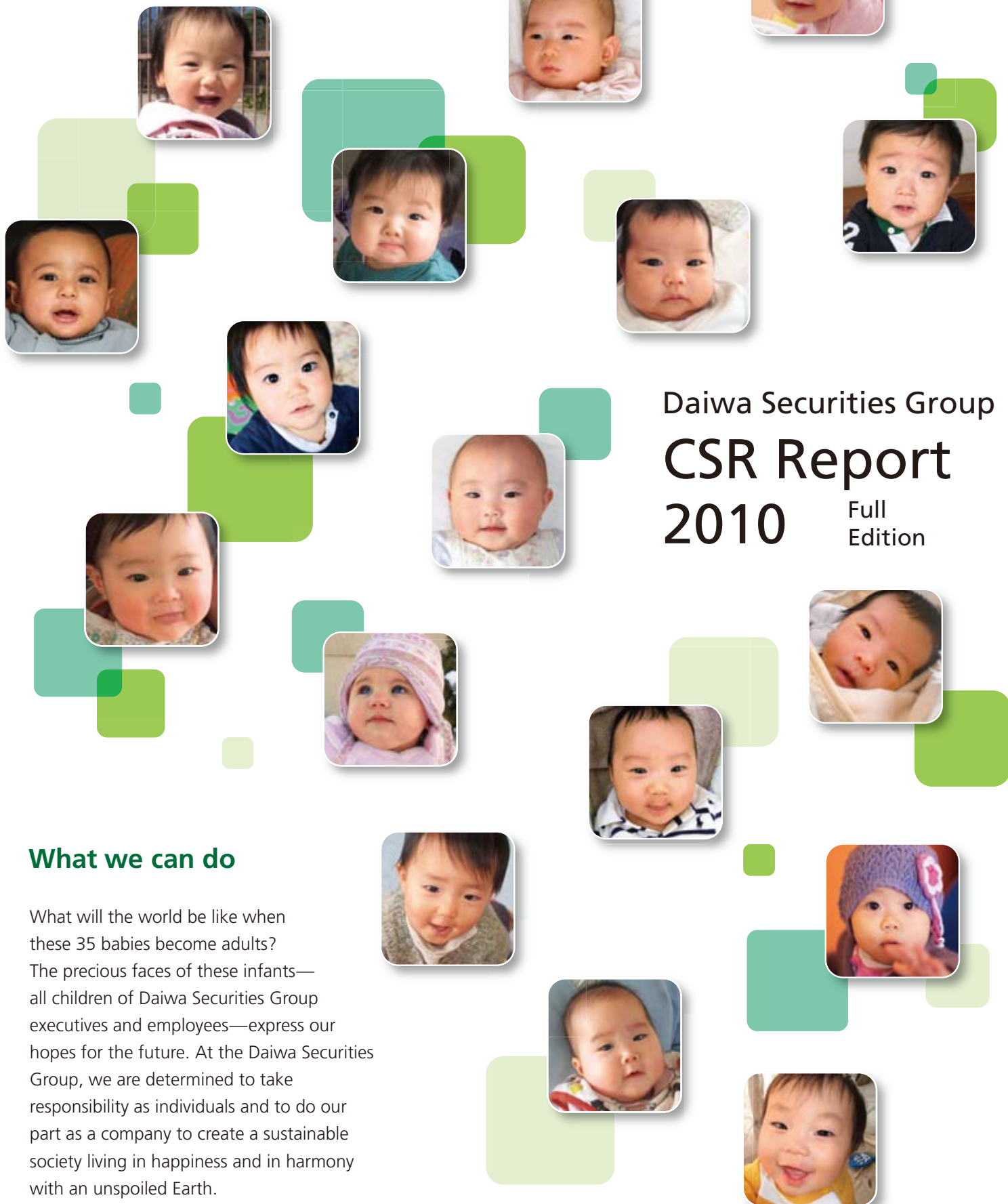


Building a Sustainable Society



Daiwa Securities Group CSR Report 2010 Full Edition

What we can do

What will the world be like when these 35 babies become adults? The precious faces of these infants—all children of Daiwa Securities Group executives and employees—express our hopes for the future. At the Daiwa Securities Group, we are determined to take responsibility as individuals and to do our part as a company to create a sustainable society living in happiness and in harmony with an unspoiled Earth.

Daiwa Securities Group CSR Report 2010 Overview

Editorial Policy

The Daiwa Securities Group has been publishing this report annually since 2002 with the aim of clearly disclosing our CSR activities, which are intended to support the creation of a sustainable society. We also use this opportunity to evaluate the company's current status and the challenges it is facing.

For the printed Highlight Edition of the 2010 report, we have narrowed down the content to focus on areas we particularly wish to communicate to as many stakeholders as possible about our ideas and initiatives in an easy-to-understand format.

The Full Edition of the report, which includes CSR initiatives, challenges and goals broken down by stakeholder group, will be available on the Web from September 2010.

Both the highlight and full editions of the report have been produced in line with international guidelines regarding sustainability reports (Global Reporting Initiative; GRI*).

*GRI (Global Reporting Initiative): An organization dedicated to proposing and promoting common international guidelines for sustainability reports.

Scope of Report

Intended Readership

This report is intended for Daiwa Securities Group's stakeholders, which primarily include customers, shareholders and investors, executives and employees, as well as business partners, government agencies, non-profits (NPOs, NGOs), local communities where Daiwa Securities has offices, educational institutions, and the families of executives and employees.

Scope of Reporting

This report basically covers the principal companies of the Daiwa Securities Group (see page 26). The report 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 numerical data specifies the scope of coverage.

Period Covered by Report

Fiscal 2009 (April 1, 2009 to March 31, 2010). The report also includes information on events and activities carried out prior to fiscal 2008, as well as those scheduled to take place during fiscal 2010.

Date of Publication

August 2010 (The previous report was published in August 2009; the next report is planned for August 2011).

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Highlight Edition

Communication Tool

- Easy-to-read format
- Focused on key issues



Highlight Edition (Booklet)

Major CSR issues, main message to stakeholders, etc.

Full Edition (Web)

Detailed information on various activities in areas such as management, society, and the environment

Please see the Daiwa Securities Group website for the Full Edition of the 2010 CSR Report.

Full Edition

Information Disclosure, Explanatory Tool

- Breakdown of CSR initiatives, challenges, and goals for each stakeholder group
- Report Based on GRI Guidelines





CSR Report 2010 — Highlight Edition (Booklet)

Contents

Daiwa Securities Group CSR Report 2010

Overview	1
Message from the President and CEO	3
Daiwa Securities Group Mission and Corporate Principles	5

■ Key Issue 1

Leveraging Financial Capabilities to Contribute to a Sustainable Society	7
--	---

| Stakeholder Dialogue 1

New Ways to Help Eradicate Poverty	11
--	----

■ Key Issue 2

Developing Sound Financial and Capital Markets for the Next Generation	13
--	----

■ Building a Rewarding Workplace for Executives and Employees

17

| Stakeholder Dialogue 2

Promoting Sustainability via the Financial Business and CSR	21
---	----

CSR Issues: Performance and Targets	23
---	----

Daiwa Securities Group Profile	25
--------------------------------------	----

Description of the Daiwa Securities	
-------------------------------------	--

Group's Businesses	26
--------------------------	----



CSR Report 2010 — Web-only Contents

Contents

● Stakeholder Dialogue 2 Promoting Sustainability via the Financial Business and CSR (Full-length Version)	1
---	---

Daiwa Securities Group CSR

● Daiwa Securities Group CSR	6
● Key Issue 1 Leveraging Financial Capabilities to Contribute to a Sustainable Society	8
● Key Issue 2 Developing Sound Financial and Capital Markets for the Next Generation	11

Management Report

● CSR Management	14
● Corporate Governance	20
● Compliance	24
● Information Disclosure	27

Social Report

● Relationship with Customers	30
● Relationship with Shareholders	34
● Relationship with Executives and Employees	37
● Relationship with Society	50

Environmental Report

● Environmental Impact	61
------------------------------	----

Economic Report

● Delivering Economic Value to Stakeholders	67
● Third-party Opinion	71
● Third-party Evaluations	74
● CSR Milestone at the Daiwa Securities Group	75
● GRI Guidelines Content Index	80

Message from the President and CEO

President and CEO Shigeharu Suzuki discusses the Daiwa Securities Group's mission and key CSR issues and its responsibilities to society

Corporate sustainability depends on contributions to society


The financial crisis taught us that companies can no longer function solely to maximize profit. The process of how profit is made is becoming increasingly important. It is true that a company can not survive without profit, but profit in itself should not be the be-all, end-all. People need air and water to live, but there is much more to life than that.

Every company has an obligation to contribute to society through its business, and only those that do so will remain viable.

Adding a social perspective to investment

The Daiwa Securities Group has been in business for more than a century because our business has always had social significance. More recently, we have introduced products, such as Vaccine Bonds and Microfinance Bonds, which have direct social benefits. Offering these products makes us proud to know we are working for society's betterment.

For our customers, these vehicles offer the same satisfaction as donating to worthy causes. But they are investments, not charity, so customers receive financial

A photograph of President and CEO Shigeharu Suzuki. He is a middle-aged man with dark hair, wearing a dark suit, white shirt, and a patterned tie. He is sitting at a desk, with his hands clasped in front of him. The background is a bright, modern office interior with large windows and a white ceiling.

Our pursuit of
quality will ensure
continued success

returns as well as social returns. Many people in Japan would like to do their part to make the world a better place, so these products fit in perfectly with that mindset.

In April 2010, we will arrange and place a water bond to fund water infrastructure and water quality projects in the Asia-Pacific region.

Known as “Impact Investing,” products like the ones I just described offer financial returns to investors while having a direct impact on social issues such as poverty and environmental protection. We plan to increase our commitment in this area and continue working toward the sustainable development of society.

Fostering sound financial and capital markets through educational and media initiatives

As a financial institution, one of our most important roles is to pass on sound financial and capital markets to future generations. In Japanese schools, there are few classes that teach students basic economics; as a result, there is also a shortage of teachers prepared to teach such classes. Children are our future, so to get them interested in learning about the economy, we need teachers who can make those subjects engaging. With that in mind, we offer materials for high school teachers¹ that make it easier for them to teach about the economy. In my mind, pragmatic efforts such as these will help us foster healthy financial and capital markets.

In Japan, more and more people are realizing that they should not only save for the future, but invest as well. We understand the need to convey the benefits of investing to people aged 50 and older, as they hold around 80% of the individual financial assets in Japan. To that end, we provide information through a variety of media, including our television channel, Daiwa Securities Information TV.²

Improving executive and employee motivation

Since 2007, we have been encouraging our executives and employees to leave the office before 7:00 p.m., and I am glad to report that they have taken that to heart. Efficiency has improved dramatically as a result as people learned to manage their time effectively. We

have also begun pushing for people to take all of their paid vacation days. Even if we introduce good schemes for improving working conditions, if executives and employees do not use them, the schemes might as well not exist, so it was important to adopt easy-to-use schemes. We started with our executives, branch managers, and department heads, because if they take time off, that makes it easier for everyone else to follow suit. In a recent employee survey, around 80% of respondents considered Daiwa’s working conditions “appropriate.”

In April 2009, we promoted four female employees to our executive team from within our ranks. Our efforts to create a workplace with limited gender barriers over the past few years helped lead to this moment, I think. Satisfied workers are more loyal and motivated, so we will remain focused on maintaining a rewarding work environment.

Quality, not size, to make difference over next 10-20 years

In January 2010, the Daiwa Securities Group became the first Japanese securities firm to join the UN Global Compact.³ The Compact’s Ten Principles are fully consistent with our own mission, and we have been operating in the spirit of those principles. As a global company, we signed on in order to strengthen our practices and help spread awareness of the principles.

Although we are a global company, over the next 10-20 years we intend to put quality ahead of size. We would like Daiwa to be known as a top-notch company with high-quality products and services and one whose executives and employees take great pride in their work. This, I think, is the key to the Daiwa Securities Group’s sustainable success and future growth.



鈴木 茂晴

Shigeharu Suzuki

President and CEO,
Daiwa Securities Group Inc.

¹ See page 15.

² Japan’s only TV channel devoted exclusively to investing.

³ The UN Global Compact was established in 2000 under the UN Secretariat after an initiative launched in 1999 by former Secretary General Kofi Annan. The membership consists of global corporate leaders who are expected to align their business practices with ten principles in the fields of human rights, labor, environment, and anti-corruption in their business activities, in partnership with UN agencies, labor, and civil society.

Daiwa Securities Group Mission and Corporate Principles

The Daiwa Securities Group's mission is to contribute to the sustainable development of society and the economy through daily operations, including wealth management for investors and supporting corporate clients' activities with various financial tools. The strong bond of trust we share with our stakeholders, including customers, shareholders, employees and society, is essential to the accomplishment of our mission and sustainable growth.

Daiwa Securities Group Stakeholders



Key Issues for Daiwa Securities Group

To realize a sustainable society, the Daiwa Securities Group seeks to initiate even more effective CSR activities. Based on the requests and opinions we have received from our stakeholders thus far, we have addressed the following key challenges:

- 1. Leveraging financial capabilities to contribute to a sustainable society.**
- 2. Developing sound financial and capital markets for the next generation.**

People are the key to addressing these issues. We believe keeping each and every one of our executives and employees motivated and proud of their work can help us earn the trust of our stakeholders.

Thus, in addition to tackling these key issues,

the Group strives to create a rewarding workplace in which our executives and employees can take pride.



To achieve its corporate principles, the Daiwa Securities Group anchors its CSR activities in these goals.

Daiwa Securities Group Corporate Principles

Building Customer Trust

We stand on the trust of our customers. Prudently putting customer interests first and achieving a high standard of professional competence, we intend to become Japan's most appealing securities group at home and abroad.

Valuing Human Resources

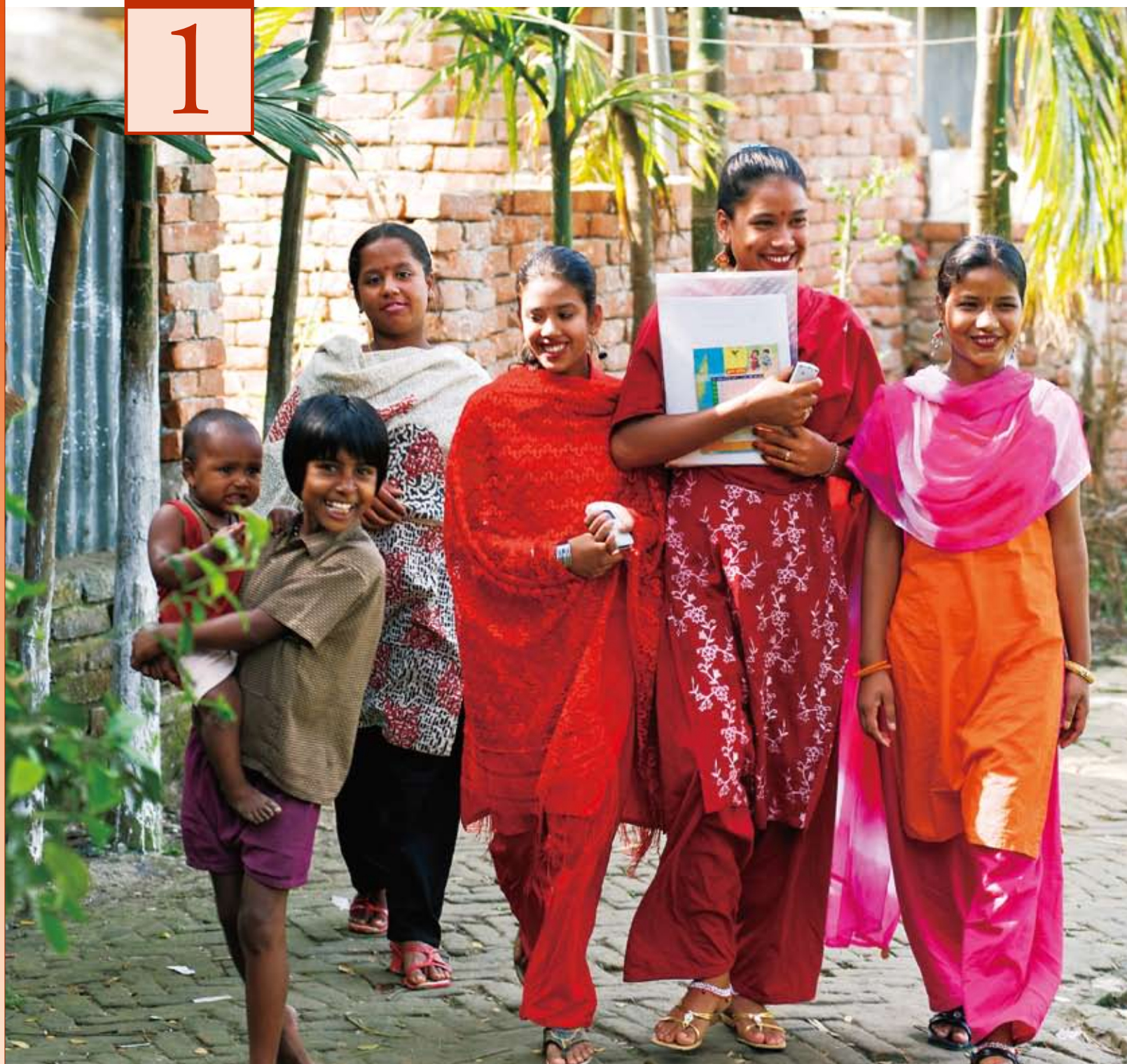
People are the source of our competence. We highly value creative initiative by the individual, we cherish the challenging spirit, and we appreciate the capability and contributions of the individual.

Contributing to Society

Our mission is to contribute to society and the economy through our daily operation in the financial and capital markets. We will maintain high standards of ethics and self-discipline and will contribute to the sustainability of society.

Earning Sound Profits

Our fundamental objective is to enhance shareholder value through sound business operations. We will offer valuable services to our customers and earn adequate rewards for distribution to our shareholders.



Leveraging Financial Capabilities to Contribute to a Sustainable Society

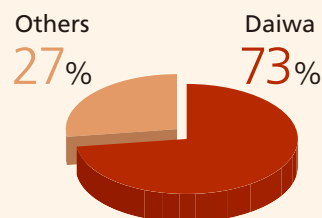
The world we live in is facing a host of pressing issues that threaten its very sustainability, ranging from environmental challenges—most notably climate change—to the growing gap between rich and poor. In times like these, companies are called upon to work in the greater society's interest and not merely pursue profit based on market principles. In that regard, the financial sector is uniquely positioned to support initiatives for social change. That is why the Daiwa Securities Group develops and sells Impact Investment* vehicles. These products offer our investors a clear way to make a difference and channel funds toward solutions to society's challenges.

* Investment with social objectives such as poverty reduction and environmental protection that also generates financial returns for investors.

Impact Investment bonds sold by Daiwa Securities (Mar. 2008-Apr. 2010)

Vaccine Bonds
World CO2L Bonds
Microfinance Bonds
Green World Bank Bonds
Water Bonds

Daiwa Securities' share of the Japanese market for Impact Investment bonds



Total sold: Approx. ¥260 billion (since March 2008)

Source: Daiwa Securities

*Only includes bonds for retail investors (as of end-April 2010)

Ratio of Impact Investment bonds to total foreign currency denominated bonds¹, 2009

Daiwa Securities group²: 11%

Overall Japanese market³: 3%

¹ *Uruidashi Gaisai*; foreign currency denominated bonds issued overseas and sold in Japan

² Ratio of Impact Investment *Uruidashi Gaisai* to foreign currency denominated bonds arranged by Daiwa Capital Markets Europe Limited and sold by Daiwa Securities.

³ Estimate by Daiwa Securities based on Capital Eye data.

WEB Please visit our website for more details. <http://www.daiwa-grp.jp/english/csr/report2010/kadai1>

Microfinance Bonds: Group-wide Effort to Help Reduce Poverty

Poverty alleviation is one of modern society's biggest challenges.

The Microfinance Bonds we have begun to offer to our clients are our answer to the question: "Can we help to solve this problem by making a new flow of money available that contributes to the challenge?"

Contributing to poverty reduction through bond investment

According to the World Bank, 1.4 billion people, or roughly one-fourth of the world's population, live on less than \$1.25 per day.*

Inspired to try to make a difference through our financial business activities, in November 2009 we began underwriting and selling Microfinance Bonds, a new type of product that utilizes bond investment to help reduce poverty.



©BRAC

Microfinance refers to small-scale financial services offered to low-income people, mostly in developing nations. By offering unsecured loans (known as "microcredit") and other basic offerings to people previously considered too poor for financial services, microfinance aims to lift people out of poverty and help them become economically self-sufficient.

Microfinance Bonds are an attempt to generate investment to help fund microfinance initiatives. Under this scheme, the Daiwa Securities Group underwrites and sells bonds issued by the International Finance

Corporation (IFC, member of the World Bank group). The IFC, in turn, uses the proceeds raised from bond investors to fund its microfinance operations.

Group-wide effort to create a truly innovative product

Satoshi Yamamoto, Deputy General Manager, Product Planning Department, Daiwa Securities, came up with the idea for this product. While studying in the US, he learned about a venture capital firm that used the Internet to raise funds for microfinance.

Mr. Yamamoto recalls, "I had heard about microfinance before but assumed it had nothing to do with the mainstream financial business. Still, I figured if one company can turn microfinance into a business, there might be some potential for Daiwa to get involved as well."

After returning to Japan, Mr. Yamamoto proposed offering bonds to raise money for microfinance. His colleagues in the Product Planning Department loved the idea. The General Manager of his department, Ms. Sachiko Hanaoka, gave the green light to the project. "Socially responsible investments have attracted serious attention lately," she said, "so this product should definitely interest investors." With management's blessing, Mr. Yamamoto's idea got started on the road to becoming a final product.

Daiwa Securities teamed up with another Daiwa Securities Group company to make the idea a reality. One Daiwa Securities Capital Markets (Daiwa CM) employee, Jun Yamamuro, Deputy General Manager, Capital Markets Department, began searching for candidates to issue the bonds and eventually approached the International Finance Corporation (IFC), which has a proven track record of approving loans to microfinance institutions. However,

* Note: 2005 figure from Martin Ravallion and Shahoua Chen World Bank report "The developing world is poorer than we thought, but no less successful in the fight against poverty."



From right:

Satoru Yamamoto, Deputy General Manager, and Sachiko Hanaoka, General Manager, Daiwa Securities Co. Ltd.

Toru Iwai, Deputy General Manager, Daiwa Securities Group Inc.

Yoshihiro Nakazawa, Associate, and Jun Yamamuro, Deputy General Manager, Daiwa Securities Capital Markets Co. Ltd.

(Position names are as of end of March 2010)

negotiations did not go smoothly at first—the IFC had never heard of such a bond before.

“We were persistent and patient,” recounts Mr. Yamamuro, “and ultimately the IFC agreed to work with us because they could tell how passionate we were about making this product happen.”

Strong demand for innovative products that make a difference

The decision to issue the bonds finally came in September 2009. The announcement sent shockwaves through the industry as it was the first such product in Japan to alleviate poverty through investment.

Naturally, the move was a big issue for employees on the front lines, as well. Jun Hagiwara, Manager, Asset Consultant Department, Sapporo Branch, Daiwa Securities, started reading books on microfinance and making proposals to his clients. He explains, “I could sense strong interest in products that made a difference, and this one seemed like it could fill that need. When explaining the product to clients, I focused most on details of how their investment would be used. Since this is a bond investment,

and not charity, the products also offer coupon payments. I think this fact gave clients the peace of mind that their money would be invested in reputable instruments. After buying the bonds, many clients have also followed the issuers’ progress reports regularly to find out how their money is being used.”

For some time, Mr. Hagiwara had been telling



Jun Hagiwara, Manager, Asset Consultant Department, Sapporo Branch, Daiwa Securities Co. Ltd. (Department and position names are as of end of March 2010)

potential buyers of socially responsible investments about Daiwa’s CSR priorities, explaining that leveraging financial capabilities to contribute to a sustainable society. “It’s heartening to know that my work is helping make the world a better place,” he says.

He goes on: “These products seem to have also expanded our client base, because people who had never considered buying foreign bonds before are taking an interest in products that contribute to a sustainable society. In the future, I think we’ll see more people buying these bonds for their social objectives.”

Daiwa takes its responsibility toward society seriously and will continue searching for innovative ways to use finance as a means of resolving various social issues.

A Word from a Stakeholder



Making a difference in the world requires envisioning a richer society that does more than merely meet people’s economic needs

Kumi Fujisawa

Cofounder and Vice President of the think tank, SophiaBank

Whenever I travel to poorer areas of the world, I am reminded of how hard the Japanese have worked to become wealthy. Thanks to such efforts, we now can enjoy economically affluent and materially satisfying lives. I am grateful to know our achievements are now being admired and respected by others. And now they are watching carefully to see what our future vision is, as a nation that is already economically and materially prosperous.

Issuing bonds that offer individuals opportunities to participate in contributing to a sustainable world is an ideal example of how people and corporations can work together toward further global development.

We asked Dr. Fazle Hasan Abed, chairperson of BRAC, to lead a forum in Japan aimed at increasing awareness of microfinance on 27 October 2009. BRAC, the world's largest NGO, has been working to eradicate poverty throughout Asia and Africa. Before the forum, President and CEO Shigeharu Suzuki and Dr. Abed talked about microfinance projects.

Facilitator:

Kiyoshi Kasahara

Vice President of Rikkyo University



Stakeholder Dialogue 1

New Ways to Help Eradicate Poverty

Dr. Fazle Hasan Abed

Founder and Chairperson, BRAC
and honorary doctorate from Rikkyo University



Shigeharu Suzuki

President and CEO, Daiwa Securities Group Inc.

Working to raise awareness of microfinance

Abed: Since the 1970s, BRAC has worked to eradicate poverty and empower the poor in Bangladesh as well as throughout Asia and Africa. Around 20% of our US\$700 million budget for 2009 came from donations, but most of our revenues were generated by our various activities and projects.

Of such projects, our core activities include a microfinance initiative which provides small-scale loans without requiring collateral.

Charity alone is not enough to encourage a person suffering from poverty to take pride and lead an independent life. However, if that individual, say, borrows some money, buys a sewing machine and fabric, and earns enough to live on from what he or

she makes, it then becomes possible for that person to support his or her family.

Suzuki: The whole idea of extending loans without asking for collateral is unheard of in the conventional banking industry. However, it's astonishing that the repayment rate on these loans is extremely high. I think microfinance is a wonderful way to help empower those suffering in poverty.

Our Microfinance Bond project was our first attempt to raise funds in Japan for these microfinance activities.

We hope that such work on our part helps support microfinance projects targeting those with low incomes or in poverty, who may lack access to conventional banking services. We are glad to be part of efforts to

reduce the number of those in poverty, said to be around 4 billion.

Abed: I believe it's especially meaningful that you are helping to address social problems such as poverty through your mainstream business. I hope that your project helps to raise awareness of microfinance among Japanese people.

Suzuki: Our firm is committed to the sustainable development of society and the economy through our participation in the capital and financial markets. We are glad to be serving as a bridge between microfinance institutions and Japanese investors. Awareness of microfinance in Japan is still low, so we hope to keep our investors informed of such initiatives through programs such as the *Daiwa Microfinance Forum 2009*.

The social significance of Microfinance Bonds

Abed: In my opinion, it's important to measure the performance of microfinance programs like ours by how much people's lives have improved, and not just by how many cases we've handled or the amounts loaned out.

With the launch of our US\$75 million microfinance fund in January 2009 in Tanzania, Uganda, and southern Sudan, we have brought microfinance to regions that previously had no access to such services.

Meanwhile, BRAC Bank, our commercial banking operations in Bangladesh provide unsecured loans of \$15,000-20,000 to SMEs*.

Such loans have given rise to a number of entrepreneurs, resulting in job creation, and consequently boosting the country's economy. We think it is a wise choice to support such entrepreneurs, who are helping to create new employment, while large corporations are cutting staff.

Suzuki: In that respect, I am proud of the important social role our Microfinance Bond project has played in such efforts. We consider the bonds to be attractive financial products, as they offer a financial return on



Dr. Fazole Hasan Abed

Born in Bangladesh in 1936. Educated at the University of Dhaka and University of Glasgow. Served as finance director for Shell Oil in Chittagong and made efforts to bring an early end to Bangladesh's war with Pakistan while based in London. Following his native country's independence, Mr. Abed established BRAC in northern Bangladesh in 1973, hoping to address the deep poverty afflicting the country. Over the last three decades, BRAC has worked to eradicate poverty throughout Asia and Africa.



investment as well as a social return. On the sales front, these bonds offer our staff an opportunity to explain to clients the social significance of these products and the rationale behind microfinance. It is an honor for our sales staff to be part of these meaningful efforts.

Helping to address social problems through our mainstream business

Suzuki: The Daiwa Securities Group has been in existence for over 100 years. Companies remain in existence only because society at large believes they are contributing positively in some way. It's important to pursue profit while keeping in mind the public interest, and not get carried away with just making money.

Abed: I completely agree. To see what happens when profit is placed above all other motives, one has only to take a look at the recent financial crisis that has swept over the developed countries, starting in America. I think we should learn from this example and reflect on ways we humans can realize a sustainable existence on this planet.

Suzuki: Indeed. I believe a company is a public entity and part of the broader social infrastructure. A company's business model is unsustainable if it fails to keep in mind the interests of the greater society. In the past, we've underwritten financial products, like our Vaccine Bonds, that help address social problems. These products allow us to do our part to help society through our main line of work and enable investors to participate in such efforts through their investments. At Daiwa, we are looking to pave the way for a new era in which products we actively promote allow financial institutions like ours to fulfill our role in the public sphere.

* SME: Small and medium-sized enterprises



Ritsumeikan Senior High School students participate in Student Company Program

Developing Sound Financial and Capital Markets for the Next Generation

Financial and capital markets are indispensable parts of the social infrastructure. At the Daiwa Securities Group, we consider the ongoing development of fair and transparent markets to be the core social mission of financial institutions.

To foster a strong sense of professional ethics, we require that executives and employees comply fully with laws and internal regulations, and have set a goal of all Daiwa Securities employees gaining specialist financial planner qualifications by the end of FY2010. We run Daiwa Securities Information TV,* Japan's only channel dedicated to financial markets and the economy. With the goal of providing high-quality information on financial and capital markets to a wide audience, it broadcasts not only analyst research, but also a wide variety of business and economic news pertinent to daily life.

At the Daiwa Securities Group, we recognize that improving the level of financial literacy, especially among young people, is crucial in order to develop sound financial markets. Toward this end, we continue to participate in corporate training programs, build academic-industrial alliances, and work in cooperation with Junior Achievement (JA), the world's largest non-profit organization promoting economic educational activities for youth.

* Daiwa Securities Information TV offers economic and financial programs centered on market news. It airs on Sky PerfecTV channel 766 and some cable TV channels from 7 a.m. to 2 a.m. For more information (in Japanese only), please see <http://daiwa766.jp/>.

Economic and Financial Education Initiatives

Activity	Description	Started	Participants
Support for the Student Company Program (SCP)*	JA's student management program Gives high school students hands-on experience simulating corporate management	Sep. 2003	151
Support for Finance Park*	JA's student personal finance planning workshop Lets students practice creating budgets and study how society and the economy works	Jun. 2005	18,721
Sponsorship of JA's mainstay Global Leadership Forum for elementary, middle, and high school teachers*	Offers multi-faceted lectures, panel discussions, and case studies on recent developments in the global economy	2003-2007	2,159
Support for founding and operation of Japan Council for Economic Education (JCEE)	Economic education for teachers Text: <i>Life is a Series of Choices</i>	Jan. 2009	—
Daiwa-JFS Sustainability College	Daiwa Eco Fund's endowed lectures Promotes awareness and practical action in the next generation	Oct. 2006	1,182

*Programs of Junior Achievement, the world's largest non-profit organization promoting economic educational activities for youth

WEB Please visit our website for more details. <http://www.daiwa-grp.jp/english/csr/report2010/kadai2>

Raising the Next Generation with Economic and Financial Education

To learn about the economy is to understand how society works and how to participate in it. It teaches people they can change society through the responsible use of their own money, encouraging them to build rich lives and communities with the right financial decisions. Such a mindset can also help foster sound financial and capital markets.

Teaching students that they can change the world by making solid choices

"Economic education is not about how to make money. It's about teaching students they can transform society by making careful decisions about how to use their money as they shift it from savings to investments. Imparting this lesson is the goal of our economic and financial education efforts." So says Toru Iwai, Deputy General Manager, CSR Promotion Department. "Educating as many young people as possible about Socially Responsible Investments (SRIs) can help lead to the development of sound financial and capital markets."

