

Achievements over the Past Year

⑥ Stewardship Activity

A year of responsible investment undertaken in collaboration with business enterprises

Guidelines for the Future

① Materiality

Transformation That Begins with Dialog

② Engagement
③ Proxy Voting

Responsible Investment Framework

④ Sustainable Investment
⑤ Stewardship

Achievements over the Past Year

⑥ Stewardship Activity

Initiatives to Improve Sustainability

Development of sustainability human resources

From January 2024, Daiwa AM newly established the following in-house accreditation titles, which attest to employees having achieved a given level of expertise regarding our sustainability (SDGs, ESG) and related initiatives, as part of our initiatives to develop ESG human resources. We are working to improve the explanatory capacities on sustainability of Daiwa AM as a whole by promoting the acquisition of these titles.

Sustainability Associates

Following attendance by employees who wish to participate in an external designated course on ESG, participants who pass a certification test created by the Responsible Investment Department are certified as Sustainability Associates. As of the end of November 2025, 50 employees had been accredited as Sustainability Associates.

Sustainability Leaders (Responsible Investment Department trainees)

Following an internal application call for previously certified Sustainability Associates, applicants attend a course with an approximately three-month curriculum, which includes lectures on Daiwa AM's stewardship activities, ESG, and sustainability in general at the Responsible Investment Department. As part of the curriculum, course participants sit in on engagements with investee companies and complete practical exercises in proxy voting to achieve a deeper understanding of our stewardship activities, while also attending meetings with external ESG analysts to acquire specialist and up-to-the-minute expertise.

To date, applications to take part in Sustainability

Leader training have been received from 14 departments within the company (as of the latest application period). After the training, each participant prepares a final report to bring their insights back to their respective departments and apply them to their assigned duties. They are then accredited as Sustainability Leaders subject to the approval of the executive officer responsible for stewardship and ESG and the Head of the Responsible Investment Department at the Fund Management Division. In addition, we undertake periodic revisions reflecting feedback from course participants and endeavor to refine the course content. We are also planning to conduct follow-up training for individuals accredited as Sustainability Leaders.

Reskilling

Since 2022, we have convened study sessions within the Responsible Investment Department, with aims including facilitating the acquisition of knowledge on sustainability and improving engagement skills, and have been selecting the themes for the issues to be addressed and referring to relevant books aligned with these themes.

We are endeavoring to share knowledge and improve the levels of all individuals, while also disseminating the knowledge and expertise which has been acquired throughout the company through in-house trainees, study groups for early career employees, and the publication of market letters, in the context of constant, ongoing, global-scale updates to relevant information, including regulatory amendments. Daiwa AM will actively contribute to improving our own sustainability and that of investee companies by continuing to implement reskilling.

Feedback from a Responsible Investment Department trainee course participant

Attending this course gave me a real sense of the critical importance for Daiwa AM's business of all employees understanding and deepening their knowledge of sustainability.

I was struck by the high quality of the training, with the curriculum giving me a systematic understanding of responsible investment concepts. I was also profoundly impressed by our approach as a responsible institutional investor, actively committed to undertaking dialogs to support sustainable corporate growth as part of engagement with investee companies.

