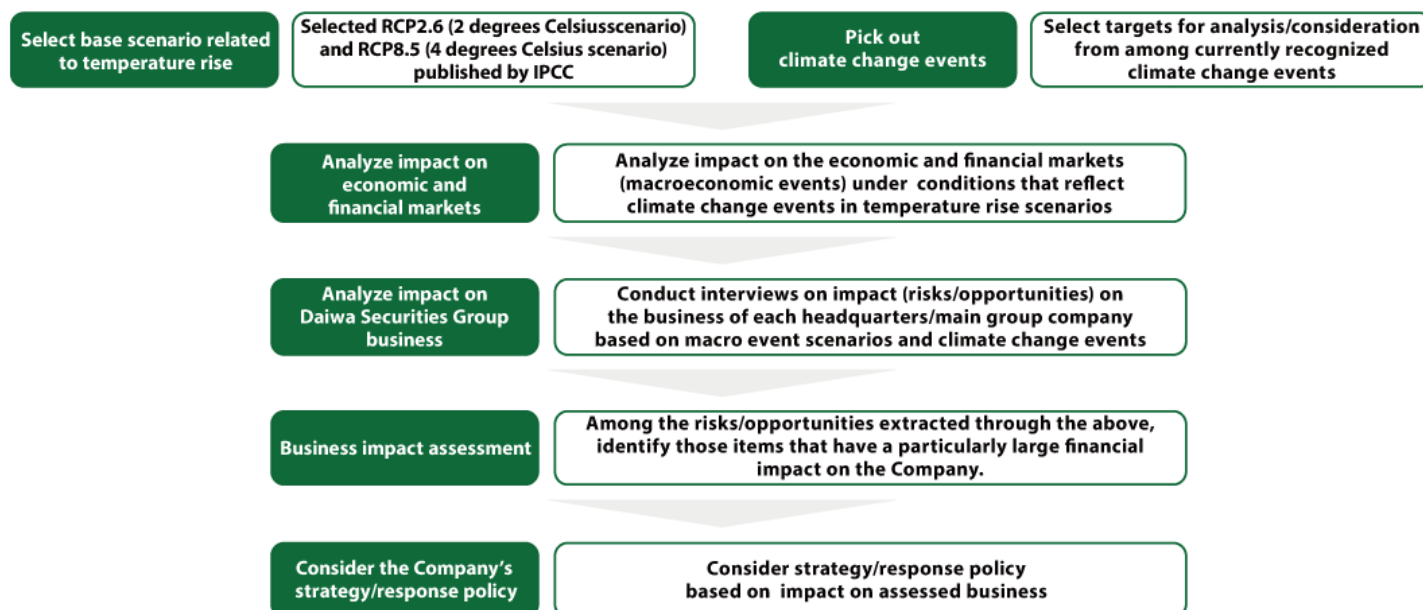
Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our Stakeholders**Environmental  
Initiatives**

Others

Items	Recommended disclosures	Initiatives	Link
Risk Management	<p>Methods for identifying, assessing, and managing climate-related risks</p> <p>a) Processes for identifying and assessing climate-related risks</p> <p>b) Processes for managing climate-related risks</p> <p>c) Integration of processes for identifying, assessing, and managing climate-related risks into overall risk management</p>	<ul style="list-style-type: none"> <li>Identify, assess, and manage climate-related risks</li> </ul> <ol style="list-style-type: none"> <li>Consideration of analysis of the impact of climate-related risks on financial and capital markets</li> <li>When promoting new products or new businesses, conduct appropriate screening from the perspective of the SDGs/ESG, including climate change response</li> <li>In the case of IPO projects, underwriting examination is carried out as a priority item not only for business performance and financial aspects, but also for the issuer's business model, compliance system and corporate governance development status, etc., from the perspective of ESG.</li> <li>The holding of dialogue on the environment and society by the Asset Management Division with investee companies. Discussions on environmental management policy, promotion systems, information disclosure, approach to external evaluations, etc., especially with companies with a large environmental load (References: Daiwa Asset Management's ESG investment Policy, stewardship report)</li> <li>Collect risk information verified through the above processes and external environment analysis. The SDGs Promotion Committee Considers systems to identify important risks</li> <li>Participate in various initiatives, including UNEP-FI, to ascertain trends of regulations and policies</li> </ol> <ul style="list-style-type: none"> <li>Consider integrating climate-related risks into existing risk management</li> </ul>	<p>➤ Supply Chain Management</p> <p>➤ Daiwa Asset Management Co. Ltd. "About Stewardship Activities" <a href="#">□</a></p> <p>➤ Daiwa Asset Management Co. Ltd. "ESG Investment Policy" <a href="#">□</a></p>

Our strategy for achieving SDGs	Initiatives through Business Activities	Initiatives for Supporting Business Activities	Initiatives with Our Stakeholders	Environmental Initiatives	Others
Items	Recommended disclosures	Initiatives		Link	
Metrics and Targets	<p>Metrics and targets used to assess and manage climate-related risks and opportunities</p> <p>a) Metrics for assessing climate-related risks and opportunities</p> <p>b) Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions</p> <p>c) Targets used to manage climate-related risks and opportunities</p>	<ul style="list-style-type: none"> <li>In-house monitoring of the following metrics</li> <li>(1) CO<sub>2</sub> emissions (reduction of own environmental load)</li> <li>(2) Investment in SDGs-related businesses (renewable energy business, etc.)</li> <li>(3) SDG bonds league table (Green Bonds, etc.)</li> <li>(4) Renewable energy M&amp;A league table</li> <li>Disclose of Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions</li> </ul>		<ul style="list-style-type: none"> <li>SDGs Promotion KPIs for FY 2020 (Japanese) </li> <li>Daiwa Energy &amp; Infrastructure Co. Ltd. </li> <li>Investment in Green Giraffe </li> <li>SDGs Data Edition 2020 </li> </ul>	

### Example of Scenario Analysis



IPCC: Intergovernmental Panel on Climate Change

## Green Bonds

Until now, Daiwa Securities Group has sold various kinds of Impact Investment bonds, thereby supporting the solving of social issues from the standpoint of a financial institution. In November 2018, Daiwa Securities Group Inc. issued its first Green Bonds, expanding its initiatives aimed at invigorating markets. As part of such initiatives, the proceeds from the Green Bonds have been used as investment and loan funds for renewable energy generation projects worked on by the Group, as well as facility funds for Green Buildings. The Group will continue to contribute to achievement of SDGs and provide investors with new investment opportunities.