The Daiwa Securities Group has worked with the economic education organization Junior Achievement (JA) Japan on a variety of projects. "However," says Iwai, "this experience has made us more aware of the need for teachers also to become more deeply involved in economic education so that more students can be reached."

To encourage teachers to get more involved in economic education initiatives, JA joined hands with the US Council on Economic Education (CEE) to found the Japan Council on Economic Education (JCEE). The Daiwa Securities Group is the main sponsor of the JCEE and cooperates with seven other leading firms in supporting its activities. The JCEE has created a text entitled *Life is a Series of Choices*, which were based on original CEE texts and prepared specifically for a Japanese audience. Daiwa is working with high school teachers and corporate volunteers on planning and editing the materials in order to make an interactive approach to the lessons.

Encouraging students to tackle problems and find their own solutions by taking action

The objective of *Life is a Series of Choices* is to deepen students' understanding of society and the economy through interactive, hands-on lessons emphasizing intellectual challenges and the free exchange of ideas. Iwai explains that "so far, many schools have been using translated US high school economics texts, but this one will be different, because it really reflects the situation in Japan."

Creating the materials involved mock lessons and feedback from teachers and students. The project entailed heavy revision work lasting more than one year, and the finished text will be distributed free of charge from June 2010 to any teacher in the country expressing interest. There will also be supplementary courses for teachers on how to use it.

The head of the editorial board, Hideho Motosugi, a teacher at Waseda University Senior High School, says, "*Life is a Series of Choices* is not supposed to be an ordinary textbook. Rather than deal with issues that have already been solved, it encourages students to tackle problems and find their own solutions, because in real life there are no scripted answers."

Enriching lives by creating solid choices

Lessons begin with teachers posing questions. Students think of possible solutions, choose from among these options, and then test their theories in class-wide discussion. Students also consider the benefits, as well as opportunity costs, of the options



The JCEE's real life-oriented economy and finance text, *Life is a Series of Choices*



Hideho Motosugi, teacher
at Waseda University
Senior High School

they decided against through role playing. “Life is a series of decisions. What will be the implications of your choices for society and for you? We would like students to see that learning how to make choices can help them lead richer lives,” says Motosugi. “Education today focuses on cramming students’ heads with facts. What we’re trying to teach them is how to think, so that they can come up with inspired ideas on their own. Expanding their perspective and taking on new challenges will help them grow as citizens, which will in turn enrich society.”

Economic education that produces responsible citizens

“The economy is intricately linked with everyday life. Before students graduate, we would like them to know that they can help chart the course of society and that their choices can change the world,” says Iwai. “We are not teaching students to put profit above all else. Rather, we are trying to show them how the pursuit of profit impacts society. Our aim is for students to see that economic activity and investments should always take this into consideration. We also hope that these lessons will help them grow into responsible citizens who can act on their own accord and who understand how their actions affect their surroundings. These are the two main goals of Daiwa’s economic and financial education initiatives.”

Text expresses the hopes of all those concerned about a brighter future for children

“I’m very happy to be involved in this project,” says Mr. Motosugi. “The JCEE is an organization that brings together people who are thinking about the future of Japanese society and our children. Daiwa’s cooperation is invaluable given its position in the real business world. Its support is tremendously encouraging, and I am grateful.”

From planning to execution, the JCEE has solicited the direct participation of businesses and educators at

all stages of the process. With each participant bringing unique strengths to the table, the project has the potential for enormous success. This is because stakeholders in the project’s outcome are working closely together, aiming to build a brighter future by enhancing students’ critical thinking skills through economic education.

Mr. Motosugi adds: “We hope to touch the lives of as many students as we can by spreading the materials to every corner of the country. Building awareness of the text first is critical, so getting the word out to a large audience is our most pressing issue.”

Even though the text is finally complete, the rest of the work has only just begun. The Daiwa Securities Group will continue to actively lend its support.



Toru Iwai, Deputy General Manager, CSR Promotion Department,
Daiwa Securities Group Inc. (second from left)

A Word from a Stakeholder



Looking forward to Daiwa’s continued contributions as a partner in economic education

Takeo Shiina

Chairman of the Board,
Junior Achievement Japan and
Japan Council on Economic Education

From the start, the Daiwa Securities Group has taken an active role in our activities. In addition to financial support, President Suzuki and the management team have actively dispatched employees to schools and program sites. Thanks in part to these initiatives, we have received many grateful comments from students who say they now feel they have the skills with which to plot out their lives.

On behalf of the JA and the JCEE, which focus on furthering economic education for students and teachers, respectively, I look forward to the continued support of the Daiwa Securities Group, a key partner in promoting economic education.

To inquire about *Life is a Series of Choices*, please contact JCEE through Junior Achievement Japan. Tel: +81-3-5414-1175.



Building a Rewarding Workplace for Executives and Employees

Nothing is more important for the sustainable growth of the Daiwa Securities Group than its human resources.

Positioning this belief as one of our core business strategies, the Daiwa Securities Group has assembled the best personnel in the industry and established a rewarding working environment, one in which highly-motivated executives and employees can challenge themselves to excel professionally on a daily basis.

With this in mind, the Group established the Work-life Balance Promotion Committee and designated President and CEO Shigeharu Suzuki as its chairman to realize its goal of enabling a variety of working styles.

The Group also has been striving to transform executives' and employees' work practices by introducing the various measures shown in the chart below. This is because we believe there is a direct link between the high level of executive and employee satisfaction and that of customers and shareholders.

Measures to Promote Work-life Balance and Progress

Measures		Indicator	Progress	
			Before	After (as of FY09)
Feb 2005	Establishment of Women's Support Action Team	Number of female managers ¹	75 people	Approx. doubled → 159 people
Oct 2005–	Expansion of childcare and nursing care programs	Number of employees taking childcare leave	115 people (no men)	Approx. tripled → 320 people (incl. 16 men)
Apr 2007–	Job relocation system ²	Number of users (cumulative since FY07)	—	48 people
Jun 2007–	Directive asking executives and employees to leave office before 7:00 p.m.	Overtime working hours (monthly avg.)	26.2 hours	Down 4.1 hours → 22.1 hours
Jun 2008–	Policy to encourage executives and employees to take paid leave	Paid leave usage rate (per year)	37%	About 1.5-fold rise → 56%

¹ Deputy general manager or higher

² Offers position in new location when an employee must relocate due to marriage or spouse's job transfer (eligible to employees who are not subject to transfers that require change of residence).

Note: For scope of data, see our Website.

WEB Please visit our website for more details. <http://www.daiwa-grp.jp/english/csr/report2010/wlb>

Work-life Balance: A Fulfilling Personal Life as Part of Overall Job Quality

At Daiwa, we see a fulfilling personal life as essential to maintaining motivation and efficiency. The entire corporate group has made work-life balance a key component of a human resource strategy that seeks to enhance executive and employee output by ensuring their lives are satisfying both in and out of the office. Our unwavering belief that our people are the backbone of our operations serves as a constant reminder of the gravity of this policy.

Using paid leave to help address poverty issues abroad

"To work effectively, you have to be able to clearly distinguish whether or not you're in job mode," explains Yasuhiro Wakabayashi, Associate, Product Group, Capital Markets Department, Daiwa Securities Capital Markets. Since joining the company in 2007, Wakabayashi's work has focused on bond issuances by central governments and international organizations in Asia, as well as corporate bonds.

Negotiations with overseas clients are a near daily occurrence for Wakabayashi, and communication with people in distant time zones frequently prevents him from leaving the office before 7:00 p.m., forcing him to concentrate on performing his job more efficiently in the interest of freeing up personal time. "When I'm able to take time off from work between projects, I really try to do something meaningful. I recently spent nine days on leave in Thailand," he said.

As a university student, Wakabayashi set up an NGO in a poverty-stricken area of Thailand to uncover products and technologies unique to the area that might foster

sustainable industry and generate steady income for the residents. "Poverty is not intrinsic to life on this planet, and I would like to see it overcome," he said echoing the organization's mission.

Wakabayashi remains active in the NGO. "Honestly speaking, I thought having a career would spell an end to my trips to Thailand, but thanks to the company's flexible vacation policies, I have been able to go twice this year," he stated.

"Creating a microfinancing program through the NGO had been a dream of mine, and I could think of no better investment bank to handle Japan's first Microfinance Bond than Daiwa," Wakabayashi said. When he submitted a report on microfinancing to senior management, his ambition was recognized, and he became involved in Daiwa's first Microfinance Bond issuance in 2009. "It was the first time I was able to hatch my own idea through my job. It was a terrific experience," he adds.

Improving job performance while raising children

Mariko Morita of the Client Support Department, Kameido Branch, Daiwa Securities, joined the company after graduating from university in 1992. Three years later, she resigned to fulfill her dream of studying a foreign language overseas, but then returned to Daiwa to work part-time in 2000. She left the company after having a child and joined Daiwa a third time in 2006 after having a second child. "Daiwa has many highly motivated people who I respect. It was the natural choice for me when I decided to start working again," Morita says.

In 2009, Morita became a full-time employee, working in customer service. She first obtained licensing as an Associate Financial Planner and then as a full-fledged Certified Financial Planner. Describing the reasons for her decision to obtain these credentials, she explained, "Times at the office when I was unable to answer customers' questions opened my eyes to my need



Yasuhiro Wakabayashi, Associate Product Group, Capital Markets Department, Daiwa Securities Capital Markets Co. Ltd.



Mariko Morita, Client Support Department, Kameido Branch, Daiwa Securities Co. Ltd.

for further study. Daiwa's support in obtaining these qualifications was invaluable."

In keeping with her enterprising dedication at work, Morita was promoted to an area-based career-track employee in April 2010. Reflecting on her success, she said, "The younger of my two children is six, so she still needs quite a bit of care. Fortunately, Daiwa has a system in place to exempt people from overtime until children finish third grade, making it possible for me to balance work with my home life even with this promotion."

Time constraints bolster efficiency

These are just two examples of Daiwa employees, juggling NGO activities and work or seeking to advance in the company while raising children. On addressing the challenge of balancing one's goals inside and outside of the office, Wakabayashi commented, "Work efficiency is pivotal to paring overtime. The first thing I do when I arrive in the office in the morning is to schedule the finishing time for every task on my plate." Concurring with his view, Morita adds, "I think raising children has helped me learn how to budget my time."

When asked about their future goals, Wakabayashi says, "It will be something that, like microfinancing, has a significant social impact. I would like to make a difference." Morita adds, "I would like to build long-term professional relationships with our customers to help them achieve their financial goals. For this reason, I plan to sit for the securities analyst exam." Although they are two very different employees with very different goals, both are using experiences from their private lives to enhance their job performance.

Unequivocal commitment to ensuring work-life balance

Both Wakabayashi and Morita agree that Daiwa's corporate culture has changed over the last two years and the company's dedication to ensuring work-life balance is now unequivocal. "I don't think there are any other Japanese companies where the boss nudges you out the

Building a Rewarding Workplace for Executives and Employees

door at the end of the day or encourages you to take days off quite as enthusiastically as here," says Wakabayashi.

Echoing the same sentiment, Morita notes, "I never get the feeling that I shouldn't be going home on time or asking for a day off for one of my children's school activities. The job allows me to raise my children without worrying about being tied to my desk. When I had my first child, maternity leave programs were in place, but they were not as easy to take advantage of as they are now. Under the current rules, I don't think I would have had to leave the company."

"I feel Daiwa has done everything it can to accommodate working mothers in the last few years," Morita said. "I do what I can," her husband chimed in, "but I'm grateful that her company is so flexible."

Wakabayashi adds: "The company makes its expectations clear. After that, it's up to each person to decide what to do. For me, my life encompasses more than just what I do outside the office. Being truly happy means balancing work and private time," he said. Morita agrees, saying, "My home life is indispensable, but I don't think I could ever truly be happy if my job wasn't rewarding as well."

Although personal fulfillment carries very different meanings for Morita and Wakabayashi, they share a common vision of balancing work and personal time. At Daiwa, we feel that the diverse viewpoints of our executives and employees will broaden the scope of the value we provide to society. It is in this spirit that we believe efforts to foster work-life balance can enhance corporate value.

A Word from a Stakeholder



A call for increasing men's role in the household and mobilizing employees to serve the community

Yoshihiro Katayama
Professor of Law, Keio University

Given the dominance of Japanese men both in society and at home, efforts to make the workplace more inviting to women will only serve to make their lives more arduous. To increase men's role in the family, child-rearing programs need to be made more accessible to men. I also support the idea that companies should encourage their people to engage in at least one community service activity, such as firefighting, neighborhood associations, or the PTA. I believe that raising children and the experience and knowledge gained from community service contribute to a more fulfilling life and can enrich work as well.



Stakeholder Dialogue 2

Promoting Sustainability via the Financial Business and CSR

In January 2010, the Daiwa Securities Group signed the UN Global Compact.* We took the opportunity to seek input on how we might take our commitment to CSR activities to the next level, asking experts in the field to join us for a discussion on 15 March 2010 about our past, present, and future social obligations as a financial institution.

* The UN Global Compact was established in 2000 under the UN Secretariat after an initiative launched in 1999 by former Secretary General Kofi Annan. The membership consists of global corporate leaders who are expected to align their business practices with ten principles in the fields of human rights, labor, environment, and anti-corruption in their business activities, in partnership with UN agencies, labor, and civil society.

Global compact a way for Daiwa to raise awareness in Japan and forge ties with global leaders

Uehara: In January 2010, the Daiwa Securities Group joined the UN Global Compact, the first securities firm in Japan to do so. We share the principles of the Compact, so our decision to sign on was a way for us to strengthen our commitment to social responsibility and incorporate the spirit of the Compact in our business.

Wakabayashi: By publicly announcing our reasons for joining, we hoped to build interest about global challenges within Japanese society and become more involved in growing efforts to promote global cooperation.

Arima: The Global Compact focuses on getting companies to incorporate CSR into their business activities. In this sense, a securities firm is

well-positioned to have a significant influence on society because its job is to provide funding for businesses and public sector organizations and to broker deals for investors.

Wakabayashi: Developing products that channel money to where it is needed anywhere in the world will help us fulfill our social responsibilities. Our employees are also very interested in doing that kind of work.

Akiyama: Changing society for the better by helping direct the flow of funds is one of the financial industry's most important functions. In that sense, finance has a major role to play in dealing with global problems like the environment and poverty.

Arima: The Global Compact also stresses the importance of partnerships. In particular, I expect that finance can indirectly support improvements in the situation of the most vulnerable—people who suffer from poverty, health problems, and gender discrimination. Forming such bonds opens the door to a wide range of opportunities.

Akiyama: In the US and Europe, financial institutions engage in various partnership initiatives, sometimes with the UN, and they also have submitted many proposals to their respective governments. However, that sort of partnership activity by financial institutions has not functioned well in Japan, so I hope Daiwa Securities Group will take the lead in that regard.

Arima: For example, there is relatively little Japanese representation in leadership summits for top executives or the subcommittees where member firms hold discussions. I hope that Daiwa becomes an active participant in these sorts of forums.



One Akiyama

President, Integrex Inc.



Toshio Arima

Executive Corporate Advisor of
Fuji Xerox Co., Ltd.,
member of the United Nations Global
Compact Board, and Chairman,
Global Compact Board Japan

Two major initiatives to create a brighter future and better society

Uehara: At Daiwa, one of our major objectives is to offer financial services that contribute to creating a sustainable society. Selling Microfinance Bonds and Vaccine Bonds has meant a lot for both customers and employees as it is easy for them to see how these products benefit society.

Wakabayashi: People are generally altruistic—they want to contribute to society. It's our job to produce good products that reflect their good will, and in a timely fashion.

Shimazu: Offering socially responsible investments (SRI) has also had a major impact on our employees, who feel proud to sell products that help solve society's problems. People are amazing—give them something that makes their jobs more meaningful, and it becomes a powerful inspiration for them.

Uehara: These bonds came from our teams on the ground, which took the initiative in convincing us to create products like this. Watching how motivated they became when working together across divisions was really thrilling.

Akiyama: A good product can change an entire company. On the front lines, enlightened employees together will start to figure out how to solve social problems within their business domains. They then become quite motivated once they see their ideas

taking shape as an actual product. Having something concrete helps make people feel proud of what they're doing. The customers appreciate it, too. It's a virtuous cycle.

Shimazu: Another major objective at Daiwa is to develop sound financial and capital markets to pass on to future generations. We think the best way to do this is through education.

Akiyama: I think proper financial education is very important. Unfortunately, in Japan, money has a bad reputation for being "dirty." The key, thus, is to find ways to shed a positive light on decent ways of making and using money. With that in mind, I hope your efforts will focus on helping people understand the role and basic concepts of finance.

Sustainable corporate growth—impossible without work-life balance

Arima: "CSR is a core part of management" means good working conditions viewed from the employee's perspective. I am personally very interested in the diverse ways people can work today. The term "work-life balance" usually focuses on maternity leave and nursing care, but it really has a wider meaning. I feel that we should aim for higher productivity at "work" in balance with a happier "life."

Shimazu: Every company touts its work-life balance policies these days. However, I am confident that we are the absolute best in terms of how seriously we take treating our employees well. Securities firms typically require brutal work hours, so encouraging people to leave at 7:00 p.m. is nothing short of revolutionary.

Uehara: If you just sit at your desk and interact only with your co-workers, you'll never form new ideas about how to approach your work. The only way to identify the needs of your customers and society is to come across them in your own everyday life as a citizen in the community. Therefore, I think work-life balance is an effective means of improving the quality of work, and necessary if a company is to grow.

Akiyama: Some people prefer the term "work-life blend," and I think that's a more accurate description. Basically, work is a part of life, and vice versa. Women are usually the subject of focus when the issue of work-life balance comes up, but I think men need to reconsider their lifestyles, too. Employers can use PDCA (Plan-Do-Check-Action) to find out how their workers feel about their efforts to promote a work-life balance, evaluate the effects of such programs, and fix what needs improving.



Masaki Shimazu

Deputy President
Head of Administration Division
Daiwa Securities Co. Ltd.
(At time of dialogue: Representative
Senior Managing Director)



Takatoshi Wakabayashi

Senior Managing Director
Chief Internal Administration Supervisor
Daiwa Securities Capital Markets Co. Ltd.
(At time of dialogue: Managing Director)



Keiko Uehara

Corporate Executive Officer
Daiwa Securities Group Inc.

CSR Issues: Performance and Targets

This section reports the fiscal 2009 results and fiscal 2010 targets for the wide range of initiatives conducted by the Daiwa Securities Group to help build a more sustainable society.

		Targets for Fiscal 2009
Key Issue 1 Leveraging Financial Capabilities to Contribute to a Sustainable Society		<ul style="list-style-type: none"> ● Enhance links among group companies concerning socially responsible investment (SRI).
Key Issue 2 Developing Sound Financial and Capital Markets for the Next Generation		<ul style="list-style-type: none"> ● Expand and promote economic and financial education initiatives. ● Communicate more information about environmental issues. ● Communicate more information about sustainability on the Daiwa Securities CSR website (continued).
CSR Management		<ul style="list-style-type: none"> ● Collect and provide CSR-related information. ● Provide more CSR-related information throughout the Group. ● Conduct CSR survey of executives and employees and utilize feedback in CSR activities.
Corporate Governance		<ul style="list-style-type: none"> ● Create documentation on internal controls for financial reporting and improve and increase the efficiency of the verification of these operations. ● Promote business continuity planning (BCP).
Compliance	Entire Group	<ul style="list-style-type: none"> ● Continue to implement compliance training programs. ● Enhance initiatives to avoid relationships with organized crime.
	Daiwa Securities	<ul style="list-style-type: none"> ● Make ongoing improvements to operating quality. ● Improve the effectiveness and efficiency of internal controls.
	Daiwa Securities Capital Markets	<ul style="list-style-type: none"> ● Maintain management systems based on a review of firewall regulations and other measures. ● Strengthen information safeguard system (continued).
Information Disclosure		<ul style="list-style-type: none"> ● Continue to disclose non-financial information. ● Carry out efficient IR activities. ● Improve and make effective use of IR channels.
Relationship with Customers		<ul style="list-style-type: none"> ● Actively pursue post-sales follow-up (continued). ● Improve skills of sales force. ● Improve customer-interface skills of branch counter staff.
Relationship with Shareholder		<ul style="list-style-type: none"> ● Take action to boost shareholder expectations.
Relationship with Executives and Employees		<ul style="list-style-type: none"> ● Develop professional workforce that combines expertise and loyalty. ● Achieve a far-reaching work-life balance program. ● Accelerate appointment of female managers who will assume leadership roles in the Japanese financial industry.
Relationship with Society		<ul style="list-style-type: none"> ● Enhance information dissemination of corporate citizenship activities within the Group.
Environmental Impact of the Daiwa Securities Group		<ul style="list-style-type: none"> ● Reduce environmental impact.

*Rating indicates self-evaluation of fiscal 2009 results: ● = success (significant), ○ = success (moderate), △ = additional effort needed, × = not achieved.

Results for Fiscal 2009	Rating*	Targets for Fiscal 2010
<ul style="list-style-type: none"> Established cross-departmental group links, leading to the development and sale of three Impact Investment-based bonds (roughly ¥65 billion in total) contributing to the resolution of social issues. 	◎	<ul style="list-style-type: none"> Develop and sell at least ¥100 billion in Impact Investment bonds. Consider other Impact Investment products such as investment trusts.
<ul style="list-style-type: none"> Boosted domestic and overseas collaborations, including support for an entrepreneur training exchange with Tokyo University and Peking University. Promoted business-academic collaborations based on core operations, starting with course endowments. 	◎	<ul style="list-style-type: none"> Strengthen ties with domestic and overseas universities and also monitor and further promote the performance of these relationships. Provide employees with training in financial philosophy (ethics as financial supporter). Pursue wide distribution of the "Life is a Series of Choices" text to teachers. Hold study sessions for students on the topic of social business.
<ul style="list-style-type: none"> Provided richer information on green innovations and other topics. 	◎	<ul style="list-style-type: none"> Communicate more information about environmental issues (continued).
<ul style="list-style-type: none"> Provided more up-to-date and deeper information on the Daiwa Securities Group website, including microfinance webpage. 	◎	<ul style="list-style-type: none"> Enhance information dissemination through Daiwa Securities Information TV and website.
<ul style="list-style-type: none"> See Key Issue 2. 	◎	<ul style="list-style-type: none"> Hold dialogues with experts at least once a month to improve executive and employee awareness, and promote internal and external communication through the dissemination of information.
<ul style="list-style-type: none"> Disseminated information through company intranet and in-house magazines. 	○	
<ul style="list-style-type: none"> Conducted CSR survey of all group executives and employees and identified key CSR issues. 	○	
<ul style="list-style-type: none"> Ironed out and simplified documentation of internal controls for financial disclosure and improved efficiency of verification operations. Improved the effectiveness of internal controls for financial reporting by introducing a new consolidated accounting system. 	○	<ul style="list-style-type: none"> Establish a firmer global internal control scheme to further strengthen the trust of stakeholders and thus ensure sustained growth.
<ul style="list-style-type: none"> Created manual to provide executives and employees with a basic knowledge of the H1N1 virus and related countermeasures. Expanded the back-up office functionality of the Tama Training Center. 	◎	<ul style="list-style-type: none"> Establish groupwide BCP scheme.
<ul style="list-style-type: none"> Checked awareness of corporate ethics and conducted related training. Conducted compliance training through e-learning. 	◎	<ul style="list-style-type: none"> Further ensure thorough awareness of corporate ethics and compliance.
<ul style="list-style-type: none"> Had group companies gather and collate data on organized crime. Exchanged information with public organizations and other entities to ascertain trends in organized crime. 	◎	<ul style="list-style-type: none"> Strengthen efforts to eradicate organized crime and block relationships with any such elements.
<ul style="list-style-type: none"> Promoted initiatives with a focus on upgrading and encouraging self improvement efforts by branches and head office units. 	○	<ul style="list-style-type: none"> Make ongoing improvements to operating quality (continued). Revise internal rules, operating procedures, and other guidelines. Strengthen scheme to eliminate unfair trade.
<ul style="list-style-type: none"> Achieved greater effectiveness by checking the success of related methodologies and IT support. 	○	<ul style="list-style-type: none"> Support branch efforts to beef up internal controls.
<ul style="list-style-type: none"> Identified company and transaction relations subject to controls concerning conflicts of interest and appointed managing officers to ensure upkeep of rules, revisions of control systems, and awareness through training. 	◎	<ul style="list-style-type: none"> Take actions to address amendments to the Financial Instruments and Exchange Law.
<ul style="list-style-type: none"> Prepared and disseminated case studies on corporate information control. 	○	<ul style="list-style-type: none"> Step up related initiatives, including actions against organized crime.
<ul style="list-style-type: none"> Made proactive disclosures through annual reports, business reports and other publications, as well as through analyst meetings and other venues. 	◎	<ul style="list-style-type: none"> Actively disclose information, including non-financial content, demonstrating the unique or differentiating features of the Group.
<ul style="list-style-type: none"> Improved quality of IR information while staying cost effective. Updated IR webpage. 	◎	<ul style="list-style-type: none"> Carry out efficient IR activities (continued).
<ul style="list-style-type: none"> Provided clearer information in disclosure documents. Overhauled IR webpage to make it more user friendly. 	◎	<ul style="list-style-type: none"> Improve and make effective use of IR channels (continued).
<ul style="list-style-type: none"> Continually provided domestic and foreign market projections through target/purpose-specific seminars. Provided more timely information on the Daiwa Securities webpage. 	○	<ul style="list-style-type: none"> Actively pursue post-sales follow-up (continued).
<ul style="list-style-type: none"> Provided training for AFP, CFP, and other certifications, and encouraged TOEIC test taking. 	△	<ul style="list-style-type: none"> Improve skills of all employees.
<ul style="list-style-type: none"> Had head office staff carry out periodic on-site checks and continual guidance. Provided continual hands-on hospitality training to new branch counter staff. 	○	<ul style="list-style-type: none"> Improve customer-interface skills of branch counter staff (continued).
<ul style="list-style-type: none"> Maintained and expanded number of individual shareholders thanks to solid shareholder expectations. 	◎	<ul style="list-style-type: none"> Take actions to boost shareholder expectations (continued).
<ul style="list-style-type: none"> Modified HR systems to ensure all executives and employees remain highly motivated. Provided focused training to improve skills and expanded language training programs. 	◎	<ul style="list-style-type: none"> Develop professional workforce that combines expertise and loyalty (continued).
<ul style="list-style-type: none"> Expanded short-work day programs, back-to-work support, consultation, and support web pages. Encouraged 7PM rule and vacation taking, and promoted stronger awareness through internal seminars. 	◎	<ul style="list-style-type: none"> Achieve a far-reaching work-life balance program (continued).
<ul style="list-style-type: none"> Added four women to the executive team and appointed six new female general managers. Additional initiatives were considered by work life balance committee and career support team. 	◎	<ul style="list-style-type: none"> Accelerate appointment of female managers who will assume leadership roles in the Japanese financial industry (continued).
<ul style="list-style-type: none"> Introduced volunteer work through in-house magazines. Joined the "Chiyoda Volunteer Club" to facilitate participation in volunteer activities. 	○	<ul style="list-style-type: none"> Collaborate with external NPOs to provide richer information internally and increase opportunities for action, with the aim of allowing more executives and employees to participate in corporate citizenship activities.
<ul style="list-style-type: none"> Plan to report 2009 environmental performance data (CO₂ emissions, energy use) on the Daiwa Securities Group website. 	—	<ul style="list-style-type: none"> Establish system to increase green purchases. Promote efforts internally and work with suppliers. Establish system for efficiently gathering environmental impact data.

Company Overview (as of 31 March 2010)

Name
Daiwa Securities Group Inc.

Headquarters
GranTokyo North Tower
9-1, Marunouchi 1-chome,
Chiyoda-ku Tokyo 100-6751, Japan

Telephone
+81-3-5555-1111 (main)

Established
27 December 1943
(Founded 1902)

President and CEO
Shigeharu Suzuki

Common stock
¥247.3 billion

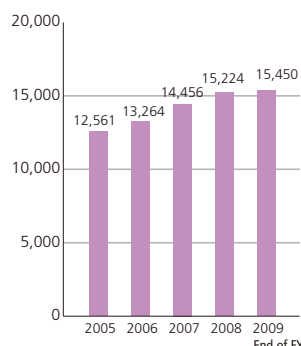
Number of employees (consolidated)
15,450

Number of consolidated subsidiaries
54

Number of equity-method affiliates
7

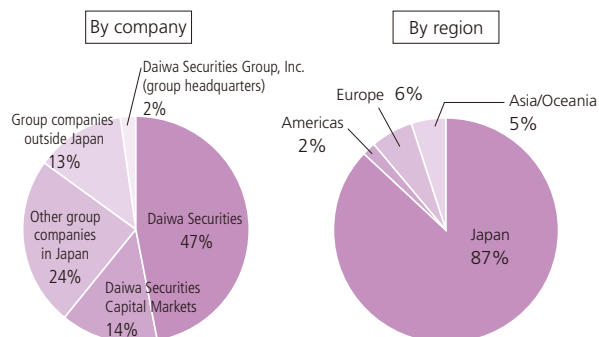
Shares issued and outstanding
1,749,358,772

Number of Employees (Consolidated)

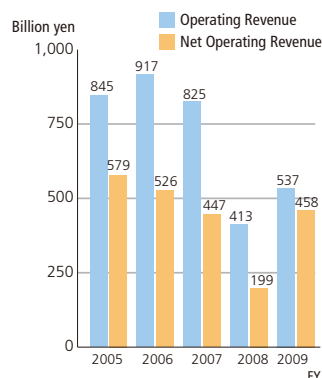


Workforce Characteristics

(as of end of March 2010)

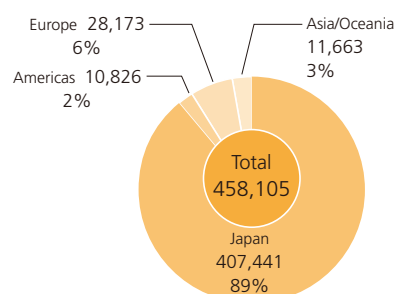


Operating Revenue and Net Operating Revenue (Consolidated)



Breakdown of Net Operating Revenue by Region (Consolidated)

Unit: Million yen
(FY2009)



CSR Report 2010 Full Edition (Web) (available September 2010)



Details on the Daiwa Securities Group's CSR activities are available on the following webpage. We are endeavoring to provide good faith disclosures concerning important issues for all of our stakeholders.

<http://www.daiwa-grp.jp/english/csr/report2010/>

Third-party Opinion

Sachiko Kishimoto, Executive Director at the Center for Public Resources Development, a nonprofit organization, comments on the CSR Report 2010 Highlight and Full Editions. Her comments and opinions are available in the Full Edition (Web).



The Daiwa Securities Group is composed of Daiwa Securities Group Inc., the holding company controlling the group companies, and two securities companies, Daiwa Securities Co. Ltd. and Daiwa Securities Capital Markets Co. Ltd. along with various other companies providing securities-related services in order to offer a comprehensive range of investment and financial services.

Four Core Operations

1. Retail Securities Business

Through its domestic network of 119 branches (as of April 2010), a call center, and the Internet, Daiwa Securities offers two retail services, Daiwa Consulting and Daiwa Direct, which provide a wide range of financial products and services as well as support for customer asset management, mainly for individuals and unlisted companies. (Principal company: Daiwa Securities)

2. Wholesale Securities Business

Daiwa Securities Capital Markets provides sales and brokerage services, as well as investment banking services, to institutional investors, corporate clients, financial institutions and public organizations in and outside of Japan.

Sales and brokerage services: brokerage and trading of equities, bonds, derivatives, and other financial products, mainly for institutional investors.

Investment banking services: support for corporate operations ranging from business expansion to finance and capital strategies, by assisting the financing activities of corporate clients, financial institutions and public organizations.

(Principal company: Daiwa Securities Capital Markets)

3. Asset Management Business

The Group creates and manages stock, bond, and private investment trusts, and provides other investment management services for real estate investment trusts, pensions, and other funds.

(Principal companies: Daiwa Asset Management, Daiwa SB Investments, Daiwa Real Estate Asset Management)

4. Investment Business

Using its own funds or through the formation of investment funds, the Daiwa Securities Group invests in areas such as private equity, venture capital opportunities, business regeneration, monetary receivables, and real estate.