Key Initiatives over the Year

December 2024	<ul style="list-style-type: none"> Underwent first screening for the fourth Nikkei Integrated Report Award Fielded a speaker at the PRI Human Rights Webinar on the topic of "Serious Human Rights Response by Investors: Practical Implementation of Business and Human Rights" Revamped the English version of the Stewardship Activities page on the Daiwa AM website
January 2025	<ul style="list-style-type: none"> Conducted the third Sustainability Leader Training Held the Exchange Meeting for the Japanese version of the Drucker Institute Scores
February	<ul style="list-style-type: none"> Underwent final screening for the fourth Nikkei Integrated Report Award Issued the Sustainability Report 2024 Published Market Letter: "Major financial institutions in the U.S. and Canada successively withdrawing from the Climate Alliance"
March	<ul style="list-style-type: none"> Donated to an environmental NPO as part of the "Project to contribute to tree-planting activities in proportion to balances of funds"
April	<ul style="list-style-type: none"> Issued the English language edition of the Sustainability Report 2024 Held the first Asset Management Forum Sustainable Finance Subcommittee
May	<ul style="list-style-type: none"> Revised the Proxy Voting Policy Conducted lectures at Keio University on "Corporate Valuation, Investment, and Engagement"
June	<ul style="list-style-type: none"> Held the second Asset Management Forum Sustainable Finance Subcommittee Published Market Letter: "Is the timing of general meetings of shareholders set to change?—Disclosures of financial statements in advance of meetings" Published Market Letter: "Who are the real beneficiaries of going private?"
July	<ul style="list-style-type: none"> Conducted the fourth Sustainability Leader Training Registered "Mienai Chikara™ (Invisible Value Drivers)," as a trademark Conducted inspection tours of overseas procurement sites of investee companies (see p. 30) Presented at seminar jointly hosted by AIMA Japan, Tokyo Financial Award, and The Association for Promotion of Sustainable Finance Platform Published Market Letter: "Reflections on June 2025 general meetings of shareholders—Increases in shareholder proposals and growing polarization"
August	<ul style="list-style-type: none"> Held the third Asset Management Forum Sustainable Finance Subcommittee Published Market Letter: "Revision of Japan's Stewardship Code"
September	<ul style="list-style-type: none"> Conducted inspection tour of Hokkaido GX Project (see p. 20) Conducted inspection tour of overseas investee company (India; see p. 57) Held the fourth Asset Management Forum Sustainable Finance Subcommittee
October	<ul style="list-style-type: none"> Revised the Proxy Voting Policy, Engagement Policy, and Daiwa AM's Vision for Investee Company Best Practice Daiwa AM featured in an interview article in the book "Human Capital Management: How Leading Investors Expose the Effective Strategies for Stock Prices and Recruitment" Held the Asset Management Forum Annual Meeting
November	<ul style="list-style-type: none"> Held the fifth Information Exchange Meeting on the theme: "Toward achieving high ROE: Enhancing intellectual property and innovation and reflecting these in corporate value" (see p. 42) Presented at an event hosted by Glass, Lewis & Co. Published Market Letter: "Toward sustainable finance practice"
December	<ul style="list-style-type: none"> Featured in an interview article published in "Season Review of the 2025 Japanese General Meetings of Shareholders" jointly issued by Georgeson and JSS Underwent first screening for the fifth Nikkei Integrated Report Award Held the ninth Asset Management Women's Forum Revised the Daiwa AM General Policy on Stewardship Responsibilities Issued the Sustainability Report 2025 Published Market Letter: "Policy for responding to the revision of the Stewardship Code"

Self-Assessment

Daiwa AM implements periodic self-assessment of the state of Daiwa AM's implementation of the Principles for Responsible Institutional Investors (Japan's Stewardship Code). The measures taken by Daiwa AM in regard to each of the seven principles of the Code are outlined below.

Principle 1

Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

Daiwa AM supports the intent of Japan's Stewardship Code, a statement of Principles for Responsible Institutional Investors, and established and announced Policies regarding Japan's Stewardship Code. We also formulated a General Policy on Stewardship Activities to fulfill our stewardship responsibilities. Based on this general policy, we formulated the ESG Investment Policy, Engagement Policy, and Proxy Voting Policy and released these policies on the Company Website. The Proxy Voting Policy is updated twice annually and the details are publicly released.

Principle 2

Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities, and should publicly disclose it.

Daiwa AM has established a Stewardship Supervisory Committee, of which more than half the members are Outside Directors, and has continued to implement systems to handle conflicts of interest. Furthermore, when exercising voting rights in relation to companies with which Daiwa AM has a financial or business relationship, in cases where Daiwa AM's proxy voting guidelines require specific determination, in principle Daiwa AM will follow the recommendations of an external specialist organization.

Principle 3

Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation toward the sustainable growth of the companies.

Daiwa AM positions research on companies as a key part of its business activities as an asset management company, and is constantly undertaking the wide-ranging collection of information through both internal and external networks, with the company's corporate research analysts playing a central role, and striving to maintain an accurate picture of the current state of companies.

Information and knowledge obtained through dialog with investee companies are managed and shared using Daiwa AM's internal databases, and a framework is being put in place to identify, at an early stage, any developments that could be potentially harmful to corporate value. In addition, taking its approach to ESG as the foundation, Daiwa AM calculates its own proprietary ESG scores, based on its materiality, which serve as a reference for investment decision-making and when implementing portfolio risk assessment.