## Information on Green Bonds Issued by Daiwa Securities Group Inc. (as of the end of June 2020)

### 1. Appropriation of Proceeds from Issuance

The proceeds from the Green Bonds issued by Daiwa Securities Group Inc. in November 2018 (issuance amount: ¥10 billion) were fully appropriated for eligible Green Projects.

See the table below for the balance of investment and loans for eligible Green Projects by category.

#### List of Eligible Green Projects (as of the end of June 2020)

Category	Sub-category	Commencement of Finance/Refinance	Finance/Refinance	Balance (units of ¥ billion)
Renewable energy	Photovoltaic power generation	November 2018	Refinance	1.3
Renewable energy	Photovoltaic power generation	November 2018	Finance	1.5
Renewable energy	Photovoltaic power generation	February 2019	Finance	1.9
Renewable energy	Photovoltaic power generation	June 2020	Finance	3.3
Green Building	-	November 2018	Refinance	2.0
total				10



## 2. Environmental Impact

As of the end of June 2020, the eligible Green Projects for which the proceeds from Green Bonds were appropriated have an energy output/assumed energy output of 85,975 MWh. They have the effect of reducing carbon dioxide (CO<sub>2</sub>) emissions by 40,236 t-CO<sub>2</sub> annually.

### Report on Environmental Impact (as of the end of June 2020)

Category	Sub-category	Energy output/ assumed energy output (MWh)	Estimated CO <sub>2</sub> emissions reduction effect (t- CO <sub>2</sub> )
Renewable energy	Photovoltaic power generation	85,975	40,236

Category	Progress of application for certification
Green Building	Awarded Five Stars in plan certification for the DBJ Green Building Certification Program

\* Calculation of environmental impact When no results have been obtained or the period of operation is less than one year, the assumed energy output is calculated based on a report on energy output projections submitted by a third-party institution. For projects under development that are not scheduled to be brought into operation during FY2020, the assumed output for the first year of operation is used. All power plants are scheduled to be brought into operation by FY2021.

## 3. Annual Review by Independent provider of ESG research and analysis



A review by an independent provider of ESG research and analysis confirmed that the use of proceeds criteria and the reporting criteria were met.

➤ Annual Review by Sustainalytics 


# 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	<a href="#">➤ Message from CEO</a>
Corporate Philosophy and Code of Conduct	<a href="#">➤ Corporate Principles</a>
	<a href="#">➤ [Japanese] Daiwa Spirit [PDF:80KB]</a> 
	<a href="#">➤ Management Policy</a>
	<a href="#">➤ Policy on Communication with Stakeholders</a>
SDGs as a Management Strategy	<a href="#">➤ Our Values and SDGs Materiality</a>
	<a href="#">➤ Daiwa Securities Group's SDGs Declaration</a>
	<a href="#">➤ Structure of SDGs Promotion</a>
	<a href="#">➤ Message from the Head of SDGs</a>
	<a href="#">➤ SDGs Promotion Action Plan</a>
Participation in Initiatives	<a href="#">➤ Participation in Initiatives</a>
External Evaluations	<a href="#">➤ Third-Party Evaluations</a>
Independent Assurance	<a href="#">➤ Independent Assurance Report (SDGs Data Edition 2020) [PDF:3.92MB]</a> 

## Initiatives through Business Activities (To achieve the SDGs and resolve ESG issues)


Thinking in the Securities Business	<a href="#">➤ Role and Social Responsibilities of the Securities Business</a>
	<a href="#">➤ Mission of Financial Institutions toward Solving Social Issues</a>
How to think about investing	<a href="#">➤ [Daiwa Securities Co.Ltd.] Acceptance of the Japanese version of the Stewardship Code (Japanese)</a> 

Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our StakeholdersEnvironmental  
Initiatives






## Others









	<ul style="list-style-type: none"> <li>➤ [Daiwa Asset Management Co.Ltd.] About the Company's stewardship activities (Policy on Stewardship Activities, Policy on the Exercise of Voting Rights) <a href="#">□</a></li> <li>➤ [Daiwa Asset Management Co.Ltd.] ESG Investment Policy (Japanese) <a href="#">□</a></li> <li>➤ [Daiwa Asset Management Co.Ltd.] Investment in cluster bomb manufacturing companies and other treatment (Japanese) <a href="#">□</a></li> <li>➤ Responsible Action as an Institutional Investor</li> <li>➤ [Daiwa Real Estate Asset Management Co. Ltd.] Policy Regarding ESG <a href="#">□</a></li> </ul>
Responsibility to customers and customer satisfaction	<ul style="list-style-type: none"> <li>➤ Basic Policy on Customer- irst Operations</li> <li>➤ Introduction of NPS®* (Net Promoter Score) Towards Realization of Quality No.</li> <li>➤ Improving In-Branch Customer Service Quality</li> <li>➤ Contact Center Functions</li> <li>➤ Working to Incorporate Customer Voices</li> </ul>
Develop and Provide Products	<ul style="list-style-type: none"> <li>➤ Impact Investment</li> <li>➤ SRI Investment Trusts</li> <li>➤ Daiwa Securities Group's History of SRI Funds and SDG Bonds (Impact Investment Bonds)</li> <li>➤ Initiatives by the Asset Management Division</li> <li>➤ Response to FinTech and artificial intelligence (AI)</li> <li>➤ Daiwa Internet TV</li> </ul>
Inclusion (Financial Inclusion, etc.)	<ul style="list-style-type: none"> <li>➤ Promotion of Accessible Services for Diverse Customers</li> <li>➤ Myanmar SME/ Two-Step Loan Project for Agriculture and Rural Development</li> <li>➤ Private Equity Investment in Myanmar</li> </ul>
Analysis and Recommendations for Economic, Social and Investment Information	<ul style="list-style-type: none"> <li>➤ Initiatives to Provide Information on ESG</li> <li>➤ Initiatives by Daiwa Institute of Research</li> </ul>
Investing in Businesses that Solve Social Problems	<ul style="list-style-type: none"> <li>➤ SDGs × “Technology”</li> <li>➤ Issuing Green Bonds</li> <li>➤ SDGs × “Local Community”</li> <li>➤ SDGs × “Life”</li> <li>➤ Initiatives Using Investment Corporations and Other Structures to Solve Social Issues</li> </ul>