(Principal companies: Daiwa Corporate Investment, Daiwa Securities SMBC Principal Investments, and Daiwa PI Partners).

Group Support Operations

5. Research, Consulting, and Systems Business

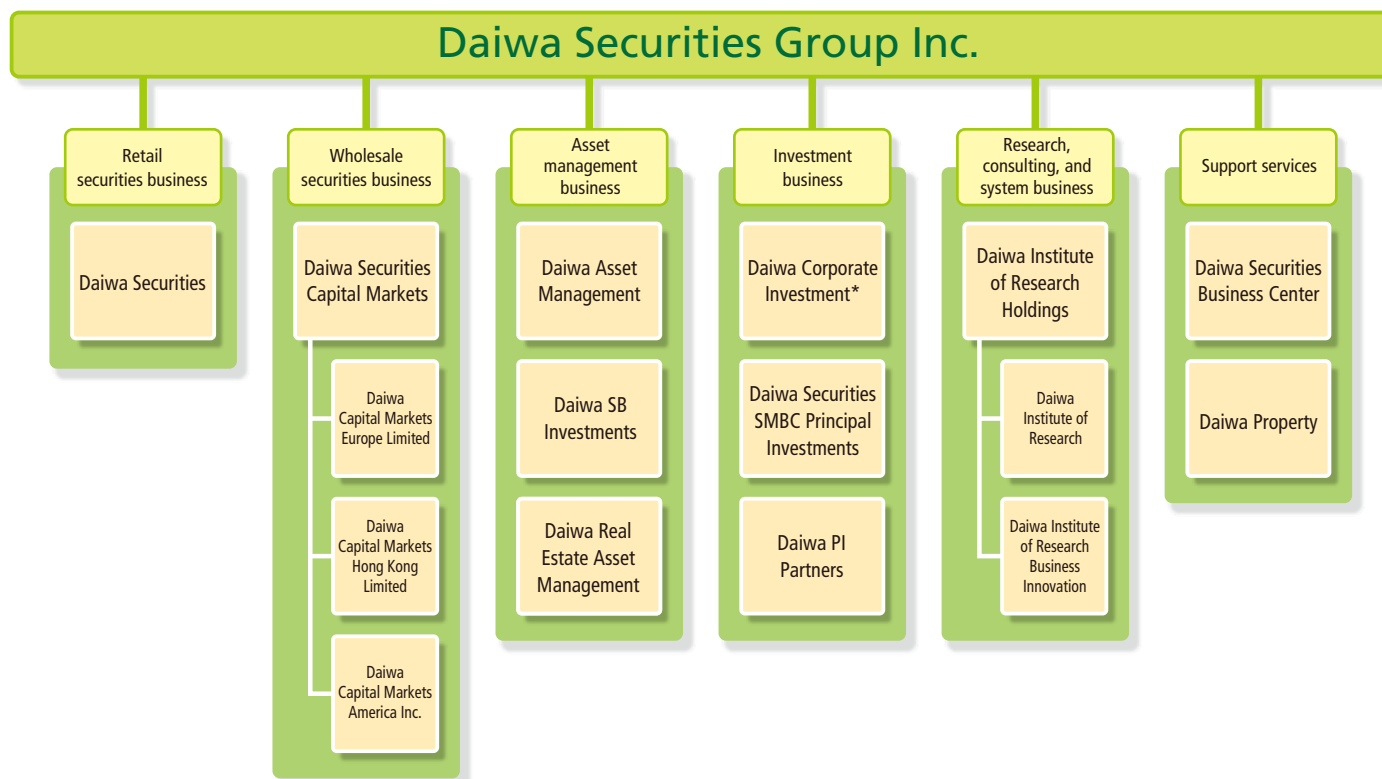
The Group provides information via research reports and other documents, management consulting, IT services, and other offerings to institutional investors, corporate clients, financial institutions, and public organizations in Japan and overseas.

(Principal companies: Daiwa Institute of Research, Daiwa Institute of Research Business Innovation)

6. Support Services

The Group provides services in such areas as securities-related administrative outsourcing and real estate consulting.

(Principal companies: Daiwa Securities Business Center and Daiwa Property)



*Daiwa SMBC Capital changed its name to Daiwa Corporate Investment on July 1, 2010.

Daiwa Securities Group

CSR Report 2010

Web-only Contents



In January 2010, the Daiwa Securities Group signed the UN Global Compact.* We took the opportunity to seek input on how we might take our commitment to CSR activities to the next level, asking experts in the field to join us for a discussion on 15 March 2010 about our past, present, and future social obligations as a financial institution.

* The UN Global Compact was established in 2000 under the UN Secretariat after an initiative launched in 1999 by former Secretary General Kofi Annan. The membership consists of global corporate leaders who are expected to align their business practices with ten principles in the fields of human rights, labor, environment, and anti-corruption in their business activities, in partnership with UN agencies, labor, and civil society.



Toshio Arima

Executive Corporate Advisor, Fuji Xerox Co., Ltd., member of the United Nations Global Compact Board, and Chairman, Global Compact Board Japan



One Akiyama

President, Integrex Inc.



Masaki Shimazu

Deputy President
Head of Administration Division
Daiwa Securities Co., Ltd.
(At time of dialogue: Representative Senior Managing Director)



Takatoshi Wakabayashi

Senior Managing Director
Chief Internal Administration Supervisor
Daiwa Securities Capital Markets Co., Ltd.
(At time of dialogue: Managing Director)



Keiko Uehara

Corporate Executive Officer
Daiwa Securities Group Inc.

Applying lessons learned in the financial crisis to build a sustainable society

Shimazu: I think that the recent financial crisis was primarily due to the fact that financial institutions lost sight of their social mission and ran their businesses with the goal of making money as quickly as they could. So for me, the financial crisis is an opportunity to rethink financial institutions' social mission and role, and to learn a lesson. It really made me realize that financial institutions are actually public institutions. Financial institutions in particular need to demonstrate a social commitment. This renewed my conviction that securities firms

must fulfill their role as intermediaries linking investors with other investors and investors with companies, and must understand their role as intermediaries and feel a sense of mission in their responsibilities in arranging direct financing.

Akiyama: I spent more than 10 years working on Wall Street, and I agree completely with Mr. Shimazu. This financial crisis was an accident waiting to happen. Until now, Wall Street has focused on the short term and only pursued short-term profits, and this was a mistake, I think. Finance plays a role in building society, so it is

important to look at its role from the point of view of sustainability.

Shimazu: I believe that the main role of companies is to generate sound profits, pay taxes and employ lots of people. Maximizing profits is not the sole objective. Companies must understand that their mission is to give back to society through their business by serving as intermediaries and playing a public role. Since our industry handles money, this sense of mission must be even stronger than in general companies. I am responsible for compliance, and I am convinced that principles and beliefs are more important than mere compliance, simply observing laws. We call our core principles the

"Daiwa Spirit," which we developed in April 2008 to familiarize employees with our corporate philosophy. Every employee carries a copy of it.

Arima: For many years, I have worked with Fuji Xerox, where corporate principles are seen as an integral part of management itself. I am very impressed with what Mr. Shimazu describes—clarifying the importance of giving back to society through business, and establishing principles as the backbone of this commitment. The financial crisis is certainly an opportunity to take another look at management fundamentals and to reconfirm that companies must serve the broader society.

Global Compact a way for Daiwa to raise awareness in Japan and forge ties with global leaders

Arima: Companies give back by helping to resolve society's various problems through their businesses. My company is in manufacturing, so we deal with a vast number of suppliers, partners and other companies. By working together in activities such as CSR procurement, we can have an effect many times greater than that of a single company paying taxes. The financial industry provides companies with capital and acts as brokers for investors, so its impact is even stronger than anything we manufacturers can do. This is really tremendous. The Global Compact is based on the notion that the UN joins forces with companies, and companies use their great strength to resolve social problems.

Uehara: The Daiwa Securities Group signed the Global Compact in January 2010. The ideas behind the Global Compact are identical to our corporate philosophy, so it seemed a natural fit. By declaring to the outside world our intention to be involved in this effort, I think we have an even greater responsibility to society, and have committed ourselves to taking on new challenges and moving forward constantly.

Wakabayashi: The Global Compact's compatibility with our corporate philosophy made it very easy for us to participate. I would like to raise awareness in Japan by publicizing our reasons for joining, with the expectation that this trend in Japanese society will gain strength and stronger global ties will result. Our core business is raising

money, so we must develop products that create mechanisms to provide money to those places in the world that need money but can't get it. This is certainly a way of giving back to society, and all of our employees want to be involved in this kind of work.

Akiyama: The financial industry can play a huge role in changing society for the better by determining where the money goes. There is an extremely important role for finance to play in solving global problems such as environmental issues and poverty.

Arima: The Global Compact argues for the importance of partnerships. This has several meanings, but it also means partnerships between the United Nations and the private sector. In particular, I expect that finance can indirectly support improvements in the situation of the most vulnerable—people who suffer from poverty, health problems, and gender discrimination. I think that the Daiwa Securities Group has already been providing some of this support, but I expect to see even more things done.

Akiyama: In the US and Europe, financial institutions engage in various partnership initiatives, sometimes with the UN, and they also have submitted many proposals to their respective governments. However, that sort of partnership activity by financial institutions has not functioned well in Japan, so I hope the

Daiwa Securities Group will take the lead in that regard. Partnership also has other meanings. A life insurance company in Europe decided that it would not invest in companies involved in cluster bombs, but if only one company decides not to make such investments, other companies will take their place, and the first company simply loses out. So it is very hard to act alone. However, if companies form partnerships and have the same aim in deciding on which companies they won't invest in, companies engaged in anti-social activities won't be able to attract any investment, and the companies in the partnership can protect their mutual interests.

Wakabayashi: I think it is important that partnerships between financial institutions use public meetings and councils based around associations and take every opportunity to make their appeals. However, Japanese are not very good at expressing themselves in informal ways, so we probably need to develop a system to

overcome this.

Shimazu: Other financial institutions in Japan are interested in our microfinance initiatives. I think that we approach this with an interest in acting together, rather than competing. We have to take responsibility as the forerunners here and show leadership.

Arima: For example, in the case of the United Nations' Principles for Responsible Investment (PRI), which 700 companies around the world have joined, the top management signs the principles and thus makes a clear commitment, so this is a good option for a parent organization under which financial institutions could form partnerships. The Global Compact has leadership summits bringing together corporate executives and sectional meetings in which the member companies divide into groups to discuss individual issues, but unfortunately very few Japanese companies participate in this. I would like to see more participation in such forums.

Key Issue 1

Leveraging Financial Capabilities to Contribute to a Sustainable Society

Financial products that employees and customers can feel proud of are the key to changing both the company and the broader society

Uehara: At Daiwa, one of our major objectives is to offer decent products that contribute to a sustainable society. Selling Microfinance Bonds and Vaccine Bonds has meant a lot for both customers and employees as it is easy for them to see how these products benefit society.

Shimazu: There have been few means by which customers can contribute to developing countries. So I think they would be quite pleased to find products that can be used to give back in this way.

Wakabayashi: People are generally altruistic—they want to contribute to society. I think that it's our job to produce innovative products that reflect their good will, and in a timely fashion.

Shimazu: This would also have a good influence on employees. Feeling a sense of pride in one's work and finding challenges is the most important thing in working at a financial institution. Products that can resolve social issues give one's work a significance beyond financial success, and make it easy for employees to feel a sense of pride in their work.

The broader the significance of their work, the more motivated they are.

Uehara: The employees creating products on the front line begin to work on these products on their own initiative. A top-down system tends to result in vertical divisions, but this kind of product is perfect for collaboration across divisions. I have found that everyone working on these initiatives is highly motivated.

Akiyama: A good product can change an entire company. You feel pride in your work when a product also pleases the customer. Employees concerned about various issues sometimes assume that their own work can't do anything to resolve those problems. But once they actually succeed in developing a product, their motivation will also rise.

Arima: Employees easily gain understanding when you have good stories about doing the right thing for the right reasons and acting in line with the corporate philosophy. Customers get funding from financial institutions, and then their activities generate CO₂. It should be possible to

calculate the effect and make an assessment over the lifecycle of the project being financed. We could have enough traction to cut CO₂ by 25%.

Shimazu: As you mentioned, effectiveness is very important. We are motivated when we aren't just investing, but understand the entire project, down to how the money is used.

Akiyama: I think that the "R" in CSR ought

to stand for "respect," not the mere duty of "responsibility." It's not the responsibilities we have to fulfill, but the aspiration we respect. I envision the future of CSR as one in which everyone wants to help society, and this aspiration spreads from the corporate sector into the community, always with respect for this aspiration.

Key Issue 2

Developing Sound Financial and Capital Markets for the Next Generation

Educate on the role of finance, not on money-making

Constant effort needed to raise awareness

Shimazu: Another major objective at Daiwa is to develop sound financial and capital markets to pass on to future generations. I think that this is our true mission, and we think the best way to realize it is through education.

Uehara: We have formed a partnership with Junior Achievement Japan, a group that educates youth about economics, and are pursuing educational initiatives together. We also have unique programs that educate teachers. This program prepares original teaching materials. Teachers use these to teach about the economy. I think it's really revolutionary.

Arima: Even measures related to education derived from the Global Compact encourage CSR, and business schools are now incorporating environmental, social, and governance issues into their curriculums. I think it is extremely important to include CSR topics in education.

Akiyama: Unfortunately, in Japan, money has a bad reputation for being "dirty." The key, thus, is to find ways to shed a positive light on decent ways of making and using money. With that in mind, I hope your efforts will focus on helping people understand the role and basic concepts of finance.

Shimazu: Just as you mentioned, we have to teach not how to invest, but what finance can be used for. We can't just think about making money—we

have to also think about where money is really needed and how we can get it there.

Wakabayashi: I think of money as being a means for people to realize their ideals and their objectives. It is important that we value people in this process. We should work for the organizations and economic society that is our goal, without turning people into a means to an end. I have always thought that this is where we will find a better society and our truest course.

In terms of developing sound financial and capital markets, where do we discover and establish economic value in our work in the market? We have to continue bringing a socially useful and much-needed set of values to the market. To do this, we have to continue publishing information, materials and reports that will create an economically aware society.

Akiyama: I think this is very important. We have to shine a light on areas that have thus far been in the dark, and introduce them to the market. This reminds me of your Vaccine Bonds and Microfinance Bonds. The Daiwa Securities Group should not restrict itself to existing products or products that only exist in the Japanese market, but should expand its view to encompass the whole world, and carry such activities into the future.

Sustainable corporate growth impossible without work-life balance

Arima: "CSR is a core part of management" means good working conditions viewed from the employee's perspective. I am personally very interested in the diverse ways people can work today. The term "work-life balance" usually focuses on maternity leave and nursing care, but it really has a wider meaning. I feel that we should aim at higher productivity at "work" in balance with a happier "life." With the aim of creating a range of working styles, we must extend practices such as telecommuting throughout Japan.

Shimazu: Every company touts its work-life balance policies these days. However, I am confident that we are the absolute best in terms of how seriously we take treating our employees well. Financial firms typically require brutal work hours, so encouraging people to leave before 7:00 p.m. is nothing short of revolutionary. By leaving work before 7:00 p.m. and taking paid vacation, employees have time to spend with their families and the greater community, which naturally fosters positive desires and encourages a CSR mindset. I think that working hard during these working hours actually raises efficiency and that individuals will then be more interested in giving back to the community.

Uehara: Simply sitting at a desk and only interacting with other employees restricts the number of hints we receive on how to improve. We can only identify the world's needs when we're out in the world ourselves. In this sense, work-life balance is actually a very good thing for raising the quality of work and for collecting information, and is an essential ingredient in corporate growth.

Akiyama: Judging from what I see at the Daiwa Securities Group, the commitment of top management is very important, and this makes me realize that a true commitment can really change a company. Women are usually the subject of focus when the issue of work-life balance comes up, but I think men need to reconsider their lifestyles, too. Although it is important to create various programs, companies have to monitor their effect and fix what needs improving. I expect employers to use the plan-do-check-action (PDCA) cycle to make steady improvements.

Uehara: It is true that we haven't yet verified the effect of these programs with the CA part of PDCA. We should closely monitor the results of the programs as we carry them out. Thank you very much for sharing your valuable opinions today.

Daiwa Securities Group CSR



Daiwa Securities Group CSR

Approach and Basic Stance

The Daiwa Securities Group has the important mission of contributing to the development of society and the economy through daily operations that help build investors' wealth and support corporate activity. We consider strong trusting relationships with customers, shareholders, employees and society—as expressed by our corporate philosophy—foundational to the ongoing fulfillment of this mission and continuous growth.

Role and Social Responsibilities of the Financial Industry

The Daiwa Securities Group is a leader in the financial industry, and plays a vital social role by building a bridge between, on the one side, the need of companies to raise funds for capital investments and the need of governments to finance public works projects, and on the other side, the need of individual and institutional investors, pension funds, and others for efficient investment.

On the fund-raising side, the Group provides advice and assistance in implementation for companies raising money for capital investments and R&D, as well as for national governments, local governments, international institutions and public corporations seeking to raise funds for public works projects. It does so by issuing marketable

securities such as stocks and bonds, and by creating other securitized products.

On the investment side, the Group provides appropriate investment information and advice tailored to each customer's situation and goals. It offers a comprehensive and diverse line-up of financial instruments and services to meet the various needs of individual and institutional investors as well as pension funds. The Group links demand for funds to fund supplies through the financial and capital markets, primarily, and facilitates the smooth flow of money so that it can circulate as the lifeblood of the economy. This, in turn, helps to develop industries and resolve social issues.

External Initiatives Using Finance to Resolve Social Issues

The business sector plays an important role in enhancing the sustainability of society. Financial institutions, via the financial functions that make up their core operations, have a social mission to contribute to sustainable social development. At the Daiwa Securities Group, we believe that our role is not only to maintain and develop an equitable and dynamic financial market, but also to reflect a socially conscious perspective in

finance and facilitate the flow of money to build sustainable societies.

On the basis of this philosophy, the Daiwa Securities Group is a signatory to UNEP FI,¹ PRI² and the Carbon Disclosure Project (CDP),³ fulfilling this role as an upstanding member of the international community. In January 2010, the Daiwa Securities Group became the first Japanese securities company to sign the United Nations Global Compact,⁴ a

platform to help companies that have committed to sustainable and responsible business practices shape their policies. The Group pursues business activities consistent with the UN Global Compact. Further, in line with the United Nations Millennium Development Goals,⁵ the Group is endeavoring to

develop products and services that help resolve social issues.



1 United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a partnership between the United Nations Environment Programme, which is a UN organization, and financial institutions around the world. Based on the recognition that the money handled by the financial industry has a major impact on the world, this initiative pursues better ways of doing business, taking into account the environment and sustainability, and seeks to spread and encourage this commitment.

2 Principles for Responsible Investment (PRI)

PRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact. This initiative seeks to encourage and promote responsible lending and investing practices which take environmental and sustainability issues into account.

3 Carbon Disclosure Project

This project is an affiliation of institutional investors concerned about climate change who demand that companies disclose information about their stance on environmental problems and initiatives addressing such problems.

4 UN Global Compact

The UN Global Compact was established in 2000 under the UN Secretariat after an initiative launched in 1999 by then-Secretary General Kofi Annan. The membership consists of global corporate leaders who are expected to align their business practices with ten principles in the fields of human rights, labor, environment, and anti-corruption in their business activities, in partnership with UN agencies, labor, and civil society.

5 United Nations Millennium Development Goals (MDGs)

The MDGs consist of eight goals that 189 representatives from UN Member States, including 147 heads of state, participating in the UN Millennium Summit held in New York in September 2000, designated as 21st century goals for the international community, with a target date of 2015.

Daiwa Securities Group CSR

Key Issue 1

Leveraging Financial Capabilities to Contribute to a Sustainable Society



Approach and Basic Stance

The world we live in is facing a host of pressing issues that threaten its very sustainability, ranging from environmental challenges-most notably climate change-to the growing gap between rich and poor. In times like these, companies are called upon to work in the greater society's interest and not merely pursue profit based on market principles. In that regard, the financial sector is uniquely positioned to support initiatives for social change. That is why the Daiwa Securities Group develops and sells Impact Investment* vehicles. These products offer our investors a clear way to make a difference and channel funds toward solutions to society's challenges.

* Investment with social objectives such as poverty reduction and environmental protection that also generates financial returns for investors.

Making a Difference with Impact Investment Bonds

Vaccine Bonds Issuer: International Finance Facility for Immunisation (IFFIm)

These bonds raise money needed to fund vaccinations for children in developing countries. Japanese investors can contribute to vaccine campaigns for children in developing countries (over 70 countries around the world) by investing in Vaccine Bonds.

[Issue date; issue amount]

March 19, 2008; approximately ¥20 billion
 February 20, 2009; approximately ¥40 billion
 March 24, 2010; approximately ¥30 billion

■ How Vaccine Bonds work

Every year, 2.3 million children in developing countries in Asia and Africa die from easily preventable infectious diseases.

To address this issue, the Global Alliance for Vaccines and Immunisation (GAVI), a global public-private partnership to carry out vaccination programs for children in developing countries, was formed in 2000. The vaccination programs for children in developing countries are supported by donations pledged by governments of several countries to the International Finance Facility for Immunisation (IFFIm), the international financial procurement institution of GAVI. Governments have pledged a total of US\$5.3 billion, which will be disbursed over an extended period until 2026.

This is commendable, but vaccinations are needed immediately in order to prevent more needless loss

of life among these children. Consequently, IFFIm borrows pledged donations from affiliated countries in advance by issuing Vaccine Bonds to establish a system to procure the funds required for the vaccines. IFFIm plans to raise US\$4.0 billion by 2015 through these Vaccine Bonds, which is expected to save the lives of 5 million children and prevent the premature deaths of more than 5 million other people.

World CO2L Bonds Issuer: International Bank for Reconstruction and Development

These bonds, co-developed with the World Bank, use the mechanism of emissions trading credits to achieve targets set by the Kyoto Protocol. The coupon is linked to emissions reductions achieved

in specific greenhouse gas reduction projects and emissions trading credit prices, enabling investors to participate in these projects indirectly.

[Issue date; issue amount] June 26, 2008; approximately ¥3 billion

Microfinance Bonds Issuer: International Finance Corporation, European Bank for Reconstruction and Development

These bonds raise the money needed for microfinance projects, which provide small-scale financial services

to impoverished people in developing countries and encourage their economic independence.

[Issue date; issue amount]

November 20, 2009; approximately ¥25 billion

June 15, 2010; approximately ¥9 billion

Special report on microfinance (available only in Japanese): <http://www.daiwa.jp/microfinance/>

Green World Bank Bond Issuer: International Bank for Reconstruction and Development

This bond supports projects in the World Bank's member countries that meet specific criteria for low-carbon development. This gives investors an

opportunity to contribute to initiatives that combat climate change.

[Issue date; issue amount] February 3, 2010; approximately ¥10 billion

Special report on Green World Bank Bond (available only in Japanese): <http://www.daiwa.jp/green/index.html>

Water Bonds Issuer: Asian Development Bank

There are approximately 500 million people in the Asia-Pacific region who lack access to safe drinking water, making the construction of water supply infrastructure and the improvement of water

resource management policies crucial issues. The Water Bond enables investors to support projects that help to resolve these issues.

[Issue date; issue amount] April 16, 2010; approximately ¥60 billion

Special report on Water Bonds (available only in Japanese): <http://www.daiwa.jp/water/index.html>

Ecology Bonds Issuer: European Investment Bank

These bonds support projects related to renewable energy and energy efficiency. Over the past three years, the European Investment Bank has raised a

total of equivalent to approximately 1.0 billion euro in international capital markets by issuing ecology bonds.

[Issue date; issue amount] May 21, 2010; approximately ¥33 billion

Special report on Ecology Bonds (available only in Japanese): <http://www.daiwa.jp/ecology/index.html>

Eco Fund program

Daiwa/Blackrock Green New Energy Fund

In August 2009, Daiwa Asset Management established the Daiwa/BlackRock Green New Energy Fund.

This fund seeks to create jobs and stimulate the economy in the short-term and transform industrial and social structures to reduce environmental impact in the long term by investing in alternative energy and environmental fields. The fund invests in stocks in the alternative energy field, which is at the core of the Green New Deal policy. This will also promote renewable energy and other new technologies that have a low impact on the environment.

[Inception date; total assets on inception date]

August 26, 2009; approximately ¥17 billion

Daiwa/Blackrock Green New Energy Fund (available only in Japanese):

http://www.daiwa-am.co.jp/funds/detail/detail_top.php?code=4757



"Eco Business Japan Stocks Open"

In June 2009, Daiwa SB Investments established "Eco Business Japan Stocks Open," a fund which invests in Japanese companies that support environmental measures promoting alternative energy development, energy efficiency, and decontamination and firms that have strong environmental infrastructure and other environment-related technologies.

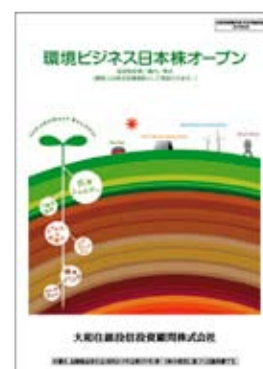
This fund succeeds the Eco Fund, which proactively considered the level of environmental management in the investment decision-making process. The new fund invests in companies whose businesses specifically respond to environmental issues, such as alternative energy development and decontamination.

Japan has many companies with a strong commitment to environmental businesses, and the number of international patents filed by Japanese companies in this field surpasses that of European and US firms. The environmental business is expected to expand globally, and Daiwa SB Investments hopes to take advantage of this opportunity while also contributing to the development of Japanese industry and the spread of environmental technology through this fund.

[Inception date; total assets on inception date]

June 26, 2009; approximately ¥0.6 billion

"Eco Business Japan Stocks Open" http://www.daiwasbi.co.jp/products/search/fund_data/fund_data.php?code=22311096 (available only in Japanese)



Daiwa Securities Group CSR

Key Issue 2

Developing Sound Financial and Capital Markets for the Next Generation



Approach and Basic Stance

Financial and capital markets are indispensable parts of the social infrastructure. At the Daiwa Securities Group, we consider the ongoing development of fair and transparent markets to be the core social mission of financial institutions.

To foster a strong sense of professional ethics, we require that executives and employees comply fully with laws and internal regulations, and have set a goal of all Daiwa Securities employees gaining specialist financial planner qualifications by the end of FY2010. We run Daiwa Securities Information TV,* Japan's only channel dedicated to financial markets and the economy. With the goal of providing high-quality information on financial and capital markets to a wide audience, it broadcasts not only analyst research, but also a wide variety of business and economic news pertinent to daily life.

At the Daiwa Securities Group, we recognize that improving the level of financial literacy, especially among young people, is crucial in order to develop sound financial markets. Toward this end, we continue to participate in corporate training programs, build academic-industrial alliances, and work in cooperation with Junior Achievement (JA), the world's largest non-profit organization promoting economic educational activities for youth.

* Daiwa Securities Information TV offers economic and financial programs centered on market news. It airs on Sky PerfecTV channel 766 and some cable TV channels from 7 a.m. to 2 a.m. For more information (in Japanese only), please see <http://daiwa766.jp/>

Initiatives to Develop Sound Financial and Capital Markets

Commitment to compliance

→ Please see the "Compliance" section in the Management Report.

Initiatives for Economic and Financial Education

→ Please see "Education and Research Activities in the Fields of Economics and Finance" in the "Relationship with Society" section of the Social Report.

Information Dissemination to Realize a Sustainable Society

Daiwa Securities Information TV

Daiwa Securities Media Networks runs Japan's only channel dedicated to securities and economic information, Daiwa Securities Information TV. This

channel utilizes the Daiwa Securities Group's own information capacity and analytical strengths to extend knowledge about securities and the

economy to a wider audience.

Programs that accurately and rapidly convey reliable securities information are produced with the motto "making securities and economics completely understandable." Daiwa Securities Information TV aims to provide programs with a varied lineup ranging from up-to-date and

exhaustive market information to programs on economic trends and lectures on securities basics that make it fun to learn. The goal is to satisfy everyone, regardless of their experience with securities investment.

Daiwa Securities Information TV (available only in Japanese): <http://daiwa766.jp/>

Providing information on the web

Our website includes information for all stakeholders—not only customers and investors, but also for the children representing the future.

Daiwa Securities introduces background information behind its new products and bonds on its special report website, such as special reports on Microfinance Bonds and Water Bonds. By publishing information on social issues such as environmental problems to a wide audience, the company provides opportunities for people to consider its products' significance and necessity.

In addition, the "CSR Dialogues" posted by Daiwa Securities Group Inc., provide a transcript of dialogues between Mariko Kawaguchi, General Manager of the CSR Promotion Department at Daiwa Securities Group Inc., and experts active on the frontlines of CSR.

Contributions to society through investment:

Impact Investment (available only in Japanese): <http://www.daiwa.jp/impact/index.html>

CSR Dialogues (available only in Japanese): <http://www.daiwa-grp.jp/branding/dialogue/>

The Daiwa Institute of Research, which provides research and consulting services, launched the environment-related IT site "Green Innovation" in April 2009. This site consolidates and organizes research on the environment that the Daiwa Institute of Research had built up thus far to provide information on legislation, industry, environmental management, green IT, emissions trading credits, and overseas trades. This supports corporate management by clarifying issues and assessing and introducing available IT.

"Green Innovation" (available only in Japanese): <http://www.dir.co.jp/souken/green/>

Disseminating information on the environmental sector

In order to encourage investment in companies with impressive environmental technologies, it is crucial to make available up-to-date information on trends among individual companies and the impact of policies so that investors—including retail investors—can easily access it.

The Daiwa Institute of Research understands that the environmental sector is a growth sector not limited to CSR and SRI issues, and accordingly appoints strategists specializing in the environmental sector in its Investment Strategy Department.

In fiscal 2009, the Institute collaborated with analysts covering specific companies to issue many environment-related reports on environmental

policy and environmental investing.

"Green Innovation" (available only in Japanese): <http://www.dir.co.jp/souken/green/>

These reports can be used not only by institutional investors, but also retail investors, via Daiwa Direct.*

In addition, the Daiwa Institute of Research proactively holds seminars on environmental issues, such as the "Daiwa Water Forum" and "Society, Economy and Corporate Management in Low Carbon Era—How to Face the Change on a Global Scale," in light of investors' growing interest in environmental problems.

* Daiwa Direct is an online trading service provided by Daiwa Securities.

Information dissemination at international conferences, etc. (policy proposals)

■ Participation in Microfinance Investment in Asia

Satoshi Yamamoto, Deputy General Manager, Product Planning Department, Daiwa Securities, attended Microfinance Investment in Asia, an international conference on microfinance held in Singapore on January 26-27, 2010. He made recommendations on opportunities for investment using microfinance in Asia and ways to promote

this, and exchanged views with representatives from international institutions and microfinance organizations in Asia. We hope to have more opportunities in the future to make policy recommendations by sharing our knowledge and expertise in forums bringing together representatives from central banks and other organizations.

■ Participation in the TBLI Conference

The TBLI Conference, which Daiwa Asset Management sponsors, was held on May 27-28 in Tokyo. Mariko Kawaguchi, General Manager of the CSR Promotion Department at Daiwa Securities Group Inc., and Satoshi Yamamoto, Deputy General Manager, Product Planning Department, Daiwa Securities, participated in the panel discussion.

This international SRI conference attracted approximately 300 participants from financial institutions, pension funds, public organizations and NPOs in Europe, the US and Asia. A broad range of issues were discussed at this conference, including trends in the SRI market, environmental issues such as climate change and investment, information disclosure and governance in emerging markets, alternative investing, SRI surveys, and microfinance. Ms. Kawaguchi gave a presentation on trends in Japan's SRI market, making the case for the high potential of Japan's SRI and

Impact Investment market. Mr. Yamamoto gave an overview of the Daiwa Securities Group's Impact Investment initiatives.



Management Report

CSR Management

At the Daiwa Securities Group, the goal of CSR management is to improve understanding of CSR not only among employees, but also in the broader society, while constantly working to expand constructive communication with stakeholders.



Approach and Basic Stance

The Daiwa Securities Group has four corporate principles: building customer trust, valuing human resources, contributing to society and earning sound profits. To live up to these principles, the Group strives to encourage a rich awareness of CSR among executives and employees. This is the key to ensuring that everyone at Daiwa acts in line with the greater good in all of their daily work. The Group is also proactive in holding dialogues with external stakeholders, and reflects their feedback in its activities.