Principle 4

Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

Daiwa AM has formulated an Engagement Policy in relation to engagement with investee companies, which it revised in October 2025. This Policy clearly stipulates the major perspectives that Daiwa AM emphasizes in relation to engagement, including key ESG issues. Coinciding with this, Daiwa AM also revised the Daiwa AM's Vision for Investee Company Best Practice. Daiwa AM's corporate research analysts, fund managers and stewardship analysts all undertake engagement with companies from their own respective standpoints in accordance with the Engagement Policy, and the knowhow obtained through these activities is shared within the company. In addition, Daiwa AM undertakes collaborative engagement through participation in the Climate Action 100+ and PRI Advance initiatives.

Following the revision of Japan's Stewardship Code, we updated our policy regarding our approach to this code in December 2025. The major revisions concerned two points: responding to inquiries relating to substantial shareholders under Principle 4; and promoting collaborative engagement.

Principle 5

Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

In October 2025, Daiwa AM revised its Proxy Voting Policy. At the same time, Daiwa AM disclosed potential changes to the Proxy Voting Policy that were currently under consideration, and its expectations with respect to investee companies, in an effort to make disclosure more useful for dialog. With regard to voting activity, Daiwa AM has sought to implement disclosure in the month following the month in which the annual shareholder's meeting is held, has started to provide more detailed information regarding the grounds for voting decisions, and is striving to realize disclosure that is easy to understand. Starting from the annual shareholders' meeting held in August 2022, Daiwa AM has comprehensively overhauled its disclosure format, providing enhanced convenience. Since December 2024, we have also implemented English-language disclosure of outcomes of, and grounds for the exercise of voting rights for investees companies in Japan.

Principle 6

Institutional investors, in principle, should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

Each year, Daiwa AM regularly publishes the Sustainability Report, which outlines the main content of Daiwa AM's

stewardship activities. We also publish case studies of engagement with investee companies and outcomes of the exercise of voting rights on our website.

Principle 7

To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

Daiwa AM has established "Enhance Global Sustainability" as part of our action guidelines, and we are taking

systematic measures that will contribute toward the sustainable growth of society.

Daiwa AM's Responsible Investment Department includes corporate research analysts who are also concurrently assigned to the Japan Equity Management Division, and are able to share information obtained through engagement with investee companies. The knowhow obtained in this way is effectively utilized in in-house ESG score calculation and in corporate value assessment.

In November 2025, Daiwa AM invited investee companies and convened the fifth ESG Meeting, thereby providing an opportunity for both dialogs and mutual exchange of information between Daiwa AM and investee companies. We also hold weekly reskilling sessions aimed at, for example, facilitating the acquisition of knowhow on sustainability and improving engagement skills.

PRI Evaluation Results 2025

Five stars, the highest score, on 9 out of 10 items

For the third year running, Daiwa AM received five stars, the highest possible score, on nine out of the 10 evaluation items in the 2025 annual PRI assessment. For the remaining one item, the company received four stars.

PRI signatory organizations are obligated to submit a report on the status of investment in various fields to PRI every year, and PRI performs an annual assessment based on the report. The current assessment covered activities in 2024, and the company's scores for each item

were significantly higher than their median values. Since Daiwa AM signed the PRI in May 2006, we have consistently undertaken responsible investment, and we believe that this assessment result is also the product of our repeated efforts.

Going forward, we will continue to fulfill our social responsibility as an institutional investor and will work to improve the corporate value of investee companies.

2025 PRI annual assessment

Assessment Items		Daiwa AM Evaluation	Daiwa AM Score	Median Score	
Policy Governance and Strategy		★★★★★	97	66	
Listed equity	Active fundamental	★★★★★	96	78	
	Active quantitative	★★★★★	96	76	
	Passive equity	★★★★★	100	56	
Direct	Other	★★★★★	96	61	
	Fixed income	SSA	★★★★★	98	70
		Corporate	★★★★★	100	75
	Securitized	★★★★☆	89	73	
Indirect	Listed equity Active	★★★★★	97	66	
Confidence building measures		★★★★★	100	80	

+ WEB For more details, please visit the following webpage:

📄 PRI Assessment Report 2025
https://www.daiwa-am.co.jp/company/pdf/20251201_02.pdf

📄 PRI Public Transparency Report 2025
https://www.daiwa-am.co.jp/company/pdf/20251201_01.pdf