## Environment








Environmental Management	➤ Environmental Vision / Environmental Principles / Basic Environmental Policies
	➤ Environmental Management
	➤ Response to the TCFD
	➤ Targets for FY2020
Efforts and Achievements in Reducing Environmental Impact	➤ Initiatives to Reduce the Environmental Impact of Business Activities
	➤ Environmental Initiatives (Environmental Report/Accounting)[PDF:3.92MB] 

## Society



Employment and Working Environment	➤ Hiring Approaches and Trends
	➤ Guidelines for Fair Hiring
	➤ Intra-Group Job Postings and the Career Track Change System
	➤ Evaluation System
	➤ Employees at Daiwa Securities Group (Consolidated) (SDGs Data Edition 2020 Social Report) [PDF:3.2MB] 
	➤ Average Number of Years of Service (SDGs Data Edition 2020 Social Report)[PDF:3.92MB] 
	➤ Employee Turnover Statistics (SDGs Data Edition 2020 Social Report)[PDF:3.92MB] 
	➤ Working Hours and Paid Vacation Usage Rate (SDGs Data Edition 2020 Social Report) [PDF:3.92MB] 
	➤ Workforce Statistics
Diversity & Inclusion	➤ Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues
	➤ Recruitment of University Graduates
	➤ Support for the Success of Veteran Employees
	➤ Number of Employees Re-employed after Retirement Age (SDGs Data Edition 2020 Social Report)[PDF:3.92MB] 
	➤ Employment of People with Disabilities



Our strategy for achieving SDGs	Initiatives through Business Activities	Initiatives for Supporting Business Activities	Initiatives with Our Stakeholders	Environmental Initiatives	Others
Diversity & Inclusion	> Employment Rate for Persons with Disabilities(SDGs Data Edition 2020 Social Report) [PDF:3. 2MB] 				
	> Encouraging Work-Life Balance (WLB)				
	> Encouraging Women to Succeed				
	> [Daiwa Capital Markets America Inc.] WORK FOR US > Culture 				
	> [Daiwa Capital Markets Europe Limited.] Diversity & Equality 				
	> Various Work-Life Balance Support Programs (SDGs Data Edition 2020 Social Report) [PDF:3. 2MB] 				
	> Welfare Program Usage (SDGs Data Edition 2020 Social Report) [PDF:3.92MB] 				
	> Employees Taking Childcare Leave and Other Related Plans (SDGs Data Edition 2020 Social Report)				
	> Initiatives for Work-Life Balance and Supporting Diverse Work Styles (SDGs Data Edition 2020 Social Report)				
Employee Satisfaction	> Communication with Employees				
	> Work Motivation Survey (SDGs Data Edition 2020 Social Report)[PDF:3.92MB] 				
Internal Communication	> Active Use of In-House Magazine				
	> Communication among Employees				
	> Initiatives for Families				
Labor-Management Dialogue	> Relationship with Employee Unions				
	> Number of Employee Union Members (SDGs Data Edition 2020 Social Report)[PDF:3.92MB] 				
Human Resource Development and Capability Development	> Employee Training Approaches and Trends				
	> Education and Training System				
	> Supporting Employees Trying to Earn Credentials				
Human Rights	> Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues				
	> Human Rights Education and Awareness				
	> Initiatives in FY2019				
	> Supply Chain Management and ESG Due Diligence including Human Rights				
	> [Daiwa Capital Markets Europe Limited.] Modern Slavery Act 2015 				
Health Management and Occupational Safety and Health	> Health Management				




Economic and Financial Education	➤ Education and Research Activities in Economics and Finance
	➤ Information Website for Child Rearing and Money “SODATTE” (Japanese) 
	➤ Okane-no-Mikata (Japanese) 
	➤ Daiwa Internet TV (Japanese) 
	➤ Results in Economic and Financial Education Program (SDGs Data Edition 2020 Social Report) [PDF:3.92MB] 
Social Contribution Activities and Corporate Citizenship Activities	➤ Assistance to Communities inside and outside of Japan through Foundations and NPOs
	➤ Initiatives for Child Poverty Issues
	➤ Support for Culture, the Arts, Sports Activities (Japanese)
	➤ Corporate Citizenship Initiatives
	➤ [Daiwa Capital Markets America Inc.] Corporate Social Responsibility 
	➤ [Daiwa Capital Markets Europe Limited.] Corporate Social Responsibility 
	➤ Corporate Citizenship Initiatives and Expenditures (SDGs Data Edition 2020 Social Report) [PDF:3.92MB] 