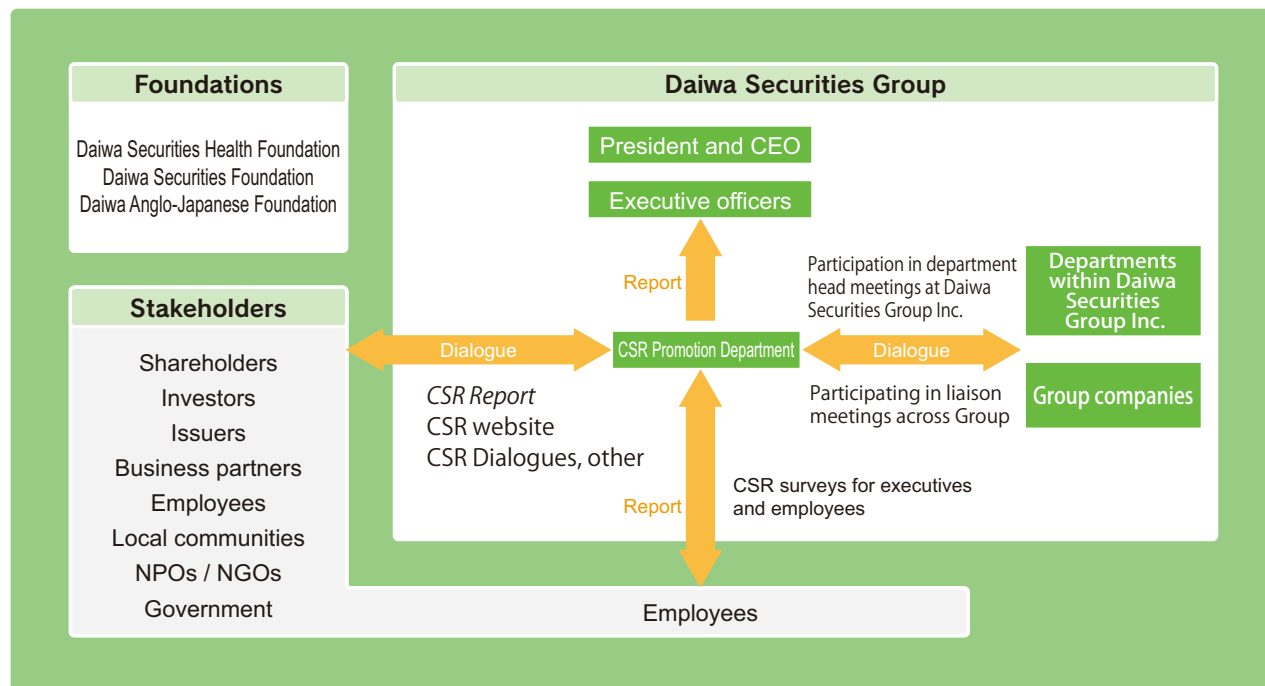
CSR Promotion System

The CSR Promotion Department established at Daiwa Securities Group Inc. compiles information in external meetings and actively holds dialogues to ensure that feedback from a wide range of stakeholders is reflected in the Group's activities. The department shares this information in department head meetings and departmental liaison meetings at Daiwa Securities Group Inc. and throughout the Group, and also treats CSR-related issues as business issues requiring solutions. The department also provides lectures on CSR

for the Group's new hires, who gather from all over Japan for joint CSR seminars, strives to increase awareness of CSR, and shares information on CSR activities with branches throughout Japan and major overseas sites. The dialogues with opinion leaders in the broader society are released on the CSR website of Daiwa Securities Group Inc. as "CSR Dialogues" (available only in Japanese).

CSR Dialogues (available only in Japanese): <http://www.daiwa-grp.jp/csr/dialogue/>

CSR Promotion System



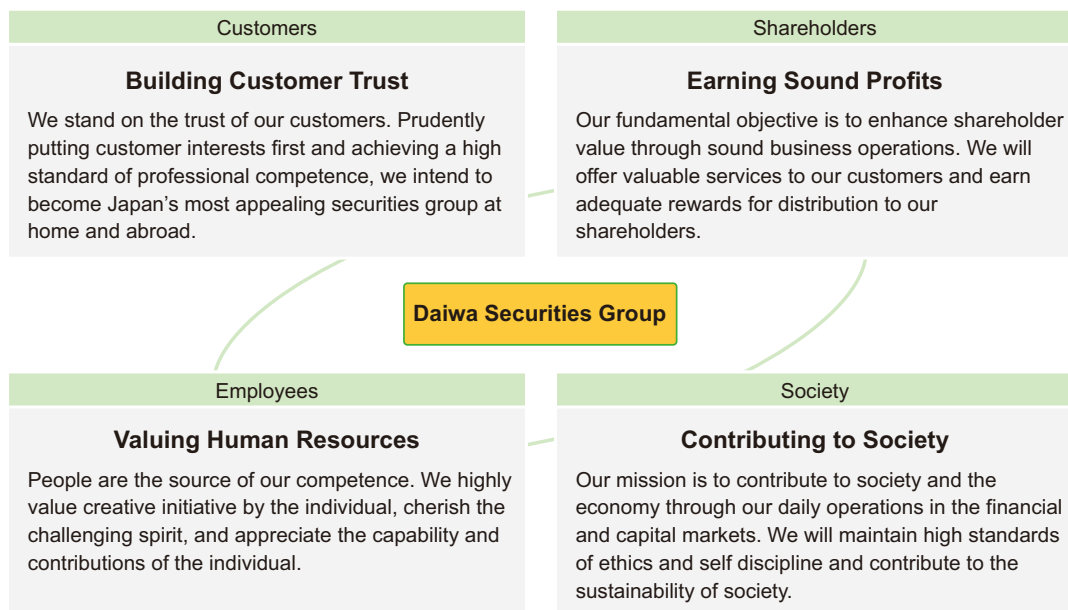
Abstract of the Daiwa Securities Group's Medium-Term Management Plan "Passion for the Best 2011"

■ Corporate Mission and Principles

The Daiwa Securities Group's mission is to contribute to the development of society and the economy through daily business operations, including wealth management and supporting

corporate clients' activities. The strong trust of stakeholders, including customers, shareholders, employees and the society, is essential to the accomplishment of our mission and sustainable growth.

Corporate Principles and Stakeholders



■ Management Vision

An Outstanding Company Trusted by Stakeholders and Representing Japan

Based on its established business foundation, the Daiwa Securities Group will materialize its vision and corporate principles in order to achieve higher goals.

The Daiwa Securities Group aims to become an "Outstanding Company Trusted by Stakeholders and Representing Japan" by maximizing stakeholder trust and contributing to the ongoing prosperity of society to ensure sustainable growth.

CSR Promotion Activities

In becoming a signatory to the United Nations Environmental Programme Finance Initiative (UNEP FI), the Carbon Disclosure Project (CDP) and the United Nations Global Compact (UNGC), the Daiwa Securities Group made a clear global declaration that it would carry out corporate activities with respect for CSR as a financial institution and a good corporate citizen. The Group seeks to address key issues that it has identified as particularly important, which sharpens the effectiveness of its CSR activities in building a sustainable society.

Going forward, the Daiwa Securities Group will strengthen affiliations across the Group to pursue the development of Impact Investment products in the investment trust category, as well as bonds. In addition, the Group will strengthen its initiatives

seeking to incorporate ESG* perspectives in its various financial operations, including the research function, while collaborating with departments throughout the Group.

In educating Group employees and disseminating information to the broader society, the Daiwa Securities Group hopes to introduce a unique financial philosophy that is currently missing from Japan's economics and financial education and thereby to contribute to the development of a healthier economy and financial market.

The Group is also working to increase opportunities for external and internal communication, to hold substantive dialogues, and to reflect this feedback in its activities.

* "ESG" refers to environmental, social, and governance.

CSR Surveys for Executives and Employees

The Daiwa Securities Group gave a questionnaire on CSR to all 16,761 executives and employees (including temporary employees, part-time employees, and Group executives and overseas employees) in January 2010. The questionnaire response rate was an average of 65.1% for the

Group overall, which was about the same as in fiscal 2008.

The Group takes the survey results seriously and will continue to utilize them to improve dissemination of CSR information and promote its CSR activities.

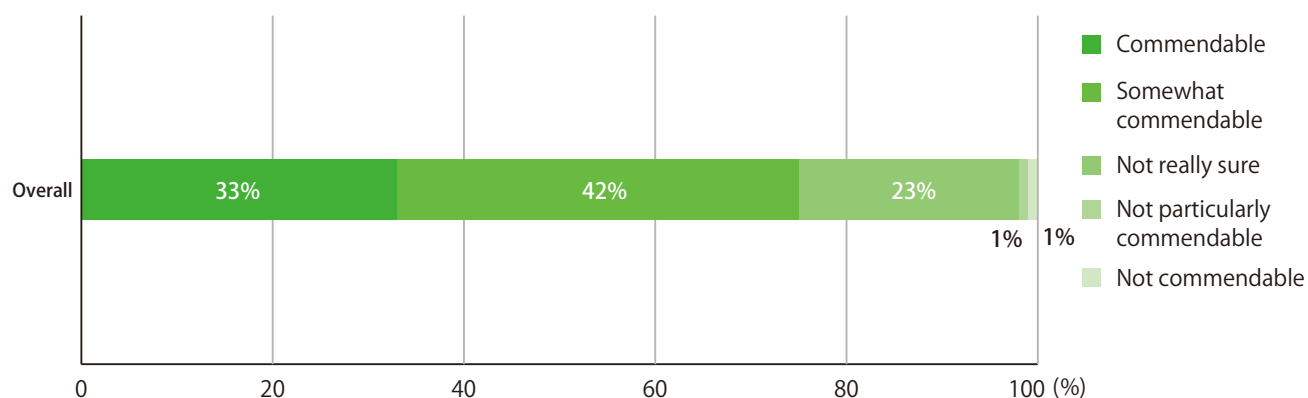
70% of respondents praise Daiwa's CSR activities

In response to the question, "How would you assess the Daiwa Securities Group's CSR activities," about 70% of respondents both in and outside Japan stated that they were "commendable" or "somewhat commendable." Many of those who responded that they were "not commendable" gave as their reasons, "I do not participate myself" or "I am not familiar with the situation in other companies." Those respondents with more information about CSR activities tended to state that the Group's CSR activities are "commendable."

In the comment section, many people who assessed the Group's CSR activities as "commendable" also referred to specific activities, such as the development of products such as Vaccine Bonds, work-life balance, and external evaluations. This demonstrated that CSR initiatives have achieved good penetration throughout the Group.

The Group realizes that it must do more to educate the approximately 30% of employees not yet reached by its CSR message.

How would you assess the Daiwa Securities Group's CSR activities? (choose one answer)



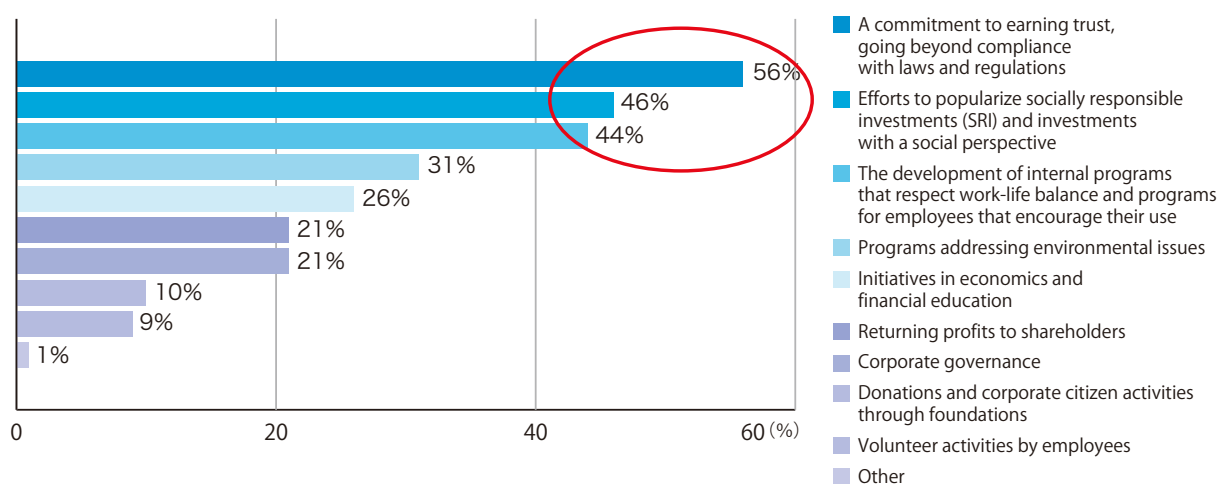
CSR should emphasize a commitment to earning trust, going beyond compliance with laws and regulations

In response to the question, "What do you think is the most important aspect of the Daiwa Securities Group's CSR," 56% responded, "a commitment to earning trust, going beyond compliance with laws and regulations," making this the most common response. The second most common response, at 46% of respondents, was "efforts to popularize socially responsible investments (SRI)

and investments with a social perspective." These responses will lead to these issues gaining greater importance.

In addition, 44% of respondents cited "the development of internal programs that respect work-life balance and programs for employees that encourage their use" as the most important aspect, indicating high expectations for these programs.

What do you think is the most important aspect of the Daiwa Securities Group's CSR? (choose up to three answers)



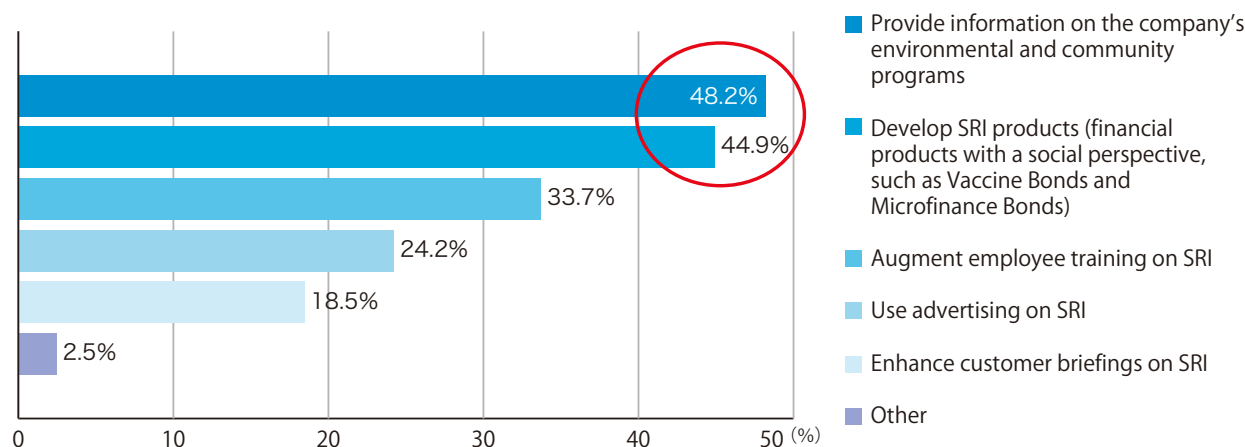
Providing information on environmental and community programs is the most important factor in mainstreaming SRI

In response to the question, "What do you think would be the most effective way to mainstream SRI further in Japan," the most popular answer was "provide information on the company's environmental and community programs." "Develop SRI products" attracted the second highest number of responses. These results were consistent with

the programs carried out under the Group's two key CSR issues, and indicate that employees are very familiar with and interested in SRI and the key CSR issues.

The Daiwa Securities Group will seek to further familiarize employees with key CSR issues and strengthen our initiatives.

What do you think would be the most effective way to popularize SRI further in Japan? (choose up to two answers)

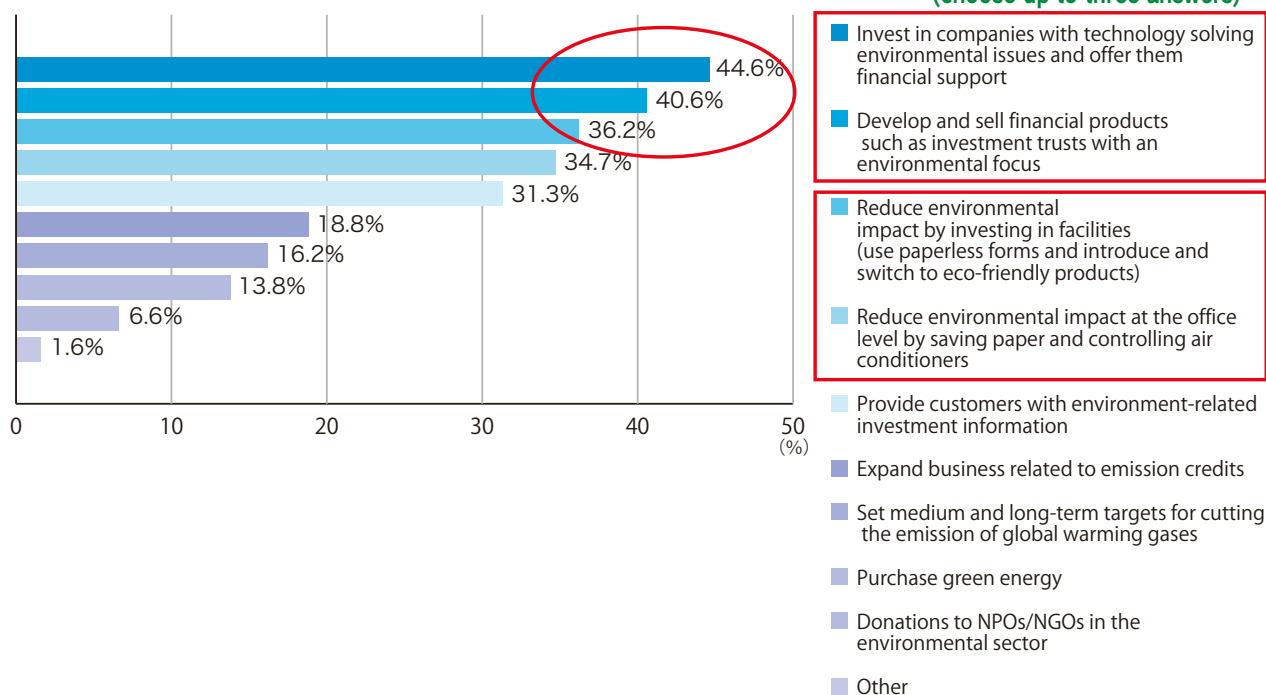


Important to address environmental issues through mainstream business

In response to the question, "What do you think would be the most effective way for the Daiwa Securities Group to address environmental issues," the most common responses in the fiscal 2008 survey involved saving energy in office facilities, such as "reduce the environmental impact of offices by saving paper and controlling air conditioners" and "reduce the environmental impact of operations by using paperless forms and investing in energy conservation." In contrast, in fiscal 2009 these responses were the third and fourth most common, with "invest in companies

with technology solving environmental issues and offer them financial support" as the most common response and "develop and sell financial products such as investment trusts with an environmental focus" as the second most common response. These results demonstrate that the Group has succeeded in fostering a desire among employees to address environmental issues through its mainstream business in financial services. Going forward, the Group must work harder to make the results of its programs more visible.

What do you think would be the most effective way for the Daiwa Securities Group to address environmental issues?
(choose up to three answers)



Management Report

Corporate Governance

The Daiwa Securities Group is united in its efforts to build a highly transparent and objective corporate governance system that will earn the confidence of all stakeholders and continually improve corporate value.



Approach and Basic Stance

The Daiwa Securities Group is convinced that earning the trust of all stakeholders is the best way to ensure that corporate value continues to grow. The Group proactively incorporates perspectives from the broader society while developing an agile, efficient corporate governance system whose transparency meets global standards. The Group's management system also fosters a sense of unity that allows Group companies to make the most of synergies.

Corporate Governance System

With the aim of ensuring efficient management and thorough corporate governance, in 1999 the Daiwa Securities Group became the first publicly listed Japanese company to make the move to a holding company system. In addition, Daiwa Securities Group Inc. adopted a committee system to accelerate decision making. Under this system, directors entrust certain decision-making authority to executive officers; the supervising function of the Board of Directors has been reinforced through the establishment of the Nominating, Audit and Compensation committees; and management transparency has been enhanced.

The corporate governance system of the Daiwa Securities Group consists of:

- The Board of Directors, which serves a supervisory function, and the Nominating, Audit and Compensation committees; and

- The Executive Committee, which serves as the executive body; and the Internal Control Committee, the Disclosure Committee and the Group IT Strategy Committee, which are subcommittees of the Executive Committee.

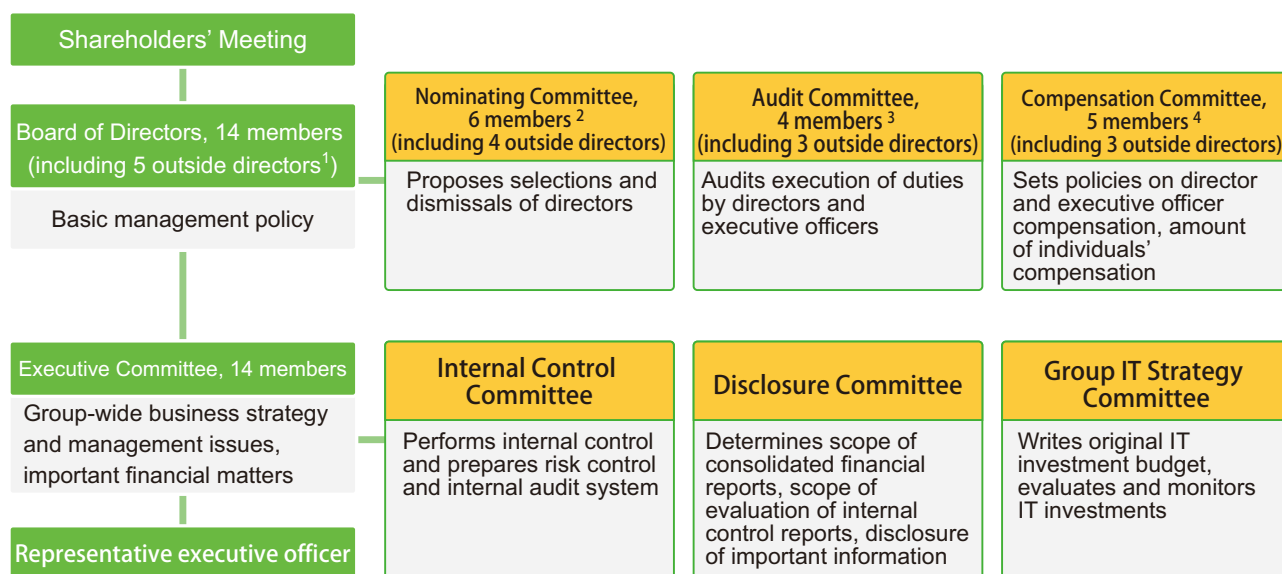
Although the chairman of the Board of Directors is also an executive officer, he does not have any specific duties as an executive officer.

During fiscal 2009, Daiwa Securities Group Inc. held Board of Directors meetings 13 times, Nominating Committee meetings 5 times, Audit Committee meetings 12 times, and Compensation Committee meetings 4 times.

Report on Corporate Governance (available only in Japanese)

<http://www.daiwa-grp.jp/japanese/pdf/governance20100701.pdf>

Corporate Governance System (As of July 1, 2010)



1 Outside directors

Tetsuro Kawakami, Honorary Adviser, Sumitomo Electric Industries, Ltd.
 Ryuji Yasuda, Professor, Hitotsubashi University Graduate School
 Koichi Uno, Certified public accountant
 Nobuko Matsubara, Chair, Japan Institute of Workers' Evolution
 Keiichi Tadaki, Lawyer

2 Nominating Committee

Internal

Committee Chair: Akira Kiyota, Chairman of the Board and Executive Officer, Daiwa Securities Group Inc.
 Shigeharu Suzuki, Director and President (CEO), Daiwa Securities Group Inc.

External

Tetsuro Kawakami
 Ryuji Yasuda
 Nobuko Matsubara
 Keiichi Tadaki

3 Audit Committee

Internal

Committee Chair: Saburo Jifuku, Director, Daiwa Securities Group Inc.

External

Koichi Uno
 Nobuko Matsubara
 Keiichi Tadaki

4 Compensation Committee

Internal

Committee Chair: Akira Kiyota
 Shigeharu Suzuki

External

Tetsuro Kawakami
 Ryuji Yasuda
 Koichi Uno

Supervisory function

The Board of Directors consists of 14 directors, including five outside directors.* The Board of Directors determines key management policy and supervises 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, external directors are experts in such fields as executive management and accounting.

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 an independent department.

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

Executive body

The Executive Committee, consisting of 14 executive officers, is operated by Daiwa Securities Group Inc. The Executive Committee discusses and makes decisions regarding executive management, including the business strategy of the Group as a whole and Group-wide management issues. The Executive Committee has been entrusted with the greatest possible level of decision-

making authority by the Board of Directors and holds monthly meetings, in principle. Some of the executive officers of Daiwa Securities Group Inc. also serve as key directors in Group companies in order to secure efficient and effective department strategies based on the overall Group strategy and from the perspective of Group management.

Preventing conflicts of interest between group companies

Conflicts of interest between group companies can occur in situations such as intra-Group trading. The Daiwa Securities Group applies rules regarding conflicts of interest stipulated by Japan's Companies Act to Executive Committees. Conflicts

of interest within the Group are prevented through a rule prohibiting an executive officer from voting when he or she is also the director of an interested group company.

Internal Control

With the implementation of the internal control and reporting system for financial reports, all Daiwa Securities Group companies have executed the documentation of standards in three areas: company-wide control, business process control, and general IT control. Regulations for the internal control and reporting system and related regulations were amended accordingly.

Based on these regulations, Group companies' internal control divisions take the lead in evaluating the effectiveness of internal control,

while the evaluation results are confirmed in councils at each Group company and reported to Daiwa Securities Group Inc. After these reports are received, the Internal Control Committee discusses them and makes decisions and, based on these decisions, the Disclosure Committee determines the effectiveness and validity of the system. Taking the report on the results into account, the CEO and the CFO draw up an internal control report and only then declare to investors and other stakeholders that financial reporting is accurate.

Business Continuity Plan

In anticipation of possible damage to its sales branches or head office/head office functions and/or data center due to serious outbreaks of infectious diseases, such as a new type of influenza, as well as social infrastructure shutdowns caused by earthquakes, fires, wind and water damage, and abnormal weather, the Daiwa Securities Group drew up a business continuity plan (BCP) prioritizing important operations¹ to be restored or continued in the event of a natural disaster, in order to keep the securities market functioning and protect customers' economic activities.

In accordance with this plan, the Group will ensure the safety of customers and Group executives and employees and protect assets while continuing to pursue vital operations based on the public-interest aspect of its business as a financial services firm. Specifically, the Group has promoted the digitization of data necessary for its business operations to establish a state-of-the-art business continuity system in the financial industry. Equipped with Japan's highest-level backup center, Daiwa Securities Group Inc. has already completed the installation of thin client technology.² This enables the Group to easily switch to an alternate system in case the headquarters cease to function

and thereby continue vital operations through a substitute office location.

In fiscal 2009, during the major outbreak of the H1N1 strain of influenza, the Group prepared guidelines and disseminated them to employees to ensure all understood the countermeasures to be taken to prevent infection and deter the spread of infection in an outbreak.

The Group will continue to enhance coordination between Group companies' BCP systems to prepare for accidents.

1 Priority operations to be restored or continued:

1. Market settlement of securities transactions contracted but not yet delivered
2. Payment operations
3. New orders from customers to sell or to liquidate long positions on margin transactions for the products below
 - Domestic listed equities
 - MRF (money reserve funds), MMF (money market funds), Japanese government bonds for individual investors

2 Thin client:

A technology for the storage and administration of the totality of data on a single server instead of having individual employees control application software and files distributed among various terminals. This can streamline administration process and costs while reducing operational risks.

Information Security Management

The Daiwa Securities Group is aware of its social responsibility to protect information assets, including customers' personal information, from various threats and to handle information in a manner appropriate to the purpose for which it was originally obtained. The Group endeavors to maintain the highest standards in information security management.

In order to maintain a secure information management system, the Group has formulated a basic information security policy and a privacy policy for protecting personal information. Going beyond these policies, the Group has established minimum standards for measures to be adopted and has implemented security training regarding these policies and measures for all executives and

employees in accordance with the responsibilities of their posts.

In terms of organizational response, individuals responsible for information security at each Group company participate in the Group IT Strategy Committee meetings of Daiwa Securities Group Inc., where they discuss Group information security measures and report information security risks to the Internal Control Committee.

In addition, to raise the level of information security, the Group operates in conformity with the Information Security Management System (ISMS). A number of Group companies have already obtained ISMS and privacy mark certification in accordance with the evaluation certification system.

Management Report

Compliance

For the Daiwa Securities Group, compliance means more than complying with the law; it includes all the actions required to win the confidence of customers and the broader society. The Group is committed to enhancing both Group-wide initiatives and independent initiatives by Group companies.

Approach and Basic Stance

The Daiwa Securities Group offers a wide range of financial products and services, all of which depend on the existence of sound financial and capital markets. But much more than Daiwa's success is at stake—without stable, fair, and transparent markets, economic prosperity and social progress are not possible. The Daiwa Securities Group takes its responsibility to contribute to healthy markets seriously. It works every day to accomplish this by fulfilling an intermediary role between issuers, who need funds, and investors, who have funds available, fostering liquidity that benefits not only those directly involved, but also the broader society. Most importantly, Daiwa recognizes that none of these vital functions are possible without a highly effective compliance framework and rigorous internal controls.

With the conviction that sales and compliance must be fully integrated, the Group is also pursuing initiatives to strengthen linkages between sales branches and headquarters departments.

Compliance Framework

Daiwa Securities Group Inc. plays a central role in setting compliance policy for the entire Group. This is complemented by policies formulated by each Group company to comply with rules and regulations that apply to their specific line of business. For this reason, each Group company's compliance department plays a leading role in setting out detailed compliance regulations and measures.

In fiscal 2009, the Sales Inspection Department was established within the Compliance Division, taking over responsibility for inspecting branches, which had previously rested with the Internal Audit Department. By strengthening connections with the Compliance Department, the Group intends to improve the efficiency and enhance the level of branch inspections.

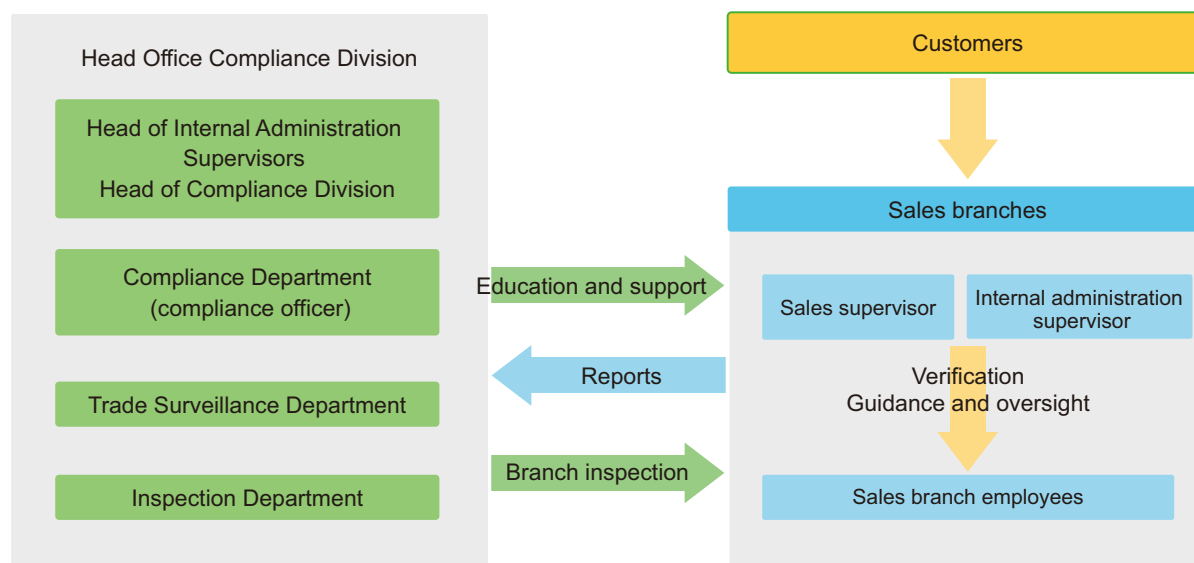
The Group has also reinforced its system for improving and upgrading the quality of its sales

with the full-scale launch of its system for monitoring unfair trading and the establishment of a "supervisor confirmation system" intended to improve and enhance the quality of its sales by guiding and educating sales employees.