## Governance

Corporate Governance	➤ Basic Views on Corporate Governance
	➤ Policies for Selection of Candidates to Serve as Directors / Policies for Selection of Outside Directors / Composition of Board of Directors [PDF:436KB] 
	➤ Compensation of Executives
	➤ Corporate Governance Report [PDF:744KB] 
Tax Corporate Governance	➤ Tax Policy
Whistleblowing	➤ Structure and Achievements of Whistleblowing System (Corporate Ethics Hotline)
Risk Management	➤ Risk Management and Risk Appetite Framework
	➤ Risk Management System
	➤ Types of Risks to Be Managed / Managing Major Risks
	➤ Business Continuity Plan (BCP)
Supply Chain Management	➤ Supply Chain Management and ESG Due Diligence including Human Rights

Supply Chain Management	<a href="#">➤ [Daiwa Capital Markets Europe Limited.] Modern Slavery Act 2015</a> 
Compliance	<a href="#">➤ Compliance System</a>
	<a href="#">➤ Full Implementation of “Customer-First”</a>
	<a href="#">➤ Summary of the Management Policy for Conflict of Interest</a>
Prevention of Money Laundering, etc.	<a href="#">➤ Daiwa Securities Group’s Customer Inspection System</a>
	<a href="#">➤ Basic Policy on Avoiding Involvement with Anti-Social Forces</a>
Anticorruption	<a href="#">➤ Initiatives against Bribery and Corruption</a>
	<a href="#">➤ Political Contributions (SDGs Data Edition 2020 Social Report)[PDF:3.92MB]</a> 
IT Governance Structure	<a href="#">➤ IT Governance Structure</a>
Information Security	<a href="#">➤ Systemic Risk Management</a>
	<a href="#">➤ Privacy Policy</a>
	<a href="#">➤ Information Security</a>
Information Disclosure	<a href="#">➤ Disclosure Policy</a>

## External Evaluation

Third-Party Evaluations	<a href="#">➤ Third-Party Evaluations</a>
independent Assurance	<a href="#">➤ Independent Assurance Report (SDGs Data Edition 2020 Social Report) [PDF:3.92MB]</a> 

## Participation in Initiatives

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

### Major Initiatives

#### The United Nations Global Compact (UNGC)



Daiwa Securities Group Inc. signed the UNGC in January 2010. We support the following 10 principles and work to contribute to sustainable development in the international community.

#### 10 principles


- Human rights
  - Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
  - Principle 2: make sure that they are not complicit in human rights abuses.
- Labour
  - Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
  - Principle 4: the elimination of all forms of forced and compulsory labour;
  - Principle 5: the effective abolition of child labour; and
  - Principle 6: the elimination of discrimination in respect of employment and occupation.
- The environment
  - Principle 7: Businesses should support a precautionary approach to environmental challenges;
  - Principle 8: undertake initiatives to promote greater environmental responsibility; and
  - Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- Anti-corruption
  - Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

#### The United Nations-supported Principles for Responsible Investment (PRI)




Daiwa Asset Management became a signatory in May 2006. PRI is a set of six principles launched by the United Nations Environment Programme - Finance Initiative and the UN Global Compact. This initiative asks institutional investors to incorporate ESG into their investment decision making practices. Daiwa Securities Group will continue promoting responsible investment.

#### 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.

[Task Force on Climate-related Financial  
Disclosures \(TCFD\)](#) 




This is a task force established by the Financial Stability Board (FSB) in 2015. TCFD asks companies to grasp and disclose information on the impact of climate change on finances during the course of a shift to a low-carbon economy. Daiwa Securities Group Inc. announced its support for TCFD in April 2018 and also participates in the TCFD Consortium, established in May 2019 in Japan.

[CDP](#) 



CDP is a project in which institutional investors interested in climate change collaborate and require global companies to disclose information on their attitudes and approaches to environmental issues. We announced its support for the project in 2004.

[Principles for Financial Action for the 21st  
Century](#) 



Based on the recommendations of the Central Environment Council of the Ministry of the Environment, this is an action guideline for financial institutions that was established with the aim of expanding the circle of environmental finance efforts. The Group has been actively involved since the drafting stage of this principle, and signed in 2011 when it was established.

### Registration System of Green Bond Issuance Supporters



The Financial Support Programme for Green Bond Issuance implemented by the Ministry of the Environment subsidizes the external costs incurred other than the cost for the ordinary bond issuance procedure. It grants a subsidy to those who provide issuance support to green bond issuers (issuance supporters) for their issuance support costs. The Ministry has established a system for announcing the issuance supporters on the “Platform for promoting Green Bond issuance.”

The Group has been a registered supporter since the initiation of the system in 2018.

### 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.

## Diversity initiatives

### 30% Club Japan

In May 2019, the Chairman of the Board and President and CEO of Daiwa Securities Group Inc. started to participate in the 30% Club Japan as members in support of its activities. The 30% Club, established in the U.K. in 2010, is a worldwide campaign aimed at increasing the ratio of women in executive positions to promote the sustainable development of companies. It has been rolled out in 14 countries and regions including Japan, greatly contributing to a rise in the ratio of female executives.


## Human rights initiatives

### The United Nations Guiding Principles on Business and Human Rights

### Children's Rights and Business Principles



# Labor management initiatives

[The eight fundamental conventions of the International Labour Organization](#) 

# Governance initiatives

Japan's Corporate Governance Code established by Tokyo Stock Exchange

## Third-Party Evaluations

### Dow Jones Sustainability Indices



The Dow Jones Sustainability Indices (DJSI) are stock indices of companies with sustainable practices selected by Dow Jones & Company, Inc. of the United States and RobecoSAM AG of Switzerland. Daiwa Securities Group Inc. is a constituent of DJSI World. Since DJSI World was launched in 1999, it has continually been included in DJSI World and DJSI Asia Pacific.

> Dow Jones Sustainability Indices

### FTSE Indices



FTSE is a subsidiary of the London Stock Exchange. It develops global indexes and provides data for investment.

Daiwa Securities Group Inc. has been included in the FTSE4Good, an index of socially responsible companies compiled by FTSE, for 15 consecutive periods since September 2006.

Daiwa Securities Group Inc. has also been selected as a constituent of the FTSE Blossom Japan Index for four consecutive periods since July 2017. This index is used as an ESG passive management benchmark by the Government Pension Investment Fund.

> FTSE Russell

> FTSE Blossom Japan Index

### MSCI Indices



MSCI measures and publishes various indices.

Daiwa Securities Group Inc. has been selected as a constituent of the MSCI Japan Empowering Women Index for three consecutive periods since July 2017.

This index is used as an ESG passive management benchmark by the Government Pension Investment Fund.

> MSCI

## Nadeshiko Brand



Daiwa Securities Group Inc. has been selected as a “Nadeshiko Brand” for six consecutive years since FY2014. This title is awarded by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to listed companies for having excellent track records in empowering women in their companies. We have been actively supporting the success of women for more than 10 years and set targets related to initiatives for empowering women in 2015. We have helped women to balance work and child-rearing while providing them with career support. As a result of these continuous efforts to develop an environment enabling female employees to work energetically for a long time even after going through life events, an increasing number of female employees in various life stages are playing active roles in their workplace. The number of female managers has increased approximately fivefold across the Group from the level before the implementation of these initiatives, with three women now serving as directors of Daiwa Securities Group Inc.

➤ Nadeshiko Brand (Ministry of Economy, Trade and Industry website) [□](#)

## Health & Productivity Stock Selection



Daiwa Securities Group Inc. has been selected as a "Health & Productivity Stock Selection" for six consecutive years since FY2014. This title is awarded jointly by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to companies promoting the health of their employees. We appoint a Chief Health Officer (CHO) and hold Health Management Promotion Meetings once every quarter as part of our efforts to enhance our health promotion system. We have also introduced the KA-RA-DA iki-iki Project and an employment support plan for employees with cancer which supports the balancing of work and cancer treatment, as well as the Daiwa ELLE Plan which provides comprehensive support for addressing health issues specific to women. These various initiatives have been highly evaluated.

➤ Health & Productivity Stock Selection (Ministry of Economy, Trade and Industry website) [□](#)

## Digital Transformation Stock (DX Stock)



In August 2020, Daiwa Securities Group Inc. was selected as a “Digital Transformation Stock (DX Stock)” under the DX Stock Selection program operated jointly by the Ministry of Economy, Trade and Industry of Japan and the Tokyo Stock Exchange (TSE). The title is awarded to companies for actively working on digital transformation that enhances corporate value and competitiveness from the perspective of medium- to long-term corporate management.

This marks our third consecutive year of recognition, if the “Competitive IT Strategy Company” title awarded under the predecessor program is included. This also means that we were selected for all three titles available under the program for three years in a row. The program changed the title “Competitive IT Strategy Company” to “DX Stock” to put focus on digital transformation. It selects,

from among companies listed on the TSE, companies that actively promote digital transformation, thereby introducing appealing companies to investors who put emphasis on enhancement of corporate value from a medium- to long-term perspective. At the same time, it also aims to encourage companies to take initiatives for digital transformation.

We completed the distribution of mobile devices for work to all employees of Daiwa Securities, a major subsidiary, by February 2020 and thus developed a working environment enabling them to work comfortably at anytime and anywhere. This initiative, along with the establishment of CONNECT, a new brand aimed at attracting asset building generations, were highly evaluated.

➤ Digital Transformation Stocks (Ministry of Economy, Trade and Industry website) 

## "Kurumin" and "Platinum Kurumin" -Certified as a Family-Friendly Employer




The certified family-friendly employer logo (nicknamed "Kurumin") is the certification symbol for family-friendly employers provided by Japan's Ministry of Health, Labour and Welfare, based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Daiwa Securities Group Inc. obtained certification as a family-friendly employer on June 9, 2008, and Daiwa Securities, Daiwa Institute of Research Holdings, Daiwa Institute of Research, Daiwa Institute of Research Business Innovation, and Daiwa Securities Business Center have also been certified. Moreover, as of March 11, 2016, Daiwa Securities and Daiwa Securities Business Center received a "Platinum Kurumin" certification. That certification is given to especially excellent companies among the certified family-friendly employers that have implemented higher levels of initiatives.

➤ Certified as a Family-Friendly Employer (Ministry of Health, Labour and Welfare website) 

## "Tomonin" -Logo for Promoting Work Environments for Balancing Work with Long-Term Care



Daiwa Securities Group has continually built a working environment where employees can find it easy to use work-life balance support programs, in an effort to help them to continue working while balancing work and nursing care. The Ministry of Health, Labour and Welfare conferred the logo (nicknamed "Tomonin") on us for promoting the provision of a working environment favorable for balancing work with long-term care.

➤ Logo for Promoting Work Environments for Balancing Work with Long-Term Care (Ministry of Health, Labour and Welfare website) 

## GRESB 2019 "Green Star"



In the Global Real Estate Sustainability Benchmark (GRESB) Survey, Daiwa Office Investment Corporation has received the Green Star, the highest category of recognition, for eight consecutive years (Four Star in FY2019). Daiwa Securities Living Investment Corporation has also received the Green Star for two consecutive years (Three Star in FY2019).

> GRESB 2019 "Green Star" (Green Building Japan website) [□](#)

## ISO Certification

### • ISO 14001

Daiwa Institute of Research Business Innovation has received ISO 14001 certification, which is an international standard for environmental management systems. Through its business activities, Daiwa Institute of Research Business Innovation has endeavored to realize a harmonious relationship with the global environment, and actively works to reduce the environmental load.