Daiwa Securities Capital Markets has developed a system for checking its cross-border trades with overseas branches to ensure no involvement with criminal elements. When a Daiwa Securities customer opens an account with Daiwa Securities Capital Markets, this system checks the transaction based on Daiwa Securities Capital Markets' internal rules, in addition to Daiwa Securities' check.

Those responsible for compliance in each of the Group companies exchange information in the corporate ethics liaison committee, and the Group's overall compliance framework is continuously maintained and promoted.

Daiwa Securities' Compliance Framework



Systematic Measures to Avoid Involvement with Criminal Elements

The Daiwa Securities Group avoids any involvement whatsoever with organized criminal elements. This is a key part of its commitment to earning trust and ensuring sound financial markets. The Group is taking a range of measures to reinforce its systematic measures for preventing any engagement with parties associated with organized crime in or outside of Japan.

In 2008, the Group established a new basic policy governing its approach to avoiding involvement with organized criminal elements and began to execute it. The Group also follows the Guidelines for Corporations to Prevent Damage by Criminal Elements issued by the Japanese government in

June 2007.

In addition, Daiwa Securities Group Inc. compiled information from Group companies, reviewing cases where contact may have been received from criminal elements, and holding interviews to assess the response. It also exchanged information with public institutions and worked to build a comprehensive database.

Going forward, in addition to these measures to avoid involvement with criminal elements, the Group will strengthen its measures to avoid engagement with parties involved in unfair trading in the financial markets as well as those who may tolerate criminal elements.

■ Basic Policy on Avoiding Any Involvement with Criminal Elements

Basic Position

To ensure fairness and the sound development of the securities market and protect our customers and staff, the Daiwa Securities Group is creating a framework to eliminate the influence of organized crime groups, gang members, corporate extortionists and other criminal elements and taking systematic measures to avoid all ties with such elements.

1. The Daiwa Securities Group will not carry out any transactions whatsoever with criminal elements.
2. If it is determined that parties already having transactions with the Daiwa Securities Group are criminal elements, we will swiftly take appropriate measures to terminate dealings with them.
3. The Daiwa Securities Group will provide no funds to criminal elements.

4. The Daiwa Securities Group will accept no unfair demands from criminal elements. If it is determined that an unfair demand has been made by criminal elements, we will take legal action in the civil or criminal courts against the party making the demand.
5. The Daiwa Securities Group establishes close cooperative relationships with outside parties such as the police force, the National Center for the Elimination of Boryokudan (organized crime groups), legal experts and others.

Compliance Training

Daiwa Securities Group companies provide regular training and testing to improve compliance awareness and ensure that all employees embrace Daiwa's commitment to corporate ethics. These efforts are the foundation of employees' own efforts to ensure total compliance.

The Daiwa Securities Group holds numerous compliance training sessions, making full use of e-learning technologies.

Daiwa Securities Capital Markets gives the

Compliance Assurance Test to all executives and employees (approximately 2,000) once a year, while Daiwa Securities gives the All Branch Unified Compliance Assurance Test to all sales staff (approximately 7,500) once every six months. In addition, new hires and newly appointed managers receive compliance education and training, and extra training is given as needed in light of the results of tests conducted by regulatory authorities and major legal violations by other companies.

Corporate Ethics Hotline

Since January 2003, Daiwa Securities Group Inc. has been operating a Corporate Ethics Hotline through which employees can report problems in the workplace directly to a corporate ethics officer or an outside lawyer. When the hotline is contacted, the Daiwa Securities Group Inc. corporate ethics officer, in cooperation with the internal control officers at each Group company, carries out a fact-finding investigation, while taking steps to protect the caller. The Corporate Ethics Hotline was contacted 21 times in fiscal 2009, 20 times fewer than in the previous fiscal year.

The Group is conducting training to ensure anyone

can use the Corporate Ethics Hotline without hesitation and is making efforts to respond as quickly as possible when calls are received. This has led to a broadening of the potential user base, and the hotline is now very well known within the Group and is considered reliable owing to the success of these efforts.

Regardless of measures used to solve problems from here onward, the Group is taking steps to expand training about the hotline so that it can work more effectively than ever before as a deterrent to prevent problems before they occur.

Nature of complaint	Response
Power harassment, negative comments regarding character	Conduct fact-finding, then bring the misconduct to the attention of the senior manager, and implement training for the superior involved
Sexual harassment and other such behaviors	Conduct fact-finding, then bring the misconduct to the attention of the staff, and implement training for the staff involved
Questionable sales tactics or infraction of rules	Conduct fact-finding, then implement special training for the staff involved

Management Report

Information Disclosure

Daiwa Securities Group strives to maintain accountability by fairly and appropriately disclosing corporate information and working to expand dialogue with all types of stakeholders.



Approach and Basic Stance

The Daiwa Securities Group has established a Disclosure Policy outlining its basic approach to information disclosure, and strives to disclose accurate information fairly, appropriately, and in a timely manner. The disclosure of appropriate information for people to take into account when making investment decisions is the most important element in the sound operation of the equity market. As a company in the financial industry, the Group strives to attain a high level of information disclosure, to be a model for other publicly listed companies. Going beyond financial information, the Group is strengthening its disclosure of non-financial information related to social and environmental issues, progress on which is not necessarily represented by short-term financial indicators. Going forward, Group companies will continue to pursue information sharing, work to establish a collaborative system, and strive to convey a consistent and effective message.

■ Disclosure Policy

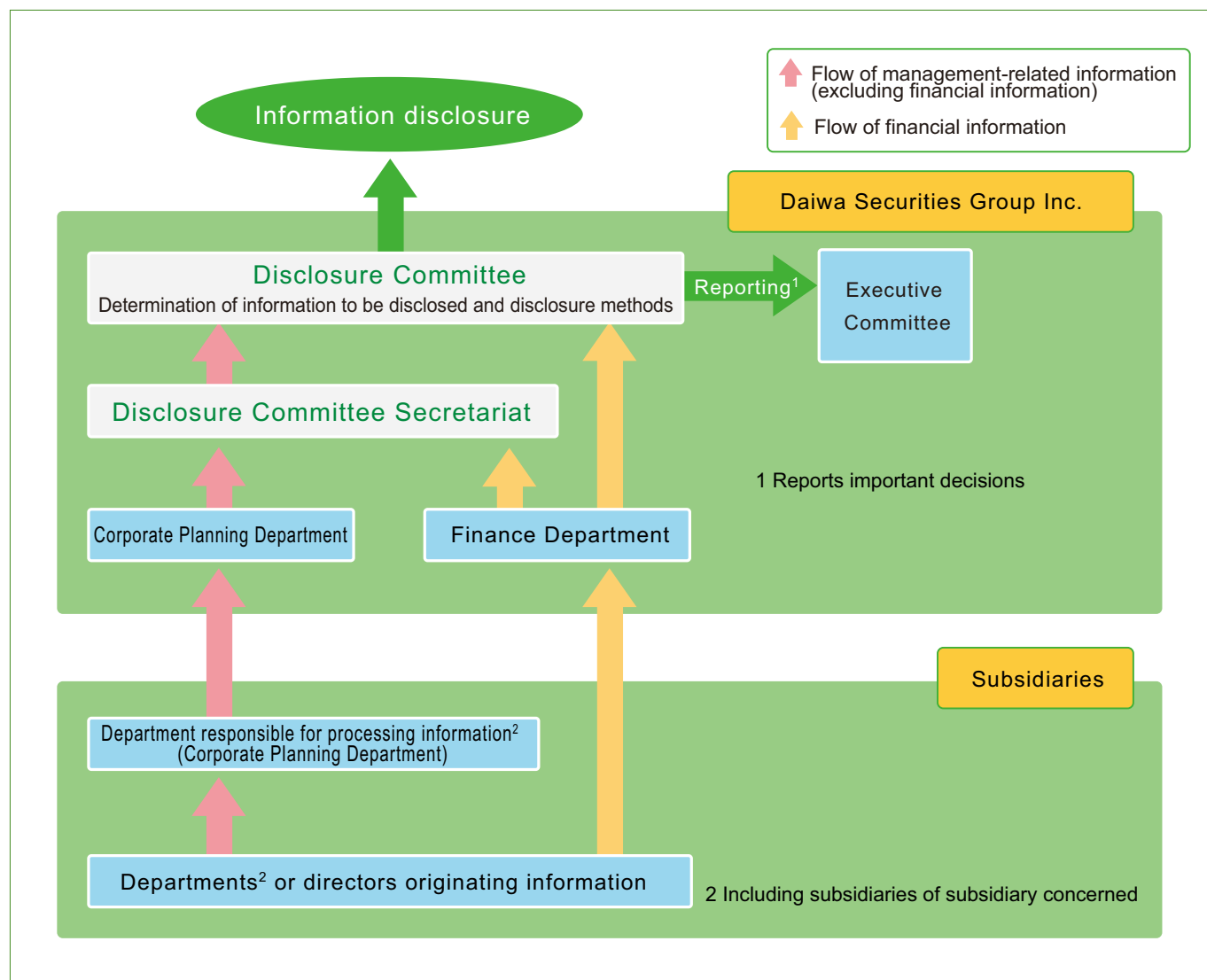
- We will observe the fair and timely disclosure of important financial, social and environmental information ("management-related information") regarding the Daiwa Securities Group so that our stakeholders (including shareholders, investors and the communities we operate in) may understand and maintain 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 stock exchanges 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 in order to disclose information in a manner that is easy to comprehend for investors.
- We will consciously act as a leader of the securities markets in terms of disclosure and set the standards for all other listed corporations.
- We have established the Daiwa Securities Group Inc. Disclosure Regulations, which define guidelines such as the setting up of a disclosure committee and the methods of disclosing management-related information, in order to fulfill the spirit of this Policy.

Information Disclosure System

Daiwa Securities Group Inc. has created Disclosure Regulations in order to achieve its Disclosure Policy. Its Disclosure Committee, a subcommittee of the Executive Committee, is responsible for final decisions regarding disclosure in accordance with these regulations.

Group companies also create rules for controlling

the release of management-related information, following a uniform disclosure system created for the entire Group. Group companies collect and report information to Daiwa Securities Group Inc. without fail, including posting management-related information contact lists on the in-house network.



Fair Disclosure Policy

The Daiwa Securities Group has made its fair disclosure policy a priority. The Group strives to utilize a range of IR tools to release fair, timely and appropriate information so that there are no information gaps resulting from differences in the

perspectives of institutional investors and retail investors. The Group will continue to disclose clear and intelligible information so that more stakeholders can benefit from the fairness of its disclosure.

Communication with Investors

The Group endeavors to issue information that is clear and intelligible for all investors. The IR website is being overhauled so that it is more user-friendly. In fiscal 2009, the IR website was upgraded to augment the information disclosed to retail investors. The Fact Sheet, which provides a succinct overview of the Group, has been posted on the Group's website since fiscal 2009 to help reach more investors.

IR briefings are held regularly for institutional investors, and the Group also holds small group meetings on business issues that cannot be fully

explained in IR briefings, providing opportunities for investors to speak directly with executives. The Group strives to engage in direct dialogue as much as possible. In fiscal 2009, 280 one-on-one meetings (220 in fiscal 2008) were held to deepen understanding regarding the secondary offering and the dissolution of the joint venture between Daiwa Securities Group and Sumitomo Mitsui Financial Group on Daiwa Securities SMBC (since renamed Daiwa Securities Capital Markets).

Investor Relations <http://www.daiwa-grp.jp/english/ir/index.cfm>

Disclosure of Non-Financial Information

The Group is committed to disclosing non-financial information to all stakeholders to promote understanding of the Daiwa Securities Group and ensure that the Group is accurately assessed.

When financial statements are released to investors, the president of Daiwa Securities Group Inc. reports on the impact on social aspects, such as the underwriting and sales of Impact Investment products, as well as providing financial information. In addition, in publications such as annual reports and business reports and during

company briefings, the Group proactively discloses information on initiatives that serve as models for Japan's leading companies, such as work-life balance, the promotion of success for women, and social contributions.

In its role as a company involved in the financial industry, the Group strives to disclose non-financial information that affects long-term corporate value but may not appear in short-term financial indicators. The Group strives to be a model for other listed companies.

Social Report

Relationship with Customers

To earn customers' trust and their long-term loyalty, the Daiwa Securities Group constantly endeavors to provide even deeper satisfaction by transforming service opportunities into true hospitality.

Approach and Basic Stance

"Building Customer Trust" is the first of the Daiwa Securities Group's corporate principles. We understand that customer trust is the foundation of our business, and we always work to identify approaches that will truly satisfy our customers. We pursue customer interactions that aim not only to satisfy, but to turn even first time customers into fans who will come back again and again. At the Daiwa Securities Group, we have built the concept of hospitality into our understanding of service to give new life to customer relations. Our goal is nothing less than having the most satisfied customers in the financial services industry.

Building Even Deeper Trust in Relationships with Customers

Accountability to customers

With "for the customer" informing every action at the Daiwa Securities Group, we strive to understand the customer's needs quickly, propose the best solution for each customer and to provide more-than-satisfactory services. We also work to provide customers with honest, appropriate explanations so that they feel reassured in all their dealings with Daiwa.

Japan's Financial Instruments and Exchange Law, which went into effect in September 2007, prohibits "solicitation that is improper in light of the customers' knowledge, experience, financial

situation and objective." This law forms the basis of Daiwa Securities' approach, but the company also provides explanations that go beyond the legal requirements to demonstrate true hospitality in its product descriptions, and also takes into account service after purchase.

When selling Impact Investment products that help resolve social issues, such as Vaccine Bonds and Water Bonds, Daiwa Securities explains how the customer will be contributing to society by buying the product, in order to deepen their understanding of social contributions.

Active post-sales follow up

A securities company's true relationship with the customer begins after a product has been sold. Follow-up is essential in maintaining and strengthening the trusting relationships formed with the customer. In particular, customers are dissatisfied and apprehensive when the value of a product that they have purchased goes down. Daiwa Securities can reinforce its relationship

of trust with the customer by giving attentive explanations and relevant proposals that succeed in alleviating this dissatisfaction and concern.

The company strives to ensure that extensive follow-up services are provided by giving sales staff and branch staff various training programs and impressing upon them the importance of follow-up services.

■ Providing information in seminars and on the web

In addition to seminars for customers, such as the investor seminars that Daiwa Securities holds every month at branches and the seminars held live on the Internet, customers can read reports released periodically by investment firms on Daiwa Securities' website. The company has also set up a "notification box" and "recommendation box" on its Japanese-language website to help provide timely information.

■ Follow-up services for Impact Investment products

Daiwa Securities provides customers who buy Vaccine Bonds with the activity reports released by IFFIm, the issuer of these bonds. The company

believes that it is also important to provide information on how the money invested in Impact Investment products, which enable customers to give back to society through their investments, is used to solve social problems.

■ Initiatives in fiscal 2010

Beginning in fiscal 2010, the organization of sales branches was changed, and some employees responsible for customer interaction at retail sites were assigned to follow-up services for the customers handled by the sales staff. This system increases contact with customers. Daiwa Securities strives to provide customers with fine-tuned services.

Services accessible to diverse customers

When Daiwa Securities renovates sales branches nationwide or plans new branches, it takes steps to ensure that its branches can be used by a wide range of customers, such as eliminating steps up and down on the floor and installing wide counters.

In addition, the company explains services using written communication and introduces its Internet banking services to deaf customers. It also provides sign language interpretation at the Daiwa New Spring Investment Forum.

■ Daiwa's Point Program

Daiwa's Point Program awards customers with points based on their transactions, which can be exchanged for products and cash vouchers or used to make donations to NPOs. In 2010, Daiwa Securities completely overhauled its product lineup to offer products that customers had particularly requested. To satisfy the growing interest in programs that contribute to society, customers can now make donations, not only to the Japan Committee for UNICEF, but also to Medecins Sans Frontieres Japan and the World Wildlife Fund (WWF) Japan.



Employee Education

Daiwa Securities is strengthening its employee education to further enhance its customer service. In October 2007, the company integrated the Personnel Department's Training Section and the Branch Education Support Department's Education Promotion Section to form the Education and Training Department.

All of its employees, including those responsible for back office operations, are asked to acquire the

Associate Financial Planner (AFP) certification, and the company encourages employees to go on to earn the Certified Financial Planner (CFP) certification, the highest level of financial planner certification. This ensures that its employees can support customers in all their financial issues, and are not limited to knowledge of financial products but can also advise clients on tax implications and future plans to match the customer's overall life plan.

Training for sales employees

Daiwa Securities provides its sales employees with a range of training in line with their careers. The company now provides even more opportunities than before for new employees to acquire specialized product knowledge during the three month-long group training stage by assigning product specialists as instructors in addition to regular instructors.

The company also provides more practical training for young sales staff, particularly role playing exercises to practice specific cases. Selective

training is regularly offered, such as presentation skill enhancement training and negotiation skills training for mid-career and young employees and coaching training for managers. The company uses satellite broadcasts and video-conference systems efficiently for study sessions and to disseminate information on training.

With the advance of globalization, the company also encourages employees to earn foreign language qualifications, such as TOEIC.

Improving customer service skills of sales branch employees

Many different types of customers visit Daiwa Securities' sales branches. This means that employees interacting with customers at its sales branches must have high-caliber service skills with an emphasis on attentiveness to the customer, in addition to specialized knowledge of the market and products.

Daiwa Securities provides hospitality training when employees first enter the company to help

them learn about its hospitality standards, which go beyond simply providing service. In addition to basic training, the company gives more practical training involving role plays of various situations. In addition to group training, the company gives regular verification tests on an ongoing basis using its e-learning system. Daiwa Securities' head office staff conduct on-site checks every six months and provide guidance to achieve even higher quality.

Initiatives Make Use of Customer Views

Call Center initiatives

Daiwa Securities' Call Center is staffed by 450 telephone service representatives (TSRs)* who take orders, describe products, and handle queries about clerical procedures or requests for sales literature. The Call Center is one of the main channels supporting the company's business model, which is driven mostly by the Daiwa Consulting and Daiwa Direct transaction channels.

At the Call Center, employees have direct contact with customers, and so the Center plays a critical role in areas such as transaction channels, customer support and marketing that can lead to improved operations through customer feedback. The company implements training and regular level checks for TSRs in order to maintain and improve call center operations to meet the demand for high-

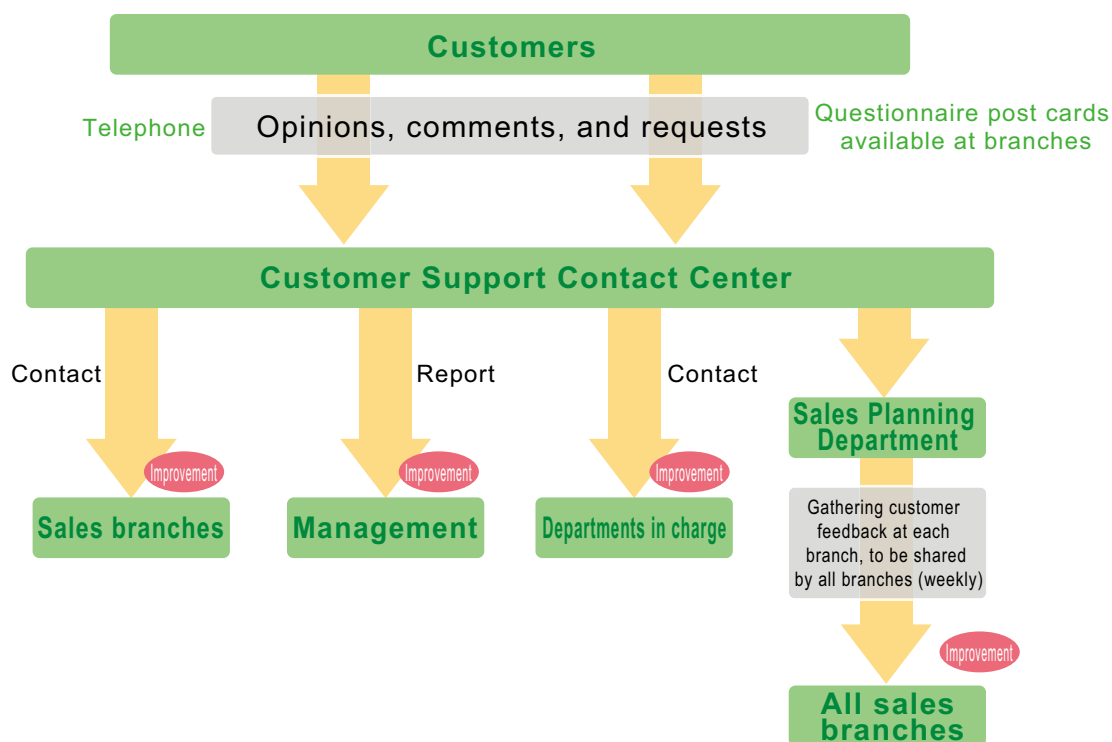
quality service.

The Center uses the customer inquiries and opinions that it receives to analyze data and identify each cause when there are problems. By providing feedback and information to Daiwa Securities' head office and sales branches, the

company seeks to improve services and customer interaction and raise customer satisfaction.

* TSR (Telephone Service Representative) is the name typically used in Europe and the US to refer to telephone operators with specialized knowledge.

Systems for Utilizing Customer Feedback

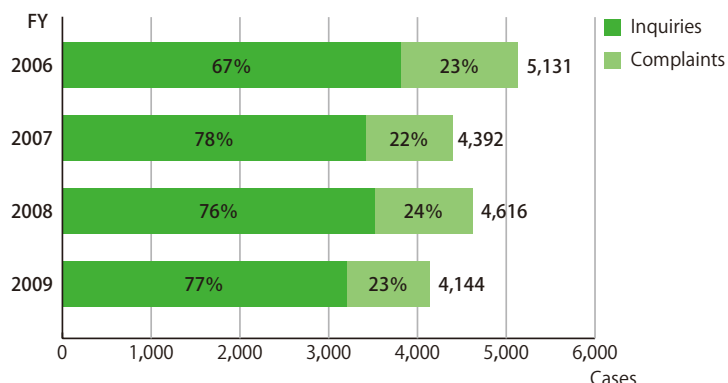


Calls received at the Customer Support Contact Center

Daiwa Securities' Customer Support Contact Center also handles customer feedback. The Center shares the customer feedback it receives with Daiwa Securities' sales branches and head office and responds promptly and appropriately. The volume of calls and complaints received at the Center in fiscal 2008 increased compared to the previous fiscal year, which was primarily attributable to the rapid deterioration of market conditions since fall 2008. However, in fiscal 2009 the volume of calls and complaints fell below levels marked prior to fiscal 2007.

The Center takes customer feedback seriously, and works with Daiwa Securities' sales branches and head office to formulate measures to address complaints and requests. The entire company works together to improve customer services.

Calls Received at the Customer Support Contact Center



Social Report

Relationship with Shareholders

At the Daiwa Securities Group, we work hard to improve communication with shareholders and to build relationships of trust. We strive to provide information that individual shareholders can easily understand and also offer a shareholder reward program.

Approach and Basic Stance

The Daiwa Securities Group endeavors to promote communication with shareholders.

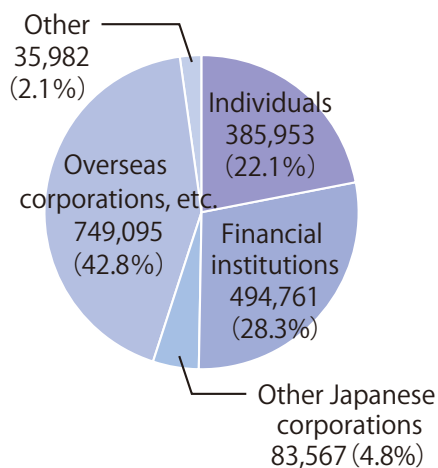
As part of our "from saving to investment" policy in Japan, we believe that increasing the number of retail investors is part of the Daiwa Securities Group's social responsibility. Accordingly, we work to communicate better with shareholders and provide information that is easy to understand.

Shareholder Composition

As of March 31, 2010, 42.8% of the shareholders of Daiwa Securities Group Inc. were overseas corporations, etc., up 6.6 points compared to the end of the previous fiscal year. The share of individual investors increased 3.0 points to 22.1%. These increases were likely due to the capital increase through public offering carried out in July 2009.

Distribution by owner (as of March 31, 2010)

Unit: 1,000 shares



Dividend Policy

Daiwa Securities Group Inc. aims to continue improving value for shareholders, which includes distribution of profit. In principle, dividends are paid semiannually at a pay-out ratio of approximately 30% based on consolidated financial performance.

Daiwa Securities Group Inc. also looks for ways to increase returns to its shareholders in various ways, including share buybacks when it has sufficient accumulated capital to pursue further growth.

Communication with Shareholders

The general meeting of shareholders is an opportunity for direct communication with shareholders. To encourage higher attendance, since 2006 regular general meetings of shareholders have been held on Saturdays. A total of 2,710 shareholders attended the 73rd regular general meeting of shareholders held on June 26, 2010 in Tokyo. After the meeting, there was a break for light refreshments, followed by a lecture.

The meeting was also broadcast live via satellite to halls in Osaka and Nagoya for those who were unable to come to Tokyo. A total of 1,561 people gathered in Osaka and Nagoya. Thus, a total of 4,271 shareholders attended the meeting.

Daiwa Securities Group Inc. will strive to make its communications more accessible by, among other initiatives, renewing its website to facilitate ease of access for shareholders.

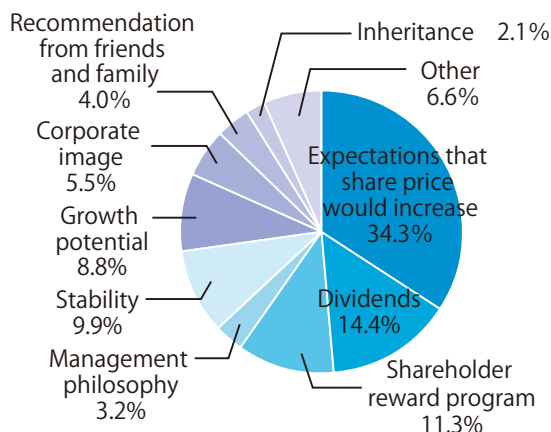
Questionnaire for shareholders

The Daiwa Securities Group regularly gives a questionnaire to shareholders with a view to reflecting their opinions in management and IR activities. We utilize the results to good advantage

in business activities, leading to improvements such as higher satisfaction with the shareholder reward program.

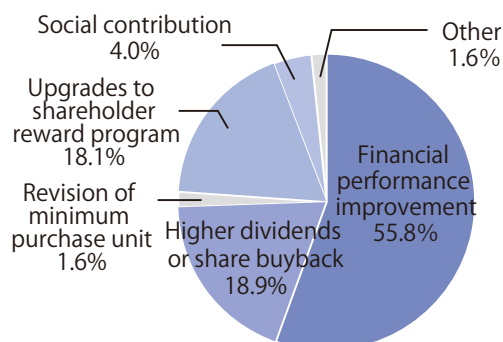
■ Results of shareholder questionnaire

Q. Why did you acquire shares in Daiwa Securities Group Inc.?



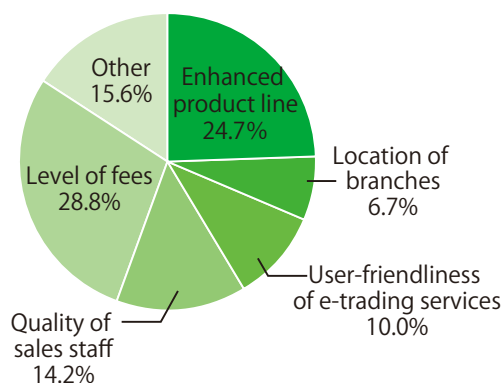
Multiple answers possible; number of answers selected: 163,227

Q. What do you expect from the Daiwa Securities Group in the future?



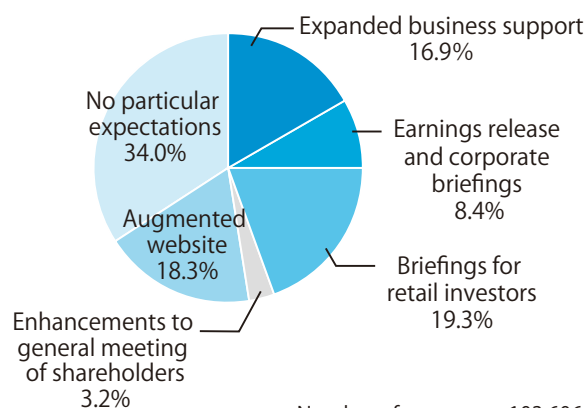
Multiple answers possible; number of answers selected: 134,280

Q. What service improvements would you like to see at Daiwa Securities?



Number of responses: 94,353

Q. How would you like to see information disclosure and communication augmented in the future?



Number of responses: 103,606

Shareholder Reward Program

In addition, Daiwa Securities Group Inc. is working to strengthen its shareholder reward program to ensure that retail investors are satisfied and improve the chance of retaining shareholders over the long term. On September 30, 2007, it increased the number of opportunities for shareholders to review their subscription to the (personal) shareholder reward program to twice a year, namely the interim period and year-end.

Beginning with the reward program for March 31, 2008, shareholders were enabled to select various items from the shareholder reward program catalogue, which encompasses local "delicacies"; exchange points for the Daiwa Point Program; or the *Kaisha Shikiho*, a publication which shows quarterly reports from listed companies in Japan. The shareholder reward program will continue to be improved.



Social Report

Relationship with Executives and Employees

At the Daiwa Securities Group, we strive to train our employees, the source of our competitiveness, in line with one of our corporate principles, Valuing Human Resources. We have a range of programs to create a workplace environment that keeps executives and employees highly motivated and rewards them with job satisfaction.

Approach and Basic Stance

Human resources are the source of the Daiwa Securities Group's competitiveness. We provide a workplace that keeps employees highly motivated and allows them to work with confidence and energy in all phases of their careers, from the time they join the company through retirement. We have set up a variety of human resource programs and take a comprehensive approach when reviewing and revising programs to enhance their effectiveness and create a user-friendly atmosphere.

With the aim of making our employees the most highly qualified in the industry, we offer training for all occupational abilities and stages, and we focus on certifications and improving English skills with a support system that encourages the ambitions of every employee.

In 2008, the Group issued "Daiwa Spirit," a booklet about what it means to be a Daiwa professional. This was developed based on the corporate philosophy and expresses the basic philosophy and mental attitudes valued by the corporate culture since the foundation of the Group. "Daiwa Spirit" was distributed to all Group employees and is expected to enhance employees' sense of unity and togetherness, and thus the Group's cohesiveness.

Employees at the Daiwa Securities Group (Consolidated)

(persons)

		As of March 31, 2008			As of March 31, 2009			As of March 31, 2010		
		Employees	Financial advisors	Temporary employees ¹	Employees	Financial advisors	Temporary employees ¹	Employees	Financial advisors	Temporary employees ¹
Japan	Male	7,821	256		8,281	181	–	8,212	124	–
	(Career track ²)	7,083			7,662	–		7,535	–	–
	(Managers)	3,740			3,919	–		3,872	–	–
	Female	4,401	465		4,812	378	–	4,838	303	–
	(Career track ²)	1,970			2,184	–		2,412	–	–
	(Managers)	119			139	–		159	–	–
	Japan total	12,222	721	1,882	13,093	559	1,553	13,050	427	765
Overseas		1,513		34	1,572	–	35	1,973	–	127
Total		13,735	721	1,916	14,665	559	1,588	15,023	427	892

¹ Temporary employees are part-time hires; the figure shown here is the average number of such employees over the year.

² Includes regional career-track employees and specialist positions.

Hiring Initiatives

Hiring approach and trends

The Daiwa Securities Group would like all of its employees to be highly motivated and loyal. All new college graduates hired by the Group, including persons with disabilities, are brought on as full, regular employees. This helps to encourage new hires to feel a sense of trust and pride in the company and a sense of solidarity with their colleagues. In April 2010, the Group hired 337 new employees.

Our approach to retaining talented people is simply to provide an environment in which diverse individuals can perform to their full potential. In line with our strategy to strengthen our business in Asia, Daiwa Securities Capital Markets in particular makes it a policy to bolster its workforce in Asia. Our hiring policy in Japan also prioritizes candidates with the ability to perform on the global stage, where linguistic skills are in demand.