### • ISO 27001

Daiwa Institute of Research (Systems Management Division) and Daiwa Institute of Research Business Innovation (Systems Management Division and Systems Consulting Division, Social Insurance Customer Support Department, and BPO Center) have received ISO 27001 certification, which is an international standard for information security management systems. In order to maintain and manage the confidentiality, integrity, and availability of their information assets, both companies are continuing to improve their information security.

### • ISO 27017

Daiwa Institute of Research (Systems Management Division) and Daiwa Institute of Research Business Innovation (Systems Management Division) have received ISO 27017 certification, which is an international standard for information security in relation to cloud services. As an add-on certification to ISO 27001, ISO 27017 deals with information security specific to cloud services.

### • ISO 20000

Daiwa Institute of Research (Systems Management Division) and Daiwa Institute of Research Business Innovation (Systems Management Division) have received ISO 20000 certification, which is an international standard for IT service management systems. In order to provide customers with a high-quality IT service in a stable manner, both companies are engaged in organizational enhancement of the quality of their IT services, including cost management, business process optimization, and continual improvements.

> ISO website [□](#)




# GRI Content Index

Our report refers GRI Standards 2016 of the Global Reporting Initiative (GRI).

## Universal Standards

### Organizational Profile

Number	Disclosures	Applicable web page
102-1	Name of the organization.	> Corporate Profile
102-2	Activities, brands, products, and services	> Corporate Profile
102-3	Location of headquarters	> Corporate Profile
102-4	Location of headquarters	> Corporate Profile
102-5	Ownership and legal form	> Corporate Profile
102-6	Markets served	> Corporate Profile > Management policy
102-7	Scale of the organization	> Corporate Profile
102-8	Information on employees and other workers	> Corporate Profile > SDGs Data Edition 2020 
102-9	Supply chain	> Corporate Profile > Supply Chain Management > Role and Social Responsibilities of the Securities Business > Risk Management
102-10	Significant changes to the organization and its supply chain	> Corporate Profile > Role and Social Responsibilities of the Securities Business

Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our StakeholdersEnvironmental  
Initiatives

Others

Number	Disclosures	Applicable web page
102-11	Precautionary Principle or approach	<ul style="list-style-type: none"> <li>&gt; Corporate Governance</li> <li>&gt; Compliance</li> <li>&gt; Risk Management</li> <li>&gt; IT Strategy and Management of Systemic Risk</li> </ul>
102-12	External initiatives	<ul style="list-style-type: none"> <li>&gt; Participation in Initiatives</li> </ul>
102-13	Membership of associations	<ul style="list-style-type: none"> <li>&gt; Participation in Initiatives</li> </ul>

## Strategy

Number	Disclosures	Applicable web page
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> <li>&gt; Message from the CEO</li> </ul>
102-15	Key impacts, risks, and opportunities	<ul style="list-style-type: none"> <li>&gt; Our Values and SDGs Materiality</li> </ul>

## Ethics and Integrity



Number	Disclosures	Applicable web page
102-16	Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> <li>&gt; Our Values and SDGs Materiality</li> </ul>
102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> <li>&gt; Corporate Governance</li> </ul>

## Governance


Number	Disclosures	Applicable web page
102-18	Governance structure	<ul style="list-style-type: none"> <li>&gt; Corporate Governance</li> </ul>
102-19	Delegating authority	<ul style="list-style-type: none"> <li>&gt; Our strategy for achieving SDGs</li> </ul>
102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> <li>&gt; Our strategy for achieving SDGs</li> </ul>
102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> <li>&gt; Communication with Stakeholders</li> <li>&gt; Our strategy for achieving SDGs</li> <li>&gt; Corporate Governance</li> </ul>

Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our StakeholdersEnvironmental  
Initiatives

Others

Number	Disclosures	Applicable web page
102-22	Composition of the highest governance body and its committees	➤ Corporate Governance
102-23	Chair of the highest governance body	➤ Corporate Governance
102-24	Nominating and selecting the highest governance body	➤ Corporate Governance
102-25	Conflicts of interest	➤ Corporate Governance
102-26	Role of highest governance body in setting purpose, values, and strategy	➤ Corporate Governance
102-27	Collective knowledge of highest governance body	➤ Our strategy for achieving SDGs ➤ Management policy
102-28	Evaluating the highest governance body's performance	-
102-29	Identifying and managing economic, environmental, and social impacts	➤ Our strategy for achieving SDGs
102-30	Effectiveness of risk management processes	➤ Our strategy for achieving SDGs
102-31	Review of economic, environmental, and social topics	➤ Our strategy for achieving SDGs
102-32	Highest governance body's role in sustainability reporting	➤ Our strategy for achieving SDGs
102-33	Communicating critical concerns	➤ Our strategy for achieving SDGs ➤ Corporate Governance
102-34	Nature and total number of critical concerns	➤ Corporate Governance
102-35	Remuneration policies	➤ Corporate Governance ➤ SDGs Data Edition 2020 
102-36	Process for determining remuneration	➤ Corporate Governance ➤ Corporate Governance Report 
102-37	Stakeholders' involvement in remuneration	➤ Corporate Governance
102-38	Annual total compensation ratio	-
102-39	Percentage increase in annual total compensation ratio	-

## Stakeholder Engagement

Number	Disclosures	Applicable web page
102-40	List of stakeholder groups	➤ Communication with Stakeholders
102-41	Collective bargaining agreements	➤ Communication with Employees ➤ SDGs Data Edition 2020 
102-42	Identifying and selecting stakeholders	➤ Communication with Stakeholders
102-43	Approach to stakeholder engagement	➤ Communication with Stakeholders
102-44	Key topics and concerns raised	➤ Our Values and SDGs Materiality ➤ Communication with Stakeholders

## Reporting Practice

Number	Disclosures	Applicable web page
102-45	Entities included in the consolidated financial statements	➤ Corporate Profile
102-46	Defining report content and topic Boundaries	➤ Editorial Policy
102-47	List of material topics	➤ Our strategy for achieving SDGs
102-48	Restatements of information	Not Applicable
102-49	Changes in reporting	➤ Our strategy for achieving SDGs
102-50	Reporting period	➤ Editorial Policy
102-51	Date of most recent report	➤ Editorial Policy
102-52	Reporting cycle	➤ Editorial Policy
102-53	Contact point for questions regarding the report	➤ Editorial Policy
102-54	Claims of reporting in accordance with the GRI Standards	➤ Editorial Policy
102-55	Content index	Content index
102-56	External assurance	➤ SDGs Data Edition 2020 

## 103 Management Approach

Number	Disclosures	Applicable web page
103-1	Explanation of the material topic and its Boundary	➤ Our strategy for achieving SDGs
103-2	The management approach and its components	➤ Our strategy for achieving SDGs
103-3	Evaluation of the management approach	➤ Our strategy for achieving SDGs

## Standards by Topic






### Economic


Number	Disclosures	Applicable web page
201: Economic Performance		
201-1	Direct economic value generated and distributed	➤ Disclosure Report 2020 (only Japanese)
201-2	Financial implications and other risks and opportunities due to climate change	➤ TCFD
201-3	Defined benefit plan obligations and other retirement plans	Disclosure Report 2019 (only Japanese)
201-4	Financial assistance received from government	Impact is insignificant
202: Market Presence		
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	-
203: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	➤ Action through Product Development and Distribution ➤ Support for Creating Our Future Society ➤ Action with NPOs
203-2	Significant indirect economic impacts	Not applicable




Number	Disclosures	Applicable web page
204: Procurement Practices		
204-1	Proportion of spending on local suppliers	Impact is insignificant, due to the nature of our business
205: Anti-corruption		
205-1	Operations assessed for risks related to corruption	<a href="#">➤ Compliance</a> <a href="#">➤ Risk Management</a>
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">➤ Compliance</a>
205-3	Confirmed incidents of corruption and actions taken	Not applicable
206: Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not applicable



## Environmental



Number	Disclosures	Applicable web page
301: Materials		
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
302: Energy		
302-1	Energy consumption within the organization	<a href="#">➤ SDGs Data Edition 2020</a> 
302-2	Energy consumption outside of the organization	<a href="#">➤ SDGs Data Edition 2020</a> 
302-3	Energy intensity	<a href="#">➤ SDGs Data Edition 2020</a> 
302-4	Reduction of energy consumption	<a href="#">➤ SDGs Data Edition 2020</a> 
302-5	Reductions in energy requirements of products and services	<a href="#">➤ SDGs Data Edition 2020</a> 
303: Water and Effluents (2018)		

Number	Disclosures	Applicable web page
303-1	Interactions with water as a shared resource	Impact is insignificant, due to the nature of our business
303-2	Management of water discharge-related impacts	Impact is insignificant, due to the nature of our business
303-3	Water withdrawal	➤ SDGs Data Edition 2020 
303-4	Water discharge	-
303-5	Water consumption	-
304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
304-2	Significant impacts of activities, products, and services on biodiversity	Not applicable
304-3	Habitats protected or restored	Not applicable
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
305: Emissions		
305-1	Direct GHG emissions	➤ Environmental Activities ➤ SDGs Data Edition 2020 
305-2	Energy indirect GHG emissions	➤ Environmental Activities ➤ SDGs Data Edition 2020 
305-3	Other indirect GHG emissions	➤ Environmental Activities ➤ SDGs Data Edition 2020 
305-4	GHG emissions intensity	➤ Environmental Activities ➤ SDGs Data Edition 2020 
305-5	Reduction of GHG emissions	➤ Environmental Activities ➤ SDGs Data Edition 2020 
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

Number	Disclosures	Applicable web page
306: Effluents and Waste		
306-1	Water discharge by quality and destination	Impact is insignificant, due to the nature of our business
306-2	Waste by type and disposal method	<a href="#">&gt; Environmental Activities</a> <a href="#">&gt; SDGs Data Edition 2020</a> 
306-3	Significant spills	Not applicable
306-4	Transport of hazardous waste	Not applicable
306-5	Water bodies affected by water discharges and/or runoff	Not applicable
307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Not applicable
308: Supplier Environmental Assessment		
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

## Society

Number	Disclosures	Applicable web page
401: Employment		
401-1	New employee hires and employee turnover	<a href="#">&gt; SDGs Data Edition 2020</a> 
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Creating a rewarding workplace
401-3	Parental leave	<a href="#">&gt; Creating a rewarding workplace</a> <a href="#">&gt; SDGs Data Edition 2020</a> 
402: Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	-
403: Occupational Health and Safety (2018)		

Number	Disclosures	Applicable web page
403-1	Occupational health and safety management system	<a href="#">➤ Work-Life Balance</a> <a href="#">➤ Health Management</a>
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational health services	<a href="#">➤ Work-Life Balance</a> <a href="#">➤ Health Management</a>
403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">➤ Work-Life Balance</a> <a href="#">➤ Health Management</a>
403-5	Worker training on occupational health and safety	
403-6	Promotion of worker health	<a href="#">➤ Work-Life Balance</a> <a href="#">➤ Health Management</a>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries	
403-10	Work-related ill health	
404: Training and Education		
404-1	Average hours of training per year per employee	<a href="#">➤ Human Resource Development and Skill Enhancement</a>
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">➤ Human Resource Development and Skill Enhancement</a>
404-3	Percentage of employees receiving regular performance and career development reviews	
405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	<a href="#">➤ SDGs Data Edition 2020</a> 
405-2	Ratio of basic salary and remuneration of women to men	<a href="#">➤ SDGs Data Edition 2020</a> 
406: Non-discrimination		

Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our StakeholdersEnvironmental  
Initiatives


Others

Number	Disclosures	Applicable web page
406-1	Incidents of discrimination and corrective actions taken	Not applicable due to the nature of our business
407: Freedom of Association and Collective Bargaining		
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
408: Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	Not applicable due to the nature of our business
409: Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not applicable due to the nature of our business
410: Security Practices		
410-1	Security personnel trained in human rights policies or procedures	Impact is insignificant, due to the nature of our business
411: Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable due to the nature of our business
412: Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	➤ Risk Management
412-2	Employee training on human rights policies or procedures	➤ Human Rights Initiatives
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	➤ Risk Management
413: Local Communities		
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
414: Supplier Social Assessment		



Our strategy for  
achieving SDGsInitiatives through  
Business ActivitiesInitiatives for Supporting  
Business ActivitiesInitiatives with  
Our StakeholdersEnvironmental  
Initiatives

Others

Number	Disclosures	Applicable web page
414-1	New suppliers that were screened using social criteria	Not applicable
414-2	Negative social impacts in the supply chain and actions taken	Not applicable
415: Public Policy		
415-1	Political contributions	➤ SDGs Data Edition 2020 
416: Customer Health and Safety		
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
417: Marketing and Labeling		
417-1	Requirements for product and service information and labeling	➤ Providing Quality Service to Customers
417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable
417-3	Incidents of non-compliance concerning marketing communication	Not applicable
418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable
419: Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Not applicable

## Editorial Policy

Daiwa Securities Group's policy on information disclosure regarding the SDGs is as follows.

## Editorial Policy

At Daiwa Securities Group, we have been reporting our CSR activities annually since FY2002 for the following two objectives: to disclose our CSR activities in an easy-to-understand way and to evaluate the current state of affairs and the challenges we face. From the second half of FY2018, our CSR activities were expanded as part of our initiatives for achieving SDGs. In conjunction with this change, we sorted out our business activities and the content of the Group's CSR activities anew, and redesigned our previous CSR Report into the SDGs Data Book.

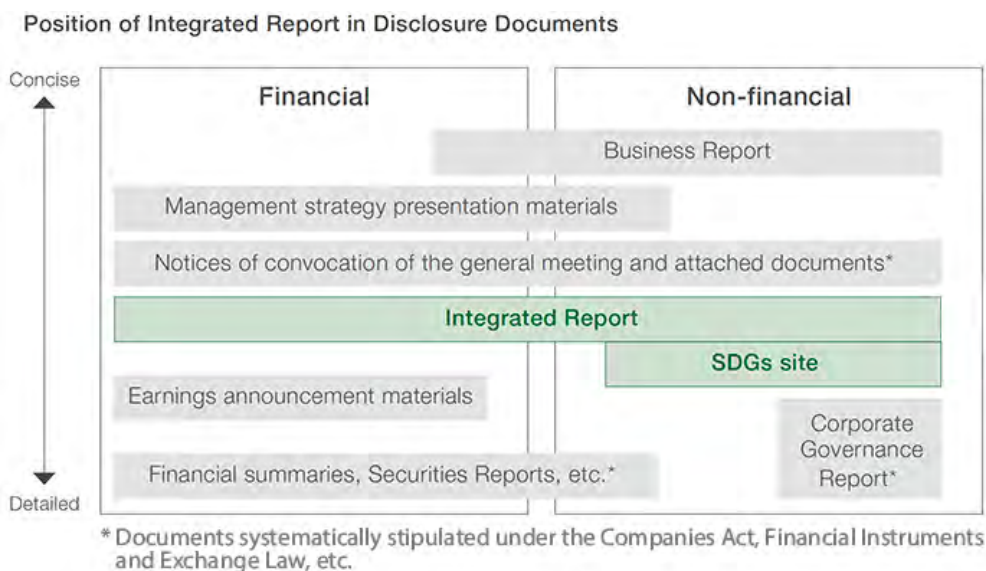
From fiscal 2020, we will post comprehensive data on the Group's SDGs on the "SDGs" page of the Daiwa Securities Group's web site with the aim of improving the convenience of readers and timely disclosure of information.

<b>Intended Readership</b>	This report is intended for the broad range of Daiwa Securities Group stakeholders defined by ISO 26000, including customers, shareholders and investors, employees, business partners, and local communities.
<b>Reporting Boundary</b>	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.
<b>Period Covered by Report</b>	FY2019 (April 1, 2019, to March 31, 2020) The report, however, also includes some information on events and activities carried out prior to the beginning of or after the end of FY2018, or scheduled to take place during FY2020
<b>Inquiries</b>	SDGs Promotion Office, Corporate Planning Department, Daiwa Securities Group Inc.
<b>Tel</b>	+81-3-5555-1111(Main)
<b>E-mail</b>	<a href="mailto:daiwacsr@daiwa.co.jp">daiwacsr@daiwa.co.jp</a>
<b>URL</b>	<a href="https://www.daiwa-grp.jp/english/sdgs/group_sdgs/">https://www.daiwa-grp.jp/english/sdgs/group_sdgs/</a>
<b>Reference Guidelines</b>	GRI Sustainability Reporting Standards ISO 26000: Guidance on social responsibility Sustainability accounting standards for the Financials sector, Sustainability Accounting Standards Board (SASB) Environmental Accounting Guidelines 2005, Ministry of the Environment, Japan

## For Deeper Understanding of Corporate Activities of Daiwa Securities Group

At Daiwa Securities Group, we issue an Integrated Report, referring to the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) 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