■ Number of New Graduates Hired by the Daiwa Securities Group

(persons)

		April 2008	April 2009	April 2010
Career-track employees/ regional career-track employees ¹	Male	551	388	159
	Female	471	328	173
Operations personnel (or staff)	Male	1	7	4
	Female	241	110	1
Total		1,264	833	337

* This data pertains to 10 group companies: Daiwa Securities Group Inc., Daiwa Securities, Daiwa Securities Capital Markets, Daiwa Asset Management, Daiwa Institute of Research group companies, Daiwa SB Investments, Daiwa Securities Business Center and Daiwa Corporate Investment.

¹ Regional career-track employees: A class of career-track employees who stay in one region and are not subject to transfers that require a change of residence. Full-scale hiring of new graduates in this class began in April 2002.

■ Workforce Statistics

	2007	2008	2009
Average annual salary ¹	¥10.32 million	¥7.06 million	¥7.47 million
Average age	37.7	37.1	36.4
Average number of years of service	11.2	10.7	11.0

* This data pertains to Daiwa Securities Group Inc. only.

¹ Average annual salary includes bonuses and other remuneration.

Support for the success of veteran employees

The Daiwa Securities Group has introduced the Daiwa Master Program to actively support the success of highly motivated and skilled employees, regardless of their age. This system enables veteran employees nearing the mandatory

retirement age of 60 who meet certain criteria to continue their employment until they are 65 years of age. We revised the system in 2009 to refine the criteria even further.

■ Re-employment under the Daiwa Master System

(persons)

	2006	2007	2008	2009
No. of employees hired under the Daiwa Master System	6	14	36	53

*This data pertains to three Group companies.

Employing persons with disabilities

The Daiwa Securities Group began hiring new graduates with disabilities as regular employees beginning in fiscal 2008. We hired seven new graduates with disabilities in April 2008, 15 in April 2009 and five in April 2010.

We seek to hire talented people, regardless of whether they have disabilities or not. Beginning with our 2011 new hires, we will hire persons with disabilities for career-track positions,

regional career-track positions and customer service positions. The goal is to hire high-caliber employees, not just to meet Japan's legally mandated employment rate for persons with disabilities, thus providing a bigger stage on which persons with disabilities can advance their careers, take advantage of opportunities and stay highly motivated to succeed.

■ Employment Rate for Persons with Disabilities (as of Each Fiscal Year-end)

(%)

	2005	2006	2007	2008	2009
Employment Rate for Persons with Disabilities	1.85	1.95	1.87	1.87	2.01

* This data pertains to 11 Group companies.

Human Resources Development and Skill Development

Employee training approach and trends

The Daiwa Securities Group focuses on human resource development with the aim of creating a professional cadre that can ensure the Group remains Japan's most impressive securities firm. In particular, we believe that the first two years after joining the Group—when new graduates are just getting their start as full members of society and Group employees—is a critical period for a solid basic education. We offer extensive training

programs during this period. Our varied training options ensure not only that employees acquire the fundamentals skills needed for their jobs, but also that they learn about the Group's corporate philosophy and commitment to CSR.

In fiscal 2009, we began to focus on improving the English skills of employees. With globalization, the Group increasingly invests in overseas subsidiaries, and employees are more likely to be

transferred within the Group. Thus, strengthening English skills is a crucial issue not only for Daiwa Securities Capital Markets employees, who often work in overseas-related operations, but also for Daiwa Securities employees focused on operations in Japan. We will continue to augment our efforts in this area in fiscal 2010 and thereafter.

We believe that our employees must have a firm understanding of corporate ethics and compliance in order to ensure the development of sound financial and capital markets—a key issue for the Daiwa Securities Group. Accordingly, we offer regular training on information management and compliance.

Employee training system

Employee training is run in accordance with the Group's shared policies, and each company also operates its own training programs in light of the different skills required depending on the company's focus. Each company has its own division in charge of training, such as the Education and Training Department established by Daiwa Securities in 2007.

The Personnel Department of Daiwa Securities Group Inc. is in charge of Group-wide training programs, and has increased these since 2009. It aims to raise the efficiency of training as well as to strengthen networking and the sense of solidarity throughout the Group. It will continue such efforts in fiscal 2010 and thereafter.

Education and training system

Daiwa Securities launched the Daiwa Mentoring Program in July 2009, a two-year intensive basic educational program for new hires. The company has introduced a tutor system in which each new hire is assigned to another employee who will be in charge of their education for the first year of their employment. The new hires are given focused education and training so that they can become independent in their first two years.

The company also offers selective management training for managers through programs such as the Daiwa Management Academy and Daiwa Leadership Program. In addition, mid-level employees can take training to enhance their presentation and negotiating skills and acquire new business skills. Training is tailored to each stage in an employee's career.

■ Supporting employees trying to earn credentials

In light of globalization and corporate strategies emphasizing Asia, the Daiwa Securities Group strives to improve employees' English skills and recommends that employees take the TOEIC exam. We offer a test support system to help employees raise their TOEIC scores, such as e-learning accessible to all employees. In addition, we offer more practical e-learning opportunities and recommend English conversation and language schools to intermediate-level learners.

In addition, Daiwa Securities aims to have all employees acquire Associate Financial Planner (AFP) certification and to have the highest number of employees in the industry with the Certified Financial Planner (CFP) certification, the level above AFP. The Tama Training Center began to offer group training sessions for CFP certification in fiscal 2010. The company provides generous support so that employees can enhance their specialized skills and become professionals by, for example, subsidizing certification costs.

■ Achievements of Participants in Selected Management Training

(persons)

Eligibility for Daiwa Management Academy: Department managers			
Fiscal year	2007	2008	2009
Number finishing program (cumulative)	190	210	228
Eligibility for Daiwa Leadership Program: Deputy general managers			
Fiscal year	2007	2008	2009
Number finishing program (cumulative)	473	507	537

■ Achievements of Participants in Business Skill Training

(persons)

Fiscal year	2007	2008	2009
Number finishing program (cumulative)	440	1,013	1,348

* This data pertains to 11 Group companies.

* The number of people completing presentation skill enhancement training, coaching training, negotiation skills training, communication training, logical thinking training, and facilitation training.

■ Persons Earning Credentials

(persons)

Period tabulated	March 31, 2008	March 31, 2009	March 31, 2010
Credentials	No. of persons obtaining	No. of persons obtaining	No. of persons obtaining
Associated Financial Planner (AFP)	2,725	2,997	3,739
Certified Financial Planner (CFP)	263	279	309
Security Analyst	1,347	1,372	1,345
Chartered Financial Analyst (USA credential)	42	47	45
Licensed Tax Accountant	17	20	19
Variable Insurance Sales Credentials	6,111	6,384	6,271
Project Manager	-	-	142
IT Passport	-	-	202
Overseas MBA program graduate, etc.	168	176	169

* This data pertains to 11 Group companies.

* The number of people is based on the number of employees enrolled.

Internal (intra-group) job postings and new career path examinations

The Daiwa Securities Group also has an internal recruiting system to open new career opportunities to skilled employees interested in self-development. In fiscal 2009, 3 out of 47 applications were successful. There have been a total of 790 applicants

since 2000, and a total of 138 successful transfers. We also now offer career path examinations for those in non-career-track jobs who wish to move into career-track or regional career-track jobs.

■ Successful Applicants in Internal Recruiting System

(persons)

Held	Positions offered in	No. of applicants	No. of successful applicants
FY2000 summer (1st recruitment)	Analysts, fund managers	12	2
FY2000 winter (2nd recruitment)	Overseas postings	71	6
FY2001 summer (3rd recruitment)	Analysts, fund managers, venture capitalists, investment information, principal finance specialists	58	7
FY2002 summer (4th recruitment)	Fund managers, M&A, derivatives, overseas postings, internal wholesalers, satellite broadcasting castors, etc.	60	7
FY2003 summer (5th recruitment)	Retail and corporate and institutional sales, analysts, derivatives, venture capitalists, internal wholesalers, dealers, traders	81	18
FY2003 winter (6th recruitment)	Analysts, money managers, SMA consultants, sale, proposals and planning, dealers, traders, derivatives, business consultants, pension consultants	60	16
FY2004 summer (7th recruitment)	Compliance, product development, M&A, research, analysts, venture capitalists, fund managers	63	13
FY2005 spring (8th recruitment)	Compliance, product development, investment advisors, M&A, principal finance specialists, analysts	87	24
FY2005 fall (9th recruitment)	Corporate and institutional sales, product development, overseas postings	40	9
FY2006 spring (10th recruitment)	SMA consultants, retail and corporate and institutional sales, product development, analysts, dealers	38	10
FY2006 fall (11th recruitment)	Corporate and institutional sales, traders, principal finance specialists	47	6
FY2007 spring (12th recruitment)	Corporate and institutional sales, underwriting	29	3
FY2007 fall (13th recruitment)	SMA consultants, corporate and institutional sales, underwriting, fund managers, overseas postings	43	8
FY2008 fall (14th recruitment)	Analysts, traders, institutional investor sales, overseas posting, venture capitalists	54	6
FY2009 fall (15th recruitment)	Retail and corporate and institutional sales, overseas posting	47	3
Total		790	138

*This data pertains to 11 Group companies.

Evaluation system

At the Daiwa Securities Group, we believe that a fair and well-accepted evaluation system is crucial in keeping all employees highly motivated in their jobs. Accordingly, we implement a bidirectional evaluation system in which subordinates and their superiors evaluate each other as well as a 360-degree system in which collaborating departments provide evaluations. In the 360-degree evaluations, the cooperating department assesses job performance of the employee in the course of daily operations and gives feedback to the employee. This is intended to deepen self-awareness and mutual

understanding and improve the Group's overall productivity. This multi-faceted evaluation system also takes compliance-related performance into account.

In fiscal 2009, we revised the Group's human resources system. Our aim is to be an enterprise where employees want to work from entry until retirement, so we are working to develop programs and benefit systems that will give employees job satisfaction at all stages of their careers. We will continue working to develop an equitable personnel system that clearly represents the expected responsibilities for every position.

Creating a Workplace Supportive of Work-life Balance

Encouraging work-life balance

An advanced level of work-life balance is one of the human resource strategies advocated in the "Passion for the Best" 2011 medium-term management plan, and the Daiwa Securities Group promotes work-life balance as part of its general management strategy. Individuals optimize their own value by devoting themselves wholeheartedly to all aspects of their lives, and this also helps

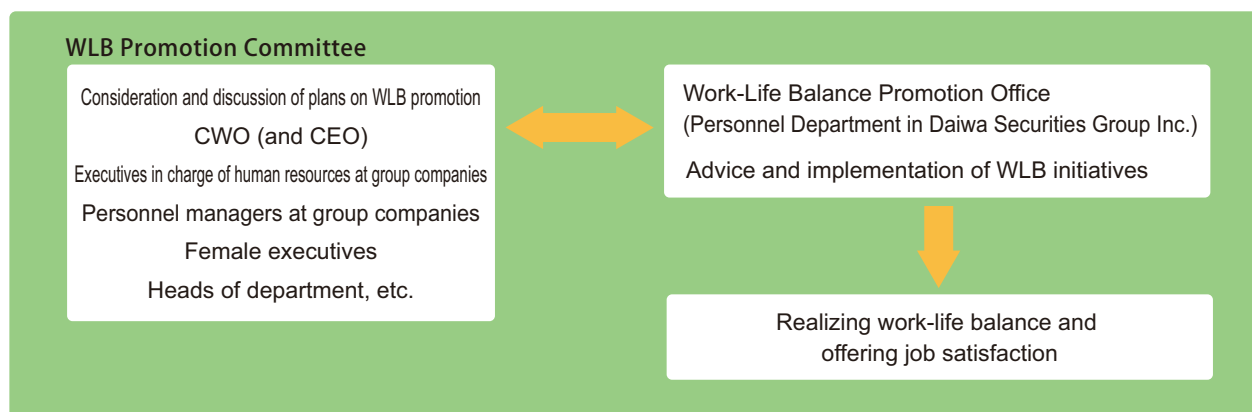
them to balance the diverse demands they face as citizens and members of the broader community and as company executives or employees. This is the conviction that guides the Group's initiatives to promote work-life balance. We are committed to attracting high-caliber employees who build an enterprise that achieves great performance.

Work-life balance promotion system

In April 2008, the Daiwa Securities Group established a Work-life Balance Promotion Committee, with Daiwa Securities Group Inc. President and CEO Shigeharu Suzuki serving as chief work-life balance officer (CWO). This committee meets together once every three months to consider and discuss plans to promote work-life balance. In addition, a Work-life Balance

Promotion Office was created within the Personal Department of Daiwa Securities Group Inc. This office gives advice on promoting work-life balance and carries out initiatives to realize policies. This Group-wide undertaking is intended to create a working environment in which both men and women can work in a variety of ways.

Work-Life Balance Promotion System



Work-life balance initiatives

We are taking various steps to achieve an advanced level of work-life balance, such as creating an atmosphere in which programs can be actively utilized and augmenting systems.

We have been expanding assistance for employees providing childcare and nursing care to their families through such measures as establishing the Daiwa Child Care and Nursing Support Desk in fiscal 2009, which provides employees with practical advice regarding child-rearing and providing nursing care. We are also improving the content of Daiwa WLB Station, a website that supports work-life balance by providing a variety of information, such as referrals to programs offering childcare support and nursing care and a communication forum where employees can alleviate each other's uncertainties and concerns. In addition, we provide extensive support, such as holding classes on nursing care for employees worried about their nursing skills and systematic support for employees returning to work after maternity leave.

At the same time, we are establishing or upgrading programs designed to make all these systems as user-friendly as possible.

In April 2010, we launched the Shorter Workday Employment Program, allowing both male and female employees to shorten their working day to six hours until their children complete third grade in elementary school. We have also set up a



new Nursing Care Leave Program and Substitute Vacation Program and overhauled our existing programs—for instance, adding a program allowing employees to take their annual paid vacations in one-hour increments.

In addition to a directive requesting employees to leave the office before 7:00 p.m. issued in June 2007, the Daiwa Securities Group encourages employees to take all of their annual paid vacation.

■ Major New Programs and Revised Programs in Fiscal 2009

Program	Description
Shorter Workday Employment Program	This program allows employees to shorten their scheduled working hours to a minimum of six hours until their children complete third grade in elementary school.
Nursing Care Leave Program	Employees with families requiring nursing care may take short-term leaves of absence (paid).
Substitute Vacation Program	Employees working more than 60 hours a month in overtime and weekend work may take a vacation equivalent to the time exceeding 60 hours in place of part of their overtime pay.
Childcare Leave Program	This program allows employees to take childcare leave even if their spouse is a full-time homemaker and is able to care for their children; the terms for rehiring have also been relaxed.
Annual Paid Vacation Program	Employees may take their annual paid vacation in increments of one hour for a maximum of five days a year.

■ Working Hours and Paid Vacation Usage Rate

Fiscal year	2005	2006	2007	2008	2009
Annual regular working hours (hours)	1845.0	1845.0	1837.5	1837.5	1830.0
Average monthly overtime hours (hours) ¹	27.0	26.2	25.2	21.3	22.1
Paid vacation usage rate (%)	34	36	37	57	56
Paid vacation usage rate (including special summer vacation) ² (%)	43	45	47	64	60

*This data pertains to three Group companies.

1 Figures indicate employees at the three companies who are members of the Daiwa Securities Group Employees' Union.

2 In addition to annual paid vacation, the Daiwa Securities Group offers three days of special summer vacation. These figures show the usage rate for annual paid vacation when special summer vacation is included.

■ Employee Welfare System Usage

(persons)

Fiscal year		2005	2006	2007	2008	2009
Number of employees taking childcare leave ¹	Female	138	150	209	245	304
	Male	0	2	4	14	16
Number of employees taking nursing care leave	Female	2	3	6	2	5
	Male	0	0	3	1	0

*This data pertains to all consolidated Group companies.

1 Employees eligible for childcare leave include non-regular employees (contract workers, part-timers, etc.).

Helping Women Use Their Full Abilities in the Workplace

The Daiwa Securities Group offers women opportunities to succeed and is reinforcing its

programs to support them so that marriage, pregnancy, childbirth and other important life

events do not negatively impact their careers.

The Woman's Support Action Team, started in 2005, has been promoting programs to help women balance work and family life, such as leave of absence for childbirth or childcare and exemption from overtime work.

We recently stepped up the promotion of these programs by taking the following measures: changed the system in which superiors encourage female employees to use these programs; distributed a synopsis of these programs to all managers; established the Daiwa Child Care and Nursing Support Desk to provide consultation services; and updated Daiwa WLB Station, which promotes work-life balance. These measures have helped executives and employees understand the programs better and created a workplace atmosphere more supportive of those using the programs.

In addition, the Women's Career Design Seminar

and Career Design Training programs are offered at Group companies to encourage female employees to take the initiative to map out their careers. As a result of these measures, in fiscal 2009 four new female executive officers were appointed in the Group, and six new female department heads or branch managers were appointed, bringing the total number of women serving as department heads or branch managers to 17.

In April 2010, a program was started on Daiwa WLB Station to give female employees advice on their careers. This system gives women a forum in which they can use a message board to get advice and discuss their concerns about shaping their careers with female superiors who have already built their careers.

We will continue to expand the ranks of female managers, aiming to develop female leaders who will drive the future of Japan's financial industry.

■ Main Initiatives of the Female Employee Support Plan (as of March 2010)

Program name	Program description
Professional Return Plan (rehiring of sales staff)	Offers opportunities for re-employment to former full-time employees who left their jobs due to marriage or childbirth.
Job Location Change System	Offers a position in a new location when an employee must relocate due to marriage or spouse's job transfer.
Childcare leave	Employees can take childcare leave until their child's 3rd birthday.
Exemption from or restricted overtime work	Employees can apply for an exemption from overtime work until their child completes the 3rd grade of elementary school. Employees can also apply for restricted overtime work until their child completes elementary school.
Day care subsidy	The company offers a subsidy for day care expenses until the employee's child begins elementary school (age 6).
Expanded leave system	The company encourages employees to take paid vacation and has introduced leave for marriage preparations or "family day" leave to give employees a chance to spend time with their families.
Follow-up on program use	The Personnel Department keeps track of individual employees' childcare-related schedules and notifies them of programs available at the appropriate time.
Support after returning to work	Daiwa WLB Station, a work-life balance promotion website that focuses on various support systems related to child-rearing and nursing care, provides information for employees on childcare leave and helps facilitate their smooth return to the workplace.

■ Female Employees and Managers at the Daiwa Securities Group

(%)

	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
Percent of employees who are female	33.3	36.0	36.8	37.1
Percent of managers who are female	2.9	3.1	3.4	3.9

*This data pertains to all consolidated Group companies.

Mental Health

In August 2006, Daiwa Securities Group Inc. established the Health Support Promotion Department to help employees maintain their mental and physical health. The Health Support Promotion Department is staffed with two certified clinical psychologists who are available to provide consultations to support Group executives and

employees, and their families. Moreover, we maintain arrangements with outside specialists so that Group personnel and their families can receive prompt attention anywhere in Japan.

We also support employees' mental health by arranging talks in all branches and departments to broaden awareness of mental health issues.

Initiatives at General Health Development Centers

The Daiwa Securities Group has set up General Health Development Centers at the main Group offices. These centers are responsible for health management designed to enhance the health of each employee. At the centers, full-time occupational physicians provide outpatient services, staff plan, manage and provide follow-up on regular physicals, and guest occupational physicians provide consultations on general health,

while psychiatrists and clinical psychotherapists offer consultations on mental health issues. Health information is posted in the centers and on internal bulletin boards, and they also provide health education by distributing informational materials. They have also set up support desks for those trying to quit smoking, as well as relaxation corners.

Human Rights Awareness

We are enhancing our human rights awareness programs with a view to improving our corporate culture, which already emphasizes respect for human rights. The Daiwa Securities Group has been a member of the Industrial Federation for Human Rights, Tokyo since 1998. With the aim of ensuring accurate understanding of human rights issues and deepening awareness, Daiwa Securities Group Inc. established a Human Rights Awareness Promotion Committee, which is headed by the director in charge of human resources at Daiwa Securities Group Inc. and meets regularly. Organizations are set up underneath this committee, with all heads of Group departments

and branches serving as leaders, to follow the committee's plans by conducting campaigns such as soliciting human rights slogans from all Group employees and their families, as well as incorporating information ensuring accurate understanding of human rights issues in new hire training and manager training. Once a year, all Group employees watch a video on human rights and then divide up into their divisions to discuss the issue from a variety of organizational perspectives.

We will continue to promote human rights awareness to ensure fair, discrimination-free hiring and help to build a gender-equal society.

Communication

Communication with executives and employees

At the Daiwa Securities Group, we believe that communication with executives and employees is vital in maintaining a healthy workplace environment. Communication takes place through interviews with the Personnel Department and a semi-annual self-assessment questionnaire. In addition to the union member questionnaire given by the Employees' Union, in fiscal 2009

we conducted a questionnaire on employees' satisfaction with work and their lives and a questionnaire on living conditions for employees raising children. We provide opportunities for employees to share their views, and then reflect these findings when reviewing the adequacy of current programs and revising programs in the future.

■ Number of Employees' Union Members (as of the End of Each Fiscal Year)

(person)

Fiscal year	2005	2006	2007	2008	2009
Employees' union membership	5,747	6,078	6,969	7,666	7,915

*Of the 11 Group companies, this does not include Daiwa Asset Management Co. Ltd., which has its own employees' union, and Daiwa Property Co. Ltd., which has no employee union.

Communication between employees

In October 2007, we introduced a "club activity support program." This program was intended to help employees enjoy their time off, deepen their friendships with colleagues and give them more opportunities to share a sense of solidarity, as well as to provide work-life balance support and

facilitate a full social life for employees. In fiscal 2009, we augmented this program. Groups that meet certain conditions are recognized as Daiwa Clubs and Daiwa Circles and receive subsidies covering some of their activity costs. Currently, 14 clubs and nine circles are active in the Group.

Initiatives for families

- Families of recipients invited to President's Awards ceremonies
- Flowers sent to all employee households at Christmas
- "Family days off" holiday system created
- Employees' families also eligible for mental health support
- Two million yen benefit given at birth of the third or subsequent babies born to employees
- Family visits to the workplace (started in 2008; 4,240 families participated in fiscal 2009)



*** Scope**

Consolidated Group companies: Group overall

11 group companies: Daiwa Securities, Daiwa Securities Capital Markets, Daiwa Asset Management, Daiwa Institute of Research Holdings, Daiwa Institute of Research, Daiwa SB Investments, Daiwa Securities Business Center, Daiwa Property, Daiwa Corporate Investment, Daiwa Institute of Research Business Innovation, and Daiwa Securities Group Inc.

3 group companies: Daiwa Securities Group Inc., Daiwa Securities, and Daiwa Securities Capital Markets

Social Report

Relationship with Society

As a good corporate citizen, the Daiwa Securities Group supports social welfare projects, provides incentives for executives and employees to do volunteer work, supports culture and the arts, and gives grants to foundations and NPOs working for the benefit of the international community.

Approach and Basic Stance

At the Daiwa Securities Group, good corporate citizenship means working together with the local community and engaging in consistent collaboration with NPOs and NGOs to foster sustainable development. We carry out diverse corporate citizenship initiatives in and outside Japan, under the following four key categories.

1. Education and research activities in the fields of economics and finance
2. Encouraging volunteerism among executives and employees
3. Support for culture and the arts
4. Assistance to communities on both the local and the international level through foundations and NPOs

Corporate Citizenship Initiatives and Expenditures

	Type of Activity		Main Activities in FY2009	Expenditure (Unit: ¥1,000)		
				FY2007	FY2008	FY2009
1. Education and research activities in the fields of economics and finance	Initiatives for elementary, junior and senior high school students		Student Company Program (SCP), Finance Park, etc.	225,524	214,283	163,767
	Academia-business cooperation and initiatives for universities, graduate schools and the public		Endowed lectures, co-sponsorship of symposiums and forums			
2. Encouraging volunteerism among executives and employees	Self-planned programs		Hands-on environmental experience on Mount Takao, sign language course, etc.	6,471	6,475	4,962
	Joint programs		Administration of events such as environmental lectures			
3. Support for culture and the arts	Support for culture and the arts		Support for special events, such as the Daiwa Securities Cup, an Internet tournament for <i>shogi</i> and <i>go</i> , and "Daiwa Securities Group presents Tomomi Nishimoto conducting Mahler's Fifth Symphony with the Royal Philharmonic Orchestra"	560,000	530,000	313,500
4. Assistance to communities on both the local and the international level through foundations and NPOs*	Foundations	Daiwa Securities Foundation	Support for volunteer activities in the fields of stay-at-home seniors, people with disabilities, children's issues, etc.	357,655	324,424	246,685
		Daiwa Securities Health Foundation	Health, medical care and welfare-related aid			
		Daiwa Anglo-Japanese Foundation (UK)	Promotion of mutual understanding between Britain and Japan, acceptance of foreign students			
	Assistance Programs	The Daiwa Securities Group Tsunami Reconstruction Fund	Ongoing reconstruction support for disaster-affected areas caused by the December 2004 Sumatra Earthquake and Indian Ocean Tsunami			
		Daiwa SRI Fund Financial Assistance Program	Aid for personnel costs and staff education costs at NPOs which provide support in fields involving human life			
		Daiwa Eco Fund Financial Assistance Program	Daiwa JFS Sustainability College, Daiwa CI Biodiversity Conservation Fund			
	Disaster relief, sponsorship fees, etc.		Memberships for various member groups			
Total			1,149,650	1,075,182	728,914	

*Data for previous fiscal years has been revised to include financial support given for the Daiwa Anglo-Japanese Foundation's assistance programs.

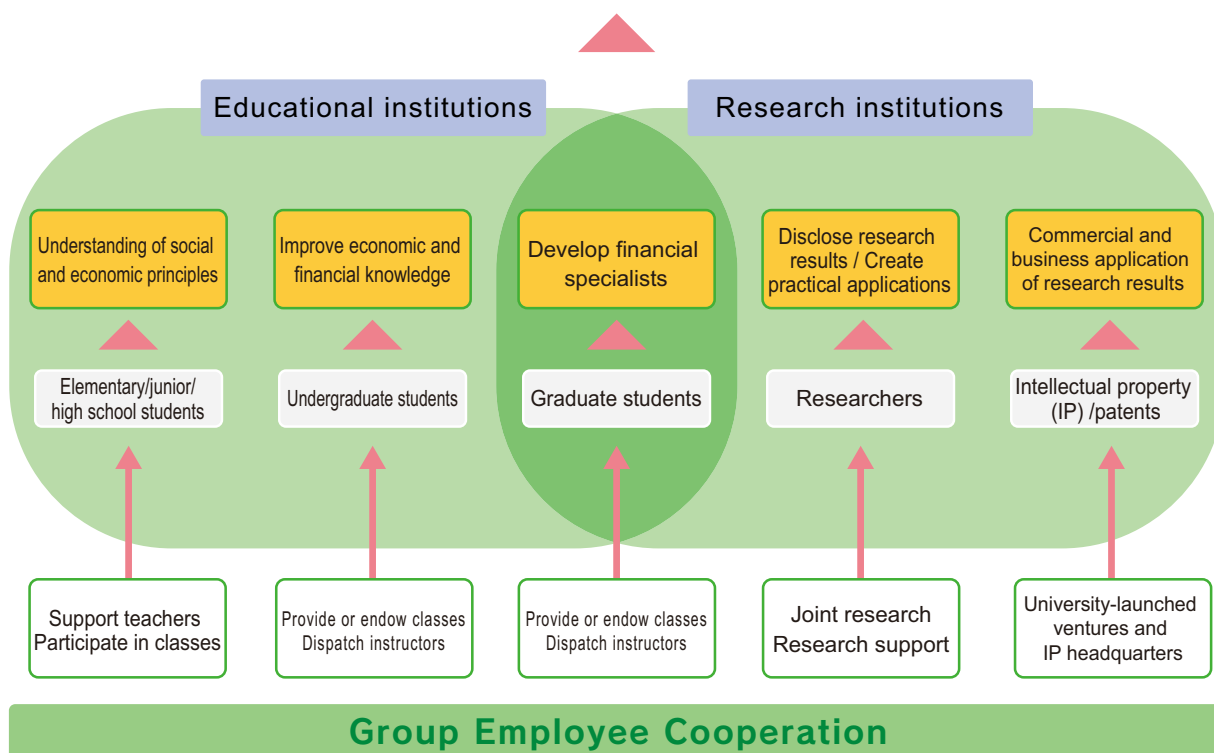
1. Education and Research Activities in the Fields of Economics and Finance

The Daiwa Securities Group makes the most of the knowledge and expertise in economics and finance which it has accumulated in the course of its business. We are engaged in business-academia collaboration, and also support economic education

programs in junior and senior high schools. Our vision is that economic and financial education would help young people gain the capacity to shape the future.

Economic and Financial Education

Continuing Japanese Economic Development in the 21st Century



Primary joint programs with Junior Achievement Japan, an NPO that provides economic education for youth

(1) Finance Park (Experiential Life Planning Program)

Junior Achievement Japan was established in Shinagawa, Tokyo in June 2005 with the aim of helping junior and senior high school students develop life-planning skills. Daiwa provides funds to open facilities and set up simulated shops, and it also provides personnel. In January 2007, Junior Achievement Japan opened an office in Kyoto. As of March 31, 2009, a total of 18,721 students had taken part in action programs that teach students how to think for themselves and make solid decisions.



(2) Student Company Program (Experiential Company Management Program)

In this six-month hands-on corporate management program, high school students set up a "company" in their schools and operate it through all phases, from raising capital to recruiting personnel and handling the accounting, manufacturing and sales. The Daiwa Securities Group has been collaborating with the Student Company Program (SCP) at Ritsumeikan Senior High School since fiscal 2003. By fiscal 2009, Daiwa had dispatched 17 employees on over 70 occasions as outside directors to offer advice on the preparation of financial data and on company management. Thus far, 151 students have acquired the basic skills needed to earn a living by learning about corporate management, how the world works, the difficulties of decision making, the pressure of bottom line accountability, and the importance of leadership and teamwork.



(3) Global Leadership Forum for Junior and Senior High School Teachers

This is a training program sponsored by Junior Achievement Japan for junior and senior high

school teachers. At this forum, teachers discuss the state of the global economy and brainstorm about how education should develop in the 21st century, stimulated by lectures given by guests from a wide range of perspectives, panel discussions, and case studies. The Daiwa Securities Group sponsored the forum from 2003 to 2007, and has cooperated continuously in related events. By fiscal 2009, a total of 2,732 teachers had participated in the forum.

(4) Japan Council for Economic Education (JCEE)

The JCEE was established in January 2009 with the goal of providing economic education programs for school teachers. The Daiwa Securities Group is the JCEE's main sponsor, and provides support including the basic foundational funds, together with seven other influential companies. Under a partnership between Junior Achievement Japan and the National Council on Economic Education (NCEE), we seek to implement programs tailored for the schools of Japan.

In fiscal 2009, we worked with high school teachers and volunteers to plan and compile the real life-oriented economy and finance text, *Life is a Series of Choices*.

We will also provide support to disseminate this text nationwide.

→ Please also refer to Fiscal 2010 Highlights under Key Issue 2, "Developing Sound Financial and Capital Markets for the Next Generation."

Daiwa JFS Youth Sustainability College

We hold a series of endowed lectures for students in a partnership with NPO Japan For Sustainability (JFS), contributing funds based on earnings from the sale and investment of the Daiwa Eco Fund.

Visit online: <http://www.japanfs.org/en/pages/022654.html>

A subject is chosen as the theme for each year's lectures, with the four-year program giving the participant an overall picture of sustainability. In the monthly lectures, people active on the cutting-edge of their field, including university professors, researchers, corporate managers, businesspeople, NPO/NGO leaders and government administrators, present the concepts and practice of sustainability

to students in a succinct and clear manner. The lectures are translated into English and distributed to 191 countries and regions around the world through the JFS website.

After the lecture, participants enjoy an introduction to "sustainable mail order and online purchasing practices" with an opportunity to sample fair trade products and sweets made at social welfare facilities. The four-year program concluded in September 2010, but we hope to start new programs for students who will be working in the financial and capital markets.

Main activities in fiscal 2009

■ Participated in planning and compilation of the real life-oriented economy and finance text, *Life is a Series of Choices*.

The Daiwa Securities Group is the main sponsor of the Japan Council for Economic Education (JCEE), and provided support for the planning and compilation of the real life-oriented economy and finance text, *Life is a Series of Choices*.

→ Please also refer to Fiscal 2010 Highlights under Key Issue 2, "Developing Sound Financial and Capital Markets for the Next Generation."

■ Co-sponsored symposium with the University of Tokyo

We co-sponsored a symposium held on October 26, 2009 at the University of Tokyo's Yasuda Auditorium (Bunkyo-ku, Tokyo) as part of our academia-business collaborations. The symposium, themed "Perspectives on the Asian Economy after the Global Financial Crisis," was hosted by the Center for International Research on the Japanese Economy in the Faculty of Economics

at the University of Tokyo's Graduate School of Economics. At the symposium, authorities in the field of economics gave lectures, and a panel discussion on the effect of the global financial crisis on Asian economies and the Japanese economy was held with the participation of Toshiro Muto, Chairman of the Daiwa Institute of Research.

■ Co-sponsored Entrepreneur Training Program at the University of Tokyo and Exchange Program at Beijing University
The Entrepreneur Training Program at the University of Tokyo provides aid and support for university-initiated venture company entrepreneurs. The Daiwa Institute of Research has helped to run this program since fiscal 2004.

In January 2010, we co-sponsored an exchange program with Beijing University. The teams from both universities that won a business plan contest gave workshops and presentations, and the venture companies launched at the University of Tokyo were introduced.

2. Encouraging volunteerism among executives and employees

The Daiwa Securities Group holds campaigns to encourage executives and employees to participate in volunteer activities. Executives and employees participate in volunteer programs and other community action, and these experiences broaden their perspectives and values. This, in turn, has a good influence on both their work and their lives.

Volunteer activities include both activities that the Daiwa Securities Group plans and runs on its own initiative and joint activities undertaken in cooperation with the community and NPOs. We

strive to create an environment that makes it easy for executives and employees to volunteer by setting up a recognition program for volunteers, among other incentives. Aiming to encourage as many employees as possible to participate in corporate citizenship initiatives, we will continue to collaborate with external NPOs, strengthen internal communications about volunteering, and create more opportunities for executives and employees to get involved.

Fiscal 2009 activities

■ Held sign language class

Since 2000, the Daiwa Securities Group has held sign language classes in the Tokyo, Osaka and Nagoya regions. Initially, these classes were held for employees, but we now invite the general public as well; 2,244 people participated nationwide in 2009 on a wave of growing interest in sign language. Participants include people who are already competent but aiming to reach a higher level, for instance those preparing for the sign language proficiency exam.

■ Held "Environmental Seminar: Learning About Biodiversity from Acorns"

The Daiwa Securities Group and six other companies co-sponsored an experience-based lecture held in three venues (August 27, 2009 in Tokyo, November 5, 2009 in Nagoya and November 6, 2009 in Osaka). Participants plant an acorn in a square box as part of a program that shows how nature itself can teach people about environmental issues. The participants, including 25 from the Group, learned about how *Satoyama* (the woodlands and hills surrounding villages) are crucial to resolving environmental problems, as well as biodiversity.

Volunteer Awards

At Daiwa Securities, outstanding activities by executives and employees are recognized with the President's Award. The company also introduced the Volunteer Award in fiscal 2007, which is given twice a year to employees and groups involved

in ongoing community volunteer activities. In the second half of fiscal 2009, Daiwa Securities Capital Markets included an award for social contribution activities in its Passion for the Best Awards.

Neighborhood clean-up events by Daiwa Securities Business Center

Under its good corporate citizenship program, the Daiwa Securities Business Center has, since 2008, carried out clean-up activities covering the area from near the headquarters building to Toyochō Station. Participants believe that keeping streets clean is a way of giving back to the community. This company-wide campaign is held about once a month from 8:00 am until

8:20 am before work starts. About 40 employees participate voluntarily in each clean-up session, and it has become a regular event. The company will continue to participate as much as possible in community clean-up activities, and will work with the communities administering these programs to help keep the streets clean.

Executives and employees involved in social contribution, donation and recycling initiatives

Group executives and employees organize sign language classes, help clean up after community events and participate in various campaigns for reusing and recycling valuable supplies. One such campaign involves collecting used and unused stamps, prepaid cards, partially used postcards and similar items to donate to NPOs. We will work even harder in the future to encourage executives and employees who are moving as a result of a job transfer to ensure their books and other items can

be recycled.

Donations from executives and employees in fiscal 2009 totaled ¥440,228, 13 % down from fiscal 2008. The number of people voluntarily taking part in sign language classes increased to 2,244 people in fiscal 2009, an 11 % year-on-year increase, while the number participating in volunteer activities on weekends or after work was unchanged over the previous year, at 315 people.

■ Results of Recycling Campaigns by Executives and Employees (Fiscal 2009)

Item	Unit/Value	Donation Recipients
Calendars	3,520	<ul style="list-style-type: none"> ・ Social welfare corporation: Community Chest of Miyazaki Prefecture ・ Foundation: Nagasaki International Association ・ Charity Calendar Executive Committee (Tokushima) ・ NPO: Nippon Volunteer Network Active in Disaster (Nishinomiya) ・ Sapporo Nihon University High School (JRC) ・ Suwa Welfare Corporation Suwa-City Social Welfare Conference, Suwa Volunteer and Civil Activity Center ・ Nagoya Council of Social Welfare, Volunteer Center ・ Shinagawa Ward Council on Social Welfare, Administration Division ・ Tama Ward Council of Social Welfare, Tama Volunteer Center ・ Kita-ku NPO/Volunteer Plaza ・ Shizuoka Prefecture Volunteer Association ・ Nagano Volunteer Center and 12 other organizations
Pocket organizers and diaries	894	
Recycled books/ CDs (BOOK MAGIC)	¥38,116	NPO JEN
Used stamps (including overseas)	1,107kg	NPO Live with Friends on the Earth (LIFE)
Used cards	2,050	
Stamped post cards with errors	8,010	
Unused stamps	¥10,230	
Unused cards	26	
Cash vouchers	¥2,739	

3. Support for Culture and the Arts

We co-sponsored the "Daiwa Securities Group presents Tomomi Nishimoto conducting Mahler's Fifth Symphony with the Royal Philharmonic Orchestra" in September and October 2009 in 11 cities throughout Japan. This concert featured world-renowned conductor Tomomi Nishimoto leading the Royal Philharmonic Orchestra, one of London's most prestigious orchestras, in a stirring performance that thrilled the audience. We also continued to support various arts and culture activities by co-sponsoring the Takarazuka Revue Company's Privately-booked Performance from October through December and the JAL Toshodaiji Temple Sound Stage in September.

We also support traditional Japanese cultural forms such as shogi and go. In addition to sponsoring the top title matches in shogi and go, the Meijin Title Match (shogi) and the Honinbo Tournament (go), since 2005, the Group is also the special sponsor of the Daiwa Securities Cup shogi and go Internet tournament. In shogi, we support the Saikyo Tournament and the Women's Saikyo Tournament. In go, we support four tournaments: the Open, the Ladies and Grand Champion Internet Tournament, as well as the Amateur Championship. These matches take place on the Internet year-round, and viewers can also watch the matches in real time on the Internet. The matches, which begin at 8 p.m.

on weekend evenings, attract a strong following among not only Japanese fans but also shogi and go enthusiasts in other countries. For playoff games in the various tournaments, we organize commentary sessions by professional players who use large boards to describe the game's

moves, with the games taking place at the Daiwa Conference Hall on the 18th floor of the Daiwa Securities Headquarters Building in Tokyo. We also hold award ceremonies for winning players and provide opportunities for conversations between amateurs and professional players.

■ New series of television commercials, "Playing for Change"

"Playing for Change" is a musical project that aims to create motivation, build connections and make peace in the world through music.

Mark Johnson, a producer and engineer working primarily on the West Coast of the United States, launched this project after being impressed by the singing of a street musician performing on the side of the road in Santa Monica, California. The experience inspired him to bring

musicians from around the world into this performance and connect the world through music. Over 100 musicians from around the world who were virtually unknown at the time collaborated in this project. Well-known music appealing to all generations and the project's original music were arranged to be performed together by these global musicians, resulting in a project that has moved many people.

Part of the project's revenue goes to the NPO The Playing For Change Foundation (PFCF), which uses the money to provide necessities to refugees in India and Nepal and to establish music schools and art schools in South Africa, among other projects.

The Daiwa Securities Group, recognizing that the "building connections around the world" concept advocated by this project is consistent with its goal of providing financial services that link its customers to the world, is using footage from the project in its new television commercials.

http://www.daiwatv.jp/group/cm/cm_main.html (available only in Japanese)



4. Financial Assistance to Communities on Both the Local and the International Level through Foundations and NPOs

Daiwa Securities Health Foundation

The Daiwa Securities Health Foundation was established in 1972, in commemoration of the Group's 30th anniversary, to support medical research. Since 1973, the Daiwa Securities Health Foundation has supported 30 outstanding research projects focusing on improving the health, medical care and welfare of middle-aged and older people.

It has disbursed ¥30 million in grants of ¥1 million each year. Fiscal 2009 marked the 36th year of this program, with a cumulative total of 982 recipients receiving ¥967 million in total.

Daiwa Securities Health Foundation (available only in Japanese): <http://www.daiwa-grp.jp/dsh/index.html>

Daiwa Securities Foundation

The Daiwa Securities Foundation was established in 1994 in commemoration of the Group's 50th anniversary, with the mission of building a better world. The foundation provides yearly grants for volunteer activities and research in the fields

of welfare. In fiscal 2009 (its 16th year), the foundation selected the 198 most outstanding applicants out of 514 total applicants for volunteer activities, and made grants worth a total of ¥45.71 million. It also gave a total of ¥1.74

million in grants to two research projects, chosen out of 17 applicants. A new "Disaster Volunteer Activities Grant" was also created in fiscal 2004 to support the expenses of volunteers involved in disaster recovery work. Under this new grant, the foundation provided ¥2 million in aid to the NGO, Japan Platform (JPF), in support of the victims of

the Myanmar tropical cyclone that struck on May 2, 2008. The Foundation has provided grants to eight activities for a total of ¥7 million thus far, and will continue supporting activities that contribute to improving social welfare.

Daiwa Securities Foundation (available only in Japanese): <http://www.daiwa-grp.jp/dsf/index.html>

The Daiwa Anglo-Japanese Foundation in the UK

The Daiwa Anglo-Japanese Foundation is a UK charity that was established in 1988 with a generous benefaction from Daiwa Securities for the purpose of supporting a closer relationship between Britain and Japan. Principle activities include the following:

- (1) Making grants available to individuals, institutions and organizations to promote ties between the UK and Japan in all fields of activity
- (2) Enabling British and Japanese students and academics to further their education by providing opportunities for joint research and supporting exchanges and other bilateral initiatives
- (3) Awarding of Daiwa Scholarships for British graduates to study and undertake work assignments in Japan
- (4) Organizing a year-round program of events to increase the understanding of Japan in the UK

Daiwa Foundation Japan House, the London-based headquarters, acts as a center for Anglo-Japanese relations in Britain by offering a wide range of seminars, exhibitions and book launches as well as meeting rooms for Japan-related activities and facilities for visiting academics. The foundation is represented in Japan by its Tokyo Office, which provides local assistance to Daiwa Scholars (foreign students), administers grant applications from Japan and collaborates with other institutions that promote Anglo-Japanese relations. Since its inception, 128 students have been accepted from the United Kingdom. In addition, the foundation has provided grants for a total of 2,468 projects, with grant-in-aid exceeding ¥3,145 million (as of March 2010).

The Daiwa Anglo-Japanese Foundation in the UK: http://www.dajf.org.uk/index_j.asp

Daiwa Securities Group Tsunami Reconstruction Fund

We established the Daiwa Securities Group Tsunami Reconstruction Fund on March 9, 2005 to provide recovery assistance to regions damaged in the Sumatra Earthquake and Indian Ocean Tsunami which occurred on December 26, 2004. Beginning in fiscal 2005, this fund provides long-term support for recovery over a ten-year period, disbursing ¥10 million annually for a total of ¥100 million. Established within the Asian Community Trust (ACT), the Daiwa Securities Group Tsunami Reconstruction Fund provides grants to local NGOs that offer assistance in the fields of mental health care for children, utilization of microfinance and provision of education opportunities for children in Indonesia, Sri Lanka and India, the three countries hardest hit by this disaster. Leveraging expertise

in their respective areas, Asian Community Center 21 (ACC21), which functions as the executive office for ACT, undertakes program selection and activity monitoring, while the Sumitomo Trust & Banking Co., Ltd., acts as the custodian of this fund.

There are three key characteristics to this fund. First, it provides long-term recovery assistance measures rather than offering temporary donations. Second, it utilizes financial systems to provide assistance through charitable trusts, microfinance and other avenues. And finally, the monitoring done by ACC21 makes it possible to assess every detail of the activities being conducted.

The Asian Community Trust: <http://www.acc21.org/act/english/act-aen-index.html>

Daiwa SRI Fund Financial Assistance Program

The Daiwa SRI Fund Financial Assistance Program gives grants to Japanese NPOs that provide support in fields involving human life (the human

security field). The program aims to build long-term capacity of NPO staff to address daily human security issues by subsidizing personnel and

education costs. It is operated in collaboration with the NPO Civil Society Initiative with revenue generated by the sale and investment of the Daiwa SRI fund.

Fiscal 2010 recipients of the Daiwa SRI Fund Financial Assistance Programs (available only in Japanese): <http://www.civilfund.org/fund23.html>

Daiwa CI Biodiversity Conservation Fund (DCBCF)

The Daiwa CI Biodiversity Conservation Fund operates a program to carry out biodiversity conservation activities in the vicinity of World Natural Heritage sites in seven countries that have been selected from 34 areas called biodiversity hotspots.* The World Heritage Local Ecological Entrepreneurship Program (WH-LEEP) was formed as a partnership between the United Nations Development Programme (UNDP), the Global Environment Facility's (GEF) Small Grants Programme (SGP), and the United Nations Foundation (UNF), which together launched Community Management of Protected Areas for Conservation (COMPACT). COMPACT is in charge

of dispersing grants for operating businesses, while DCBCF is in charge of dispersing grants to cover such expenses as business needs surveys and skills training for people in the communities. The Daiwa CI Biodiversity Conservation Fund is operated in a partnership with the global environmental NGO Conservation International (CI) with revenues generated by the sale and investment of the Daiwa Eco Fund.

* Hotspot: Places where biodiversity is rich but greatly threatened (34 places). This term was coined by British biologist Norman Myers in 1988 to designate areas that should be given priority in conservation and preservation efforts.

Daiwa-Russell-GEF Asia Project to Support the Transfer of Environmental Technology

Daiwa, in cooperation with the Global Environmental Forum, operates a project funded by profits from sales of the Russell Global Environmental Technology Fund. The project involves the compilation and distribution of handbooks containing basic technologies from among those environmental protection technologies possessed by Japan that can be fully developed and operated using the materials and human resources of developing

countries. In fiscal 2009, the project focused on measures to resolve the pressing issue of public sanitation in Thailand, and carried out a local survey to determine the possibility of introducing Japanese technology to resolve this problem. A subsequent report will describe current water contamination and sewage measures, identify issues, and lay out the technologies that could potentially be adopted.

Initiatives Outside Japan

MBA candidates visit Daiwa Capital Markets America

On October 23, 2009, 23 MBA candidates studying at Indiana University's Kelley School of Business visited Daiwa Capital Markets America, and attended a briefing hosted by CEO Masaaki Goto.

At the briefing, Mr. Goto explained current market conditions, highlighted key points in the Daiwa Securities Group's 2009 business report, and described the company's efforts to build a global network.

Another executive gave a presentation on current market conditions and employee recruitment. An executive from Daiwa Asset Management (America)

also provided an overview of the Daiwa Group's asset management business model.

With a tour of the equity and bond trading floors and lively discussions with the guests in the final Q&A session, the program was very productive.



Food distributions to underserved families in Singapore

Daiwa Capital Markets Singapore Limited held a charity event in April 2009 to provide underserved local families with food and other necessities. In response to a request for donations, employees contributed enough to give 53 families, primarily single-parent families, a bag full of \$150 worth of rice, cooking oil, canned food, meal vouchers and other necessities. Far exceeding the company's initial target of \$100 per family, this demonstrated the strength of the employees' concern.

Many employees also joined in for the work of dividing up the food and packing and distributing the bags. Employees who usually work in different branches and their families and friends used admirable teamwork to get the job done. Hironori Oka, President of Daiwa Capital Markets Singapore, also helped to distribute the bags.



The local people who received the bags of food expressed their sincere gratitude. The employees who participated said that they would like to participate again. All in all, the program was an effective way to start off the new fiscal year, in which one of the company's goals is to increase focus on CSR activities.

Christmas party for employees' children (Europe)

In December 2009, Daiwa Capital Markets Europe Limited held a Christmas party for the children of its employees.

This party was first held in 2008 and is very popular with the guests, so signups for this year's party were filled to capacity within one hour of its announcement.

The party is held twice for 30 children and their parents. The children ranged in age from 1 to 16, and joined in activities ranging from games and dances to face painting and woodworking. Santa Claus also made an appearance to give the children letters and presents. After the party, many of the children and their parents expressed their gratitude to the staff in charge of running the party.

The donations given by people attending the party are donated through the Charity Committee to the British charity group War Child, which gives aid to children in war-affected regions, and to Demelza House, a children's hospice in the UK.



Environmental Report

Environmental Impact

The Daiwa Securities Group is always looking for ways that the financial industry can help to resolve environmental issues and reduce society's environmental impact, while also striving to lower the environmental impact of its own operations.

Approach and Basic Stance

The natural environment is the very foundation of human life, so protecting it is essential to sustainable societies. We strive to help resolve environmental issues through our business by investing in the development of products that can reduce society's environmental impact, and also by making investments that help to make environmental technologies and infrastructure more widely available. We are working to establish a system that efficiently collects data on Daiwa's environmental impact. We are also focused on raising employees' environmental awareness to empower them to reduce environmental impact in daily business operations.

Environmental Management

All Daiwa Securities Group companies carry out environmental management. In the monthly meetings of the Environmental Management Council, the managers from each company work together by compiling data and exchanging information.

The Daiwa Institute of Research Business Innovation has earned ISO14001 certification. Initially this certification was only for the telecom business, but the scope was expanded to cover the entire

headquarters of the company beginning in April 2010.

We use forums such as councils to consider ways in which we can continue to develop group-wide environmental management systems.

We will continue to reduce energy consumption and track data on CO₂ emissions, use of copy paper and paper for forms, the amount of waste generated, and recycling amounts, and continually work to reinforce our efforts.

CO₂ Emissions

Energy consumption at the Daiwa Securities Group's domestic offices (on a CO₂ emissions basis) rose 6.5% in fiscal 2009 compared with fiscal 2008. This was primarily due to an increase in electricity consumption resulting from the

establishment of new offices with the expansion of business for the Daiwa Institute of Research and the Daiwa Institute of Research Business Innovation and the move to new offices.

■ Energy Consumption

FY	2005	2006	2007	2008	2009
Domestic offices					
Electricity (1,000 kWh)	86,320	88,728	92,659	97,722	104,750
Natural gas (1,000 m ³)	727	691	644	517	423
Gasoline (kiloliters)	1,019	1,046	1,032	1,029	1,062
Heavy oil (kiloliters)	30.2	34.1	23.7	4.3	1.4
Diesel fuel (kiloliters)	1.3	0.1	0.0	0.1	0.0
Overseas offices					
Electricity (1,000kWh)	—	—	7,718	11,640	11,130

*This data pertains to consolidated Group companies.

*At overseas offices, only electricity consumption was calculated.

*The electricity consumption of the headquarters building (Gran Tokyo North Tower) refers only to the electricity used for lighting and from outlets on each floor that Daiwa Securities Group Inc. occupies in order to ensure the continuity of the data. The data does not include electricity consumption for air conditioning, elevators and other areas of common use in the building.

*Due to changes in the scope of the data, the Group has revised electricity consumption and heavy oil usage for its domestic and overseas offices in fiscal 2008.

■ CO₂ Emissions from Energy Consumption

(Unit: 1,000 kg-CO₂)

FY	2005	2006	2007	2008	2009
Domestic offices					
Electricity	47,908	49,244	51,426	54,236	58,136
Natural gas	1,513	1,438	1,339	1,075	880
Gasoline	2,366	2,427	2,396	2,389	2,465
Heavy oil	90.0	101.6	70.6	12.8	4.1
Diesel fuel	3.3	0.2	0.0	0.3	0.0
Total for domestic offices	51,880	53,211	55,232	57,713	61,486
Overseas offices					
Electricity	—	—	4,283	6,460	6,177
Total for domestic and overseas offices	—	—	59,515	64,137	67,662

*Shows data for consumption of electricity, gas, gasoline, heavy oil and diesel fuel at domestic offices and electricity consumption at main overseas offices converted to CO₂ emissions (1,000 kg).

*For all years and regions, the emissions coefficient used for converting to CO₂ emissions is based on the ministerial ordinance related to the calculation of greenhouse gas emissions arising from the business activities of specified emitters (Ministry of Economy, Trade and Industry and Ministry of the Environment, Ordinance No. 3, March 2006).

CO₂ emissions per employee is calculated by dividing the Daiwa Securities Group's total emissions by the number of domestic employees, and increased 400kg year on year.

■ CO₂ Emissions per Employee (Domestic)

(Unit: 1,000kg-CO₂)

FY	2005	2006	2007	2008	2009
Per employee	4.6	4.5	4.3	4.2	4.6
Number of domestic employees	11,326	11,924	12,943	13,652	13,477

Other Environmental Impacts

Changes in portable water consumption

Potable water consumption in fiscal 2009 decreased 18.7% compared with the previous fiscal year.

(Unit: 1,000 kiloliters)

FY	2005	2006	2007	2008	2009
Consumption volume	325	274	268	243	198

*This data pertains to consolidated Group companies.

Volume of copy paper / forms used

We facilitated the transition to a paperless office by appointing an employee to be in charge of the paperless transition at Daiwa Securities Group Inc. and holding paperless meetings in fiscal 2009. As a result of these endeavors, the volume of copy

paper used fell about 2% from the previous fiscal year. Moreover, about 35% (based on monetary value) of the copy paper used consisted of Green Procurement Network (GPN) compatible products.

■ Volume of Copy Paper / Forms Purchased

(Unit: 1,000 kg)

Company	FY2007	FY2008	FY2009
Copy paper ¹			
Daiwa Securities Group Inc.	18	11	13
Daiwa Securities	532	395	400
Daiwa Securities Capital Markets	96	150	140
Daiwa Institute of Research Group	194	116	122
Daiwa Asset Management	47	49	45
Daiwa Business Center	49	39	39
Daiwa SB Investments	38	30	27
Daiwa Property	4	4	3
Daiwa Sanko	5	2	4
Daiwa Corporate Investment	13	11	9
Other	38	30	15
Copy paper total	1,033	837	818
Paper for forms ²			
Daiwa Securities	131	118	87
Daiwa Securities Capital Markets	158	123	47
Paper for forms total	289	241	134
Grand total	1,322	1,079	952

* This data pertains to consolidated Group companies.

1 The data for copy paper is calculated using data on the amounts purchased centrally for the Group companies by Daiwa Sanko. Paper purchased centrally accounts for about 90% overall.

2 The data on paper for forms reflects only the forms generated by the Group data centers and does not include forms generated by outsourcing.

Changes in waste generated and recycling volume

Amount of paper waste generated in fiscal 2009 dropped 13.3% year on year. Non-paper waste generated fell 0.5%. The recycling rate of both paper and non-paper waste was up.

■ Changes in Waste Generated and Recycling Volume

(Unit: 1,000 kg)

FY		2004	2005	2006	2007	2008	2009
Paper waste	Amount generated	1,552.8	1,470.3	1,451.6	1,343.4	883.6	766.5
	Recycling rate	86%	82%	83%	85%	88%	93%
Non-paper waste	Amount generated	417.5	391.8	415.8	456.38	354.4	356.1
	Recycling rate	27%	27%	21%	23%	15%	33%

*Calculated based on the Reuse Plan for Large-Scale Buildings Used for Business, as specified by each local government.

Initiatives to Reduce Environmental Impact

Upgrades to building equipment to conserve energy

When Daiwa Securities upgrades equipment such as air conditioners, power supply units, and power conversion equipment in its branches, the company requires that products meeting the highest ("top runner") standards are adopted to ensure that equipment with low environmental impact is installed. "Top runner" standards were recommended in Japan's Act on the Rational Use

of Energy, which requires that manufacturers clear benchmarks ensuring that energy-saving products are manufactured. The "top runner" concept calls for manufacturers to strive to improve their technologies and create products and equipment that surpass the energy efficiency of products and equipment currently on the market.

Green energy used for website server for Daiwa Institute of Research Group

The Daiwa Institute of Research Group will use green energy produced by wind power to run its website server (5,500 kWh) from April 1, 2010 to March 31, 2011. Green energy refers to energy from natural, renewable sources such as wind power, solar power and biomass. This kind of energy does not release CO₂ when it is generated. The green energy the group is using is generated by Japan Wind Development Co., Ltd.,

at the Rokkashomura-Futamata Wind Power Plant in Aomori Prefecture (the world's first wind power system using a storage battery system).



Daiwa Institute of Research Holdings' Green Electricity Certificate

Eco activities expanded (Daiwa Securities Business Center)

The Daiwa Securities Business Center started the Eco Promotion Committee in 2008 and began to work on eco initiatives. An internal questionnaire was given to assess environmental awareness.

Each year, the Business Center sets its own targets for reducing electricity use and paper use. It sets high targets to raise awareness among individual employees and motivate them to put

their environmental convictions into practice by creating ingenious solutions.

The Business Center makes steady, ongoing efforts such as reusing office supplies and equipment. In addition, when it is ready to discard fixtures and

equipment, it consigns them to environmentally aware recycling companies for reuse. It reports on the progress of its eco activities and each division's initiatives every month on the Intranet.

Disseminating information using e-paper

Together with NEC Corporation, Daiwa Securities has developed and launched a system to distribute information on new products and campaigns to branch customers using e-paper. Currently, the company has adopted a total of six e-paper systems (prototypes) at the main branch.

The Daiwa Securities Group has made great strides in making internal forms paperless (business forms were reduced 98.7% compared to fiscal 2005) by introducing an electronic request system, such

as digitizing administrative forms. This focused on e-paper to make customer forms paperless. This not only improved service by providing information in real-time at branches, but also encouraged the transition to more environment-friendly paperless practices and reduced costs. Going forward, we will strive to develop a mechanism that will enable customers to easily view our reports, proposals and latest information at their homes using e-paper.

Shortening work hours by encouraging executives and employees to leave before 7 p.m.

Encouraging executives and employees to leave the office before 7 p.m. in the interest of work-life balance means that lights and heating/cooling are

needed for shorter periods. This, in turn, helps to reduce environmental impact.

Economic Report

Delivering Economic Value to Stakeholders

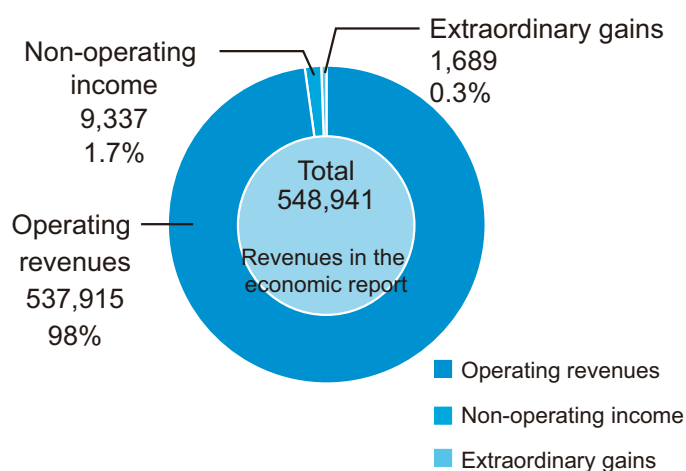
This section describes the Daiwa Securities Group's revenue structure, economic value, and distribution of economic value to various stakeholders.

Revenues in the Economic Report

For the purpose of this Economic Report, revenues represent the total for all revenues received by the Daiwa Securities Group (consolidated) in fiscal 2009—operating revenues, non-operating income and extraordinary gains. In fiscal 2009, operating revenues accounted for 98% of revenues.

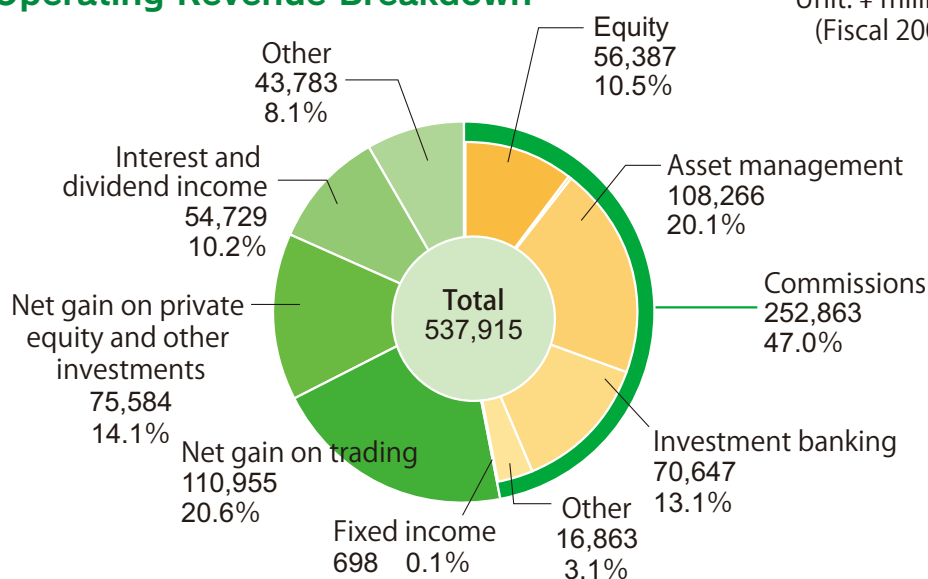
Revenue Breakdown in the Economic Report

Unit: ¥ million
(Fiscal 2009)



Operating Revenue Breakdown

Unit: ¥ million
(Fiscal 2009)



Outline of Operating Revenues

Commissions

The three main categories of commissions, which account for 48.8% of revenues in the Economic Report, are described below.

1. Equity and fixed income commissions

Commissions earned on the purchase or sale of stocks, bonds and other securities by individual or institutional investors.

2. Asset management commissions

Commissions earned on sales of investment trusts

and fees charged for placing and managing individual or corporate customers' assets held in trust.

3. Investment banking commissions

Underwriting commissions charged when corporate customers issue stocks or bonds to raise funds, and advisory fees for M&A, etc.

Net Gain on Trading

These are profits that arise from the sale of securities the Group has in its own account, or when the Group

buys from or sells to its clients in the context of their business dealings.

Net Gain on Private Equity and Other Securities

Net gain on private equity and other securities describes gains resulting from the purchase or sale, or unrealized gains or losses, on securities

acquired for investment, and from the sale of investment limited partnerships, etc.

Interest and Dividend Income

Interest and dividend income describes income earned from interest on securities held, dividends,

and from transactions of lending or borrowing securities.

Distribution of Economic Value to Stakeholders

Economic value for the purpose of this Economic Report is calculated as revenues minus interest expenses (less interest paid), the cost of sales, selling, general and administrative expenses

(less personnel costs, taxes, and expenditure for corporate citizenship activities), non-operating expenses (less interest paid), and extraordinary losses.

Executives and Employees

The distribution of economic value to executives and employees is calculated as personnel expenses (including reserves for salaries and bonuses, as well as welfare program costs and

social insurance contributions). Daiwa has built a fair compensation system that is highly acceptable to all, in order to improve employee motivation and maximize the value provided to all stakeholders.

Society

Regardless of the ups and downs of the business cycle, we aim to provide stable funding for our corporate citizenship activities. See "The Daiwa

Securities Group's Initiatives as a Corporate Citizen and Expenditures" in the "Relationship with Society" section for a breakdown of these expenditures.

Shareholders

In fiscal 2009, the Group paid an interim dividend of 5 yen per share and a year-end dividend of 8 yen

per share, for a total annual dividend of 13 yen per share.

Creditors

The Group pays interest to creditors.

Government

According to the Daiwa Securities Group's financial accounting, the tax amount paid is the sum of current income taxes, deferred income taxes, and other taxes and duties including consumption tax.

Minority Shareholders

This is the profit and loss returned to the minority shareholders of the Daiwa Securities Group companies.

■ Changes in Distribution of Economic Value to Stakeholders

(Unit: ¥ million)

Stakeholders	2005	2006	2007	2008	2009	Tabulation method
Executives and employees	172,923	163,379	156,661	141,600	169,950	Personnel costs within selling and general administrative expenses
Society	604	909	962	924	618	Expenditure for corporate citizenship activities *Excludes expenditure for Daiwa Anglo-Japanese Foundation
Dividends to shareholders	45,031	39,072	29,919	10,770	22,730	Interim and year-end dividends for the fiscal year
Creditors	18,478	47,024	53,630	44,923	29,030	Interest expense and interest paid on non-operating expenses
Government	86,137	77,895	48,102	-11,620	57,587	Income taxes, resident and business taxes, deferred income taxes, other taxes and duties
Minority shareholders	40,339	23,746	-5,233	-60,580	4,089	Minority shareholder profit/loss
Internal reserves	93,055	53,652	16,492	-95,809	20,699	Balance after deducting dividends for the term from net income for the fiscal year
Total economic value	456,567	405,677	300,533	30,208	304,703	Total of the above

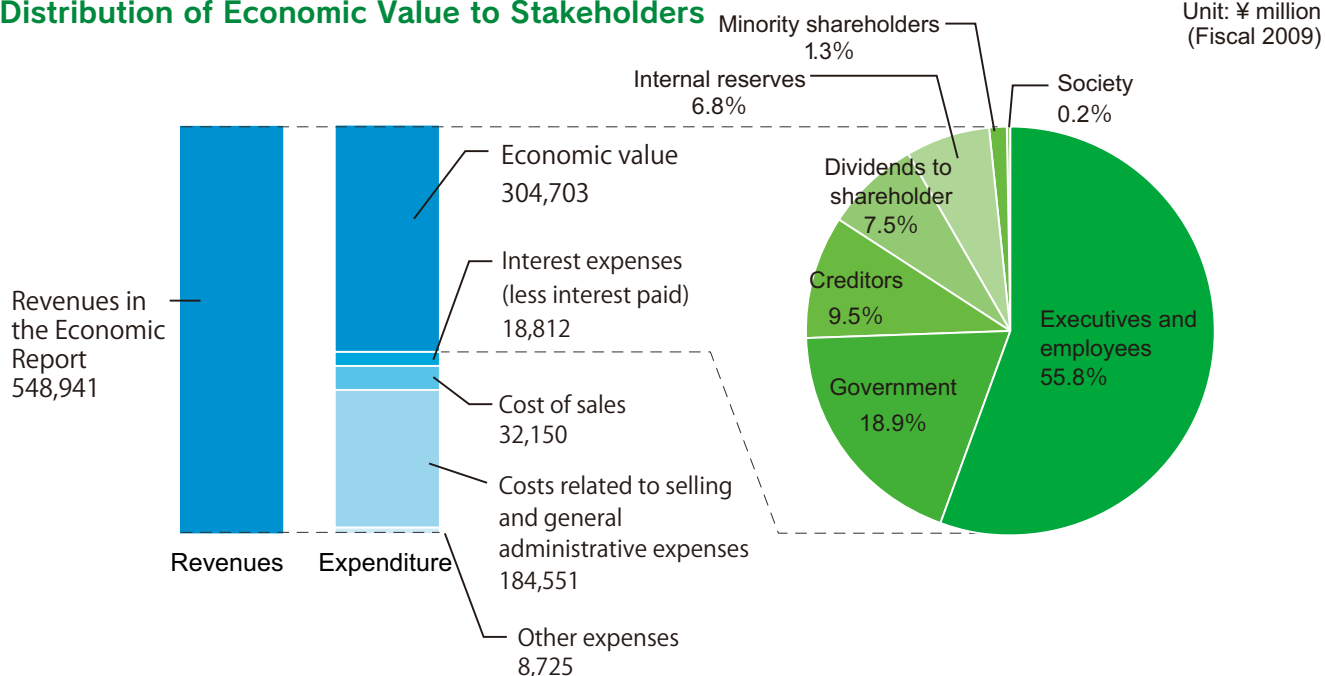
*The Group has revised data for previous fiscal years in order to add in financial support provided for assistance programs.

■ Comparison of Economic Report and Consolidated Financial Statements

(Unit: ¥ million)

		2005	2006	2007	2008	2009
Economic Report	Economic Report revenues	869,181	931,845	838,703	428,318	548,941
	Economic value	456,567	405,677	300,533	30,208	304,653
Consolidated financial statements	Operating revenues	845,659	917,307	825,422	413,936	537,915
	Net income/loss	139,948	92,724	46,411	-85,039	43,429

Distribution of Economic Value to Stakeholders

Unit: ¥ million
(Fiscal 2009)

Third-party Opinion

Approach and Policy on Third-party Opinion

At the Daiwa Securities Group, we believe that it is important to have external stakeholders evaluate our activities and provide advice so that we can continue to improve our CSR initiatives. For this reason, every year we ask for the opinion of a third party when we publish the CSR report.

Sachiko Kishimoto, who also participated in the Group's Stakeholders Dialogue in 2003 and 2004, has shared her opinions of the 2010 report. Ms. Kishimoto is the Executive Director of the Center

for Public Resources Development, a non-profit organization that carries out corporate evaluation activities reflecting the public's perspective as an impartial research organization.

We will study and share her opinions both internally and externally to improve our activities. This feedback will be reflected in our future initiatives, and we will report on the progress made in the CSR reports for subsequent fiscal years.

Third-party Opinion



Sachiko Kishimoto, Executive Director,
Center for Public Resources
Development

The global recession triggered by the financial crisis is forcing companies to take another look at their approaches to management and work. It has become essential that companies stop emphasizing short-term profits above all else, and instead shift to the pursuit of sound profits and a sustainable society. When I read the Daiwa Securities Group's CSR report, I was particularly struck by the statements of President Suzuki which reconfirm "corporate sustainability depends on contributions to society," and "over the next 10-20 years we intend to put quality ahead of size."

I sense that, under well-defined leadership, the Group is not simply seeking higher profits, but is pursuing initiatives that consider exactly how they will raise income.

In general, there are three dimensions to CSR: reviewing the approach to management activities, developing new businesses intended to create social value, and pursuing social contribution activities that leverage the company's management resources. The Daiwa Securities Group's Key Issue 1, "Leveraging Financial Capabilities to Contribute to a Sustainable Society," corresponds to the

development of new businesses, the second dimension of CSR. Key Issue 2, "Developing Sound Financial and Capital Markets for the Next Generation," corresponds to social contribution activities, specifically economic and financial education; and the third initiative, "Building a Rewarding Workplace for Executives and Employees," involves reviewing the approach to management activities, the first dimension. These three approaches taken by the Daiwa Securities Group to CSR focus the broad range of potential CSR issues to fit the company's unique attributes. I think they also meet stakeholders' requests.

The Group's CSR report is available in two formats: the Highlight Edition provided as a booklet; and the Full Edition report with exhaustive data. I believe that this approach to disseminating information succeeds in taking into account both the need to remain accountable to a diverse range of stakeholders and disclose the more detailed data that specialists require. Both the booklet and website disclose fiscal targets and the extent to which they have been achieved, and also include views from related employees. I am impressed with the way they have been arranged for ease of understanding.

I would like to describe commendable points and points for further improvement in terms of the three CSR dimensions. My comments here apply to both the Highlight Edition of the CSR report in booklet form and the Full Edition on the Group's website.

Enhancing work-life balance is an important issue for the Group as an approach to management that improves employees' personal lives to enhance their job performance at the same time. I am impressed with the Group's achievements in increasing the number of female managers and reducing overtime hours worked. The Group's belief that giving male employees as well as female

employees the chance to work in various styles will have a good impact on corporate activities is clearly based on a future social ideal. However, when I look at the Group's overall approach to management activities, I find that achievements in initiatives addressing customers are somewhat lower than in other areas. As many retail investors have suffered losses and feel anxious because of the slump in the market, improving the ability to explain issues to customers and provide consulting services is of the essence now. I expect the Group to take more initiatives to build trust with customers.

I was delighted to read about the Group's advances in Vaccine Bonds and Water Bonds, leading the industry and being the first to take up Impact Investment by investing in businesses that resolve social issues. It was also important that the CSR report provided data on Impact Investment as a percentage of Uridashi Gaisai, foreign currency dominated bonds issued overseas and solid in Japan, since this statistic measures the financial institution's real commitment. The Group's Impact Investment reflects its dedication to addressing global poverty and water problems, but I hope that the Group will also address the growing environmental and social problems in Japan itself, and develop products that balance social value and profitability.

The Group has chosen an approach to social contribution activities that embraces collaboration with non-profit organizations to develop educational materials to provide more students with economic and financial education. This independent project is an effective way of achieving strong results with limited resources. As a next step, I look forward to the Group's initiatives to encourage each employee to participate in community activities, which would add further impetus to the change being pursued by the Group.

Response to Third-party Opinion



Keiko Uehara, Corporate Executive Officer,
Daiwa Securities Group Inc.

I was very pleased to see that the three dimensions to CSR that we intended to convey—the Daiwa Securities Group's two key issues, their specific components, and our activities to engage employees in the effort to address these issues—were recognized in the third-party opinion. In particular, I think that presenting the actual sales figures for Impact Investment demonstrated our commitment to readers outside the Group, and at the same time reaffirmed its importance to all of us within the Group. We have a high share of the Japanese market for Impact Investment bonds. However, the ratio of these bonds to our total foreign currency denominated bonds is only just over 10%, which reveals we have room for growth in this area. This encourages us to take

our initiatives to the next level. At the same time, as Ms. Kishimoto pointed out, we have made unstinting efforts to enhance the level of our achievements in customer response initiatives. Going further, we believe that disclosing our activity targets and results helps to strengthen our activities, so we will adopt key performance indicators (KPI) for our activity targets to increase objectivity. We also develop products that encourage social involvement through investing, thus enabling us to offer products that address environmental and social problems in a timely manner. We are striving to make the workplace more conducive to social contribution activities so that all employees are encouraged to get personally involved.

Third-party Evaluations

Dow Jones Sustainability World Indexes Member 2009/10

The Dow Jones Sustainability World Index (DJSI World) is a stock index of companies with sustainable practices selected by Dow Jones & Company, Inc. of the United States and Sustainable Asset Management (SAM) of Switzerland.

Daiwa Securities Group Inc. has been included in DJSI World for 11 consecutive years.



FTSE4Good Index

FTSE is a subsidiary of the UK's Financial Times and 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 five consecutive years since September 2006



Certified Family-friendly Employer

Shown at right is the certification symbol for family-friendly employers provided by Japan's Ministry of Health, Labour and Welfare's based on the Act on Advancement of Measures to Support Raising the Next Generation of Children. In addition to Daiwa Securities Group Inc. obtaining certification as a family-friendly employer on June 9, 2008. Daiwa Securities,

Daiwa Securities Capital Markets, Daiwa Institute of Research Holdings, Daiwa Institute of Research, Daiwa Institute of Research Business Innovation and Daiwa Securities Business Center also received this certification.



Work-Life Balance

The Daiwa Securities Group has earned high praise from a range of external organizations for its initiatives to provide employees with a more supportive work environment that is conducive to work-life balance. In fiscal 2009, the Group won the Ministry of Health, Labor and Welfare Award in the category of corporate promotion of equality and work-life opportunity, as well as the excellence

award in the organizational activity category for the Third Work-Life Balance Grand Award, the 2009 Nikkei Childcare Support Award, and the Third Diversity Management Prize in the WLB category. The Group jumped from 63rd place to 7th place in Nikkei Research's rankings of the best company to work for.

CSR Milestones at the Daiwa Securities Group

2010

May	Ecology Bonds offered, supporting renewable energy and energy efficiency projects in the fight against climate change.
	Daiwa Securities sponsors "Design to Change the World Exhibition-Imagine another life through products."
	Two Daiwa panelists participate in the TBLI Conference Asia 2010.
April	Water Bonds offered, supporting water-related projects in Asia and the Pacific Region.
March	Third round of Vaccine Bonds offered.
	"Daiwa Water Forum 2010" held.
	Daiwa Institute of Research holds seminar on management strategy research, "Society, Economy and Corporate Management in Low Carbon Era—How to Face the Change on a Global Scale."
February	Green World Bank Bonds offered, supporting projects addressing the challenge of climate change.
	Daiwa becomes a promotion partner in Cancer Screening Corporate Action, a national project.
January	Daiwa signs the United Nations Global Compact (GC).

2009

December	Nikkei Childcare Support Award from <i>Nihon Keizai Shimbun</i> received.
November	Microfinance Bonds offered, a first in Japan leveraging bond investment to help reduce poverty.
	Excellence award in the organizational activity category in the Third Work-life Balance Grand Award received.
October	Ministry of Health, Labor and Welfare Award in the category of corporate promotion of equality and work-life balance received.
	Global Festa Japan 2009, a global cooperation event themed on environmental and climate change issues, co-sponsored.
	"Daiwa Microfinance Forum 2009: Breaking out of Poverty and Developing Local Communities" held.
September	Daiwa ranked 7th overall, and 1st in the securities industry, in the 2009 survey of Companies with Best Working Conditions by <i>Nihon Keizai Shimbun</i> and <i>Nihon Keizai Sangyo Shimbun</i> , and ranked 3rd in the category of "best workplaces for working parents."
	Daiwa included in the SRI index, Dow Jones Sustainability World Indexes (DJSI World) for the 11th consecutive year.
July	Daiwa Asset Management participates in the Carbon Disclosure Project (CDP) as a member.

May	China Charity Award received from the All-China Women's Federation, the parent group of the China Children and Teenagers' Fund (CCTF), for the Group's contributions to remediate damage from the major earthquake in Sichuan, China.
	Panelist from the Group participates in the TBLI Conference Asia 2009.
April	Group's new Medium-Term Management Plan, "Passion for the Best" 2011, announced.
	Daiwa Childcare and Nursing Support Desk established for Group employees to consult on childcare and nursing care.
	<i>Daiwa Securities Group Sustainability Report 2008</i> wins the prize for excellence in the sustainability report category awarded by Toyo Keizai Inc.
February	Second round of Vaccine Bonds offered.
	Next-Generation Environmental Business Fund established, offering investments in Japanese companies that have environmental technologies.
January	Japan Council on Economic Education (JCEE) established, with Daiwa as the main sponsor.

2008

December	Daiwa Energy Technology Fund (limited open-type fund) established.
October	Daiwa Securities Business Center Co. Ltd. wins the Leading Office for Hiring People with Disabilities Prize in fiscal 2008 at the Award Ceremony for Excellence in Employment of People with Disabilities Association held by the Kiba branch of the Employment Development for Citizens, Tokyo.
September	Daiwa ranked 14th, and 1st in the securities industry, in Nihon Keizai Shimbun's 2008 survey of Companies with Best Working Conditions, the highest ranking to date.
August	Family workplace visits take place throughout the Group.
July	About ¥24 million contributed for the construction of an elementary school in southern Gansu Province to support the recovery efforts in the region affected by the major earthquake in Sichuan, China.
	¥6 million contributed to the community chests of Iwate and Miyagi prefectures to contribute to Iwate-Miyagi Inland Earthquake disaster relief efforts.
June	Daiwa obtains the Certified Family-friendly Employer designation established by the Ministry of Health, Labour and Welfare.
	World CO2L Bonds, USD-denominated bonds with coupons linked to emissions prices, offered.
May	Endowed lectures begin at Peking University.
	Daiwa agrees to support commercialization of iPS cell research at Kyoto University.
April	Daiwa Securities Group Asian Student Scholarship Fund created with the University of Tokyo.
	Russell Global Environmental Technology Fund established, offering investments in global companies with a focus on technology working in the environmental sector.
	Work-life Balance Promotion Committee and Work-life Balance Promotion Department established.
	Daiwa participates in the Ministry of Health, Labour and Welfare's model project promoting work-life balance.
	Daiwa ranked 7th in Nikkei Woman's ranking of the Best 100 Companies for Women to Work for in Japan, the highest ranking in the securities industry, and ranked 1st for utilization of women.
March	Vaccine Bonds offered, a first in Japan.
	"Vaccine Bond Supporting Immunization for the Children That Are Our Future" seminar held.
	"Daiwa Spirit" formulated, expressing the Group's basic philosophy and attitude to deepen employees' mutual understanding and ensure that all Group employees share the same values.

February	Daiwa Securities Group Inc. participates as a special sponsor in a global environment symposium held jointly by the Tokyo office of the United Nations Development Programme (UNDP), the World Bank and Conservation International Japan (CI Japan).
	Daiwa Securities SMBC and the Daiwa Institute of Research, Ltd. hold the "Eco-innovation: What Industry Needs to Do on Global Warming Issues and Creating a Low-carbon Society" seminar.

2007

November	Daiwa CI Biodiversity Conservation Fund (DCBCF) established in cooperation with the NGO Conservation International (CI) as part of the World Heritage Local Entrepreneurship Program (WH-LEEP).
September	Japanese government issues authorization to Daiwa to undertake four projects to reduce the emission of greenhouse gases in China.
August	Daiwa Asset Management establishes the Global Environment Foreign Bond Balance Fund and the Global Environment Equity Fund.
July	"Cool Biz" policy (open collars and shirtsleeves in the office) implemented group-wide as an initiative to combat global warming.
May	Environmental seminar for customers held titled "Daiwa Environmental Forum 2007: What Is Happening to the Earth Now?"
April	<i>Daiwa Securities Group Sustainability Report 2006</i> wins the Excellence Prize in the sustainability report category awarded by Toyo Keizai Inc.
	Holds CSR seminar for individual investors titled "New Trends in Investing: The Search for Sustainable Growth Companies."
February	<i>Daiwa Securities Group Sustainability Report 2006</i> wins the Sustainability Report Excellence Prize (the President's Award) awarded by the Global Environmental Forum.
January	The Daiwa Securities Group joins the Global 100 (the world's 100 most sustainable companies).
	Daiwa attends World Economic Forum (WEF) in Davos, Switzerland.

2006

November	<i>Daiwa Securities Group Sustainability Report 2005</i> . ranked 34th (1st in rankings for Japanese companies) in the Global Reporters 2006, an international comparative survey.
October	Daiwa presents at the Business School pavilion as a co-sponsor of KidZania Tokyo.
	Daiwa-JFS Youth Sustainability College opened with environmental NPO Japan for Sustainability (JFS) as a grant program of the Daiwa Eco Fund.
September	Daiwa included for the first time in the FTSE4Good, an index of socially responsible companies (included every year since, as of March 2010 review).
May	Daiwa Asset Management Co. Ltd. signs Principles for Responsible Investment (PRI).
April	New Medium-term Management Plan, "Passion for the Best 2008," announced, including the Group's basic CSR strategy.
	<i>Daiwa Securities Group Sustainability Report 2005</i> wins the Excellence Prize in the sustainability report category awarded by Toyo Keizai Inc.

February	CO2L Bonds issued.
	Daiwa Eco Fund established.
January	<i>Daiwa Securities Group Sustainability Report 2005</i> wins 9th Sustainability Report First Prize (Minister of the Environment Award) awarded by the Global Environmental Forum.

2005

November	Daiwa SRI Fund Assistance Program launched to build capacity of NPO staff.
October	Daiwa Securities begins the Daiwa e-members service, enabling customers to request electronic transaction reports.
July	Daiwa Asset Management participates in a GRI G3 project working group to study the usefulness of sustainability reporting from the perspective of finance and investors.
June	Support provided to Finance Park, a hands-on economics education program offered by Junior Achievement Japan.
	Support project for women entrepreneurs launched.
February	Decision taken to offer long-term support for areas devastated by the Sumatra Earthquake and Indian Ocean Tsunami (Daiwa Securities Group Tsunami Reconstruction Fund).
	Daiwa Securities begins Electronic Statement Promotion Project.

2004

November	Daiwa joins the United Nations Environmental Programme Finance Initiative (UNEP FI).
October	SRI fund adopted for Daiwa Securities Group employees' defined-contribution pension plans.
July	CSR Promotion Department established at Daiwa Securities Group Inc.
June	Committee-based corporate governance introduced.
May	Daiwa SRI Fund established, creating a vehicle for socially responsible investment (SRI) in Japanese companies.
March	Disclosure policy established.
	Daiwa Securities Group Inc. becomes a signatory to the Carbon Disclosure Project (CDP).
January	CSR/brand management website launched.

2003

November	Daiwa joins Social Investment Forum-Japan (SFI-Japan).
October	Support begins for the Student Company Program, an experiment-based economic education program offered by Junior Achievement Japan.
	UBS Global Stocks 40 investment trust introduced, creating a vehicle for socially responsible investment (SRI) in global companies.
July	Daiwa Securities SMBC Principal Investments invests in the World Bank's Community Development Carbon Fund.

June	Full compensation to directors and auditors of Daiwa Securities Group Inc. disclosed.
April	New shareholder benefits program introduced.
March	New Group medium-term management plan (fiscal 2003-2005) announced.
February	Management Audit Department established at Daiwa Securities Group Inc.
January	Group-wide Corporate Ethics Hotline introduced.

GRI Guidelines Content Index

GRI Guidelines Content Index

In compiling the CSR Report 2010, reference was made to Global Reporting Initiative (GRI) Guidelines (3rd Edition, 2006) and the Financial Services Sector Supplement (2008). The guidelines set out a series of standard levels (GRI application levels) based on regulations outlined therein that companies compiling reports may apply to ensure that their reports are compliant with GRI guidelines. We believe that the CSR Report 2010 meets the reporting standards for GRI Report Application Level B.

* The GRI Guidelines Content Index on the Daiwa Securities Group website has links to the relevant pages.



Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Indicators output	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Indicators output	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators output	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 24 Performance Indicators, at least one from each of: Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector supplement in final version

GRI Content Index

Item		Indicator	Link
1 Strategy and Analysis			
1.1		Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Message from the President and CEO
1.2		Description of key impacts, risks, and opportunities.	Message from the President and CEO Stakeholder Dialogue 2: Promoting Sustainability via the Financial Business and CSR Daiwa Securities Group CSR (Role and Social Responsibilities of the Financial Industry)
2 Organizational Profile			
2.1		Name of the organization.	Daiwa Securities Group Profile (Company Overview)
2.2		Primary brands, products, and/or services.	Daiwa Securities Group Profile (Description of the Daiwa Securities Group's Businesses) Key Issue 1: Leveraging Financial Capabilities to Contribute to a Sustainable Society
2.3		Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Daiwa Securities Group Profile (Description of the Daiwa Securities Group's Businesses)
2.4		Location of organization's headquarters.	Daiwa Securities Group Profile (Company Overview)
2.5		Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Daiwa Securities Group Profile (Workforce Characteristics, Breakdown of Net Operating Revenue by Region)
2.6		Nature of ownership and legal form.	Daiwa Securities Group Profile (Company Overview) Corporate Governance (Corporate Governance System)
2.7		Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Daiwa Securities Group Profile (Workforce Characteristics, Breakdown of Net Operating Revenue by Region)
2.8		Scale of the reporting organization, including: - Number of employees; - Net sales (for private sector organizations) or net revenues (for public sector organizations); - Total capitalization broken down in terms of debt and equity (for private sector organizations); and - Quantity of products or services provided.	Daiwa Securities Group Profile (Number of Employees, Operating Revenue and Net Operating Revenue)

Item		Indicator	Link
2.9		Significant changes during the reporting period regarding size, structure, or ownership including: - The location of, or changes in operations, including facility openings, closings, and expansions; and - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	Daiwa Securities Group Profile
2.10		Awards received in the reporting period.	Third-party Evaluations
3 Report Parameters			
Report Profile			
3.1		Reporting period (e.g., fiscal/calendar year) for information provided.	Report Overview (Scope of Report)
3.2		Date of most recent previous report (if any).	Report Overview (Scope of Report)
3.3		Reporting cycle (annual, biennial, etc.).	Report Overview (Scope of Report)
3.4		Contact point for questions regarding the report or its contents.	Inquiries
Report Scope and Boundary			
3.5		Process for defining report content, including: - Determining materiality; - Prioritizing topics within the report; and - Identifying stakeholders the organization expects to use the report.	Daiwa Securities Group CSR (Key Issues for Daiwa Securities Group)
3.6		Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Report Overview (Scope of Report)
3.7		State any specific limitations on the scope or boundary of the report.	Report Overview (Scope of Report)
3.8		Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Environmental Impact Relationship with Executives and Employees

Item		Indicator	Link
3.9		Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Environmental Impact (Energy Consumption) Relationship with Executives and Employees
3.10		Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/ periods, nature of business, measurement methods).	Environmental Impact (Energy Consumption) Relationship with Society (Corporate Citizenship Initiatives and Expenditures) Delivering Economic Value to Stakeholders (Distribution of Economic Value to Stakeholders)
3.11		Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not applicable, because there have been no significant changes since the previous report.
GRI content index			
3.12		Table identifying the location of the Standard Disclosures in the report.	This table references GRI content
Assurance			
3.13		Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	Third-party Opinion
4 Governance, Commitments, and Engagement			
Governance			
4.1		Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance (Corporate Governance System)
4.2		Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Corporate Governance (Corporate Governance System)
4.3		For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Corporate Governance (Corporate Governance System)

Item		Indicator	Link
4.4		Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Relationship with Shareholders (Communication with Shareholders) Relationship with Executives and Employees (Communication)
4.5		Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Report on Corporate Governance (in Japanese only)
4.6		Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance (Preventing Conflicts of Interest between Group Companies)
4.7		Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Corporate Governance (Supervisory Function)
4.8		Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Daiwa Securities Group CSR (Daiwa Securities Group Corporate Principles and Key Issues)
4.9		Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Daiwa Securities Group CSR (External Initiatives Using Finance to Resolve Social Issues) CSR Management (Corporate Mission and Principles) Corporate Governance (Corporate Governance System) Compliance (Compliance Framework)
4.10		Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Corporate Governance (Corporate Governance System)
Commitments to External Initiatives			
4.11		Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Corporate Governance (Business Continuity Plan, Information Security Management)
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Daiwa Securities Group CSR (External Initiatives Using Finance to Resolve Social Issues) Stakeholder Dialogue 2: Promoting Sustainability via the Financial Business and CSR

Item		Indicator	Link
4.13		Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: - Has positions in governance bodies; - Participates in projects or committees; - Provides substantive funding beyond routine membership dues; or - Views membership as strategic.	Principal Member Qualifications - Nippon Keidanren - Japan Securities Dealers Association - Work-Life Balance Promotion Model Project by the Ministry of Health, Labour and Welfare
Stakeholder Engagement			
4.14		List of stakeholder groups engaged by the organization.	Daiwa Securities Group CSR (Daiwa Securities Group Stakeholders)
4.15		Basis for identification and selection of stakeholders with whom to engage.	Daiwa Securities Group CSR (Daiwa Securities Group Stakeholders)
4.16		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	including frequency of engagement by type and by stakeholder group. Daiwa Securities Group CSR (Daiwa Securities Group Stakeholders) Relationship with Customers Relationship with Shareholders Relationship with Executives and Employees Relationship with Society Stakeholder Dialogue 1: New Ways to Help Eradicate Poverty Stakeholder Dialogue 2: Promoting Sustainability via the Financial Business and CSR
4.17		Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Relationship with Customers Relationship with Shareholders Relationship with Executives and Employees Relationship with Society Stakeholder Dialogue 1: New Ways to Help Eradicate Poverty Stakeholder Dialogue 2: Promoting Sustainability via the Financial Business and CSR
5 Management Approach and Performance Indicators			
Economic			
		Disclosure on Management Approach	Message from the President and CEO Daiwa Securities Group Profile (Operating Revenue and Net Operating Revenue) Delivering Economic Value to Stakeholders

Item		Indicator	Link
Aspect: Economic Performance			
EC1	CORE	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Delivering Economic Value to Stakeholders Relationship with Society (Corporate Citizenship Initiatives and Expenditures)
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Stakeholder Dialogue 2: Promoting Sustainability via the Financial Business and CSR Key Issue 1: Leveraging Financial Capabilities to Contribute to a Sustainable Society
EC3	CORE	Coverage of the organization's defined benefit plan obligations.	2009 Annual Report (Significant account policy, Retirement benefits, P99)
EC4	CORE	Significant financial assistance received from government.	Impact is insignificant
Aspect: Market Presence			
EC5	ADD	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Impact is insignificant, due to the nature of our business
EC6	CORE	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Impact is insignificant, due to the nature of our business
EC7	CORE	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Not reported
Aspect: Indirect Economic Impacts			
EC8	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Key Issue 1: Leveraging Financial Capabilities to Contribute to a Sustainable Society Relationship with Society
EC9	ADD	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Key Issue 1: Leveraging Financial Capabilities to Contribute to a Sustainable Society
Environmental			
		Disclosure on Management Approach	Environmental Impact
Aspect: Materials			
EN1	CORE	Materials used by weight or volume.	Not applicable
EN2	CORE	Percentage of materials used that are recycled input materials.	Not applicable

Item		Indicator	Link
Aspect: Energy			
EN3	CORE	Direct energy consumption by primary energy source.	Environmental Impact (Energy Consumption)
EN4	CORE	Indirect energy consumption by primary source.	Environmental Impact (Energy Consumption)
EN5	ADD	Energy saved due to conservation and efficiency improvements.	Environmental Impact (CO ₂ Emissions)
EN6	ADD	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Environmental Impact (Upgrades to building equipment to conserve energy, Green energy used for website server for Daiwa Institute of Research Group, Shortening work hours by encouraging executives and employees to leave before 7 p.m.)
EN7	ADD	Initiatives to reduce indirect energy consumption and reductions achieved.	Environmental Impact (Initiatives to Reduce Environmental Impact)
Aspect: Water			
EN8	CORE	Total water withdrawal by source.	Environmental Impact of the Daiwa Securities Group (Changes in Potable Water Consumption)
EN9	ADD	Water sources significantly affected by withdrawal of water.	Impact is insignificant
EN10	ADD	Percentage and total volume of water recycled and reused.	Not reported
Aspect: Biodiversity			
EN11	CORE	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not applicable
EN12	CORE	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not applicable
EN13	ADD	Habitats protected or restored.	Not applicable
EN14	ADD	Strategies, current actions, and future plans for managing impacts on biodiversity.	Relationship with Society (Daiwa CI Biodiversity Conservation Fund)
EN15	ADD	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable

Item		Indicator	Link
Aspect: Emissions, Effluents, and Waste			
EN16	CORE	Total direct and indirect greenhouse gas emissions by weight.	Environmental Impact (CO ₂ Emissions)
EN17	CORE	Other relevant indirect greenhouse gas emissions by weight.	Environmental Impact (CO ₂ Emissions)
EN18	ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Environmental Impact (CO ₂ Emissions from Energy Consumption, CO ₂ Emissions per Employee)
EN19	CORE	Emissions of ozone-depleting substances by weight.	Impact is insignificant
EN20	CORE	NO, SO, and other significant air emissions by type and weight.	Impact is insignificant
EN21	CORE	Total water discharge by quality and destination.	Impact is insignificant
EN22	CORE	Total weight of waste by type and disposal method.	Environmental Impact (Changes in Waste Generated and Recycling Volume)
EN23	CORE	Total number and volume of significant spills.	Not applicable
EN24	ADD	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not applicable
EN25	ADD	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not applicable
Aspect: Products and Services			
EN26	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Environmental Impact (Initiative to Reduce Environmental Impact)
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category.	Not applicable
Aspect: Compliance			
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Not applicable

Item		Indicator	Link
Aspect: Transport			
EN29	ADD	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not applicable
Aspect: Overall			
EN30	ADD	Total environmental protection expenditures and investments by type.	Not applicable
Labor Practices and Decent Work			
		Disclosure on Management Approach	Relationship with Executives and Employees
Aspect: Employment			
LA1	CORE	Total workforce by employment type, employment contract, and region.	Daiwa Securities Group Profile (Workforce Characteristics) Relationship with Executives and Employees (Employees at the Daiwa Securities Group)
LA2	CORE	Total number and rate of employee turnover by age group, gender, and region.	Not reported
LA3	ADD	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Relationship with Executives and Employees (Creating a Workplace Supportive of Work-Life Balance)
Aspect: Labor/Management Relations			
LA4	CORE	Percentage of employees covered by collective bargaining agreements.	Relationship with Executives and Employees (Number of Employees' Union Members)
LA5	CORE	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Not reported
Aspect: Occupational Health and Safety			
LA6	ADD	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not reported
LA7	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Not reported
LA8	CORE	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Relationship with Executives and Employees (Mental Health)

Item		Indicator	Link
LA9	ADD	Health and safety topics covered in formal agreements with trade unions.	Not reported
Aspect: Training and Education			
LA10	CORE	Average hours of training per year per employee by employee category.	Not reported
LA11	ADD	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Relationship with Executives and Employees (Human Resources Development and Skill Development)
LA12	ADD	Percentage of employees receiving regular performance and career development reviews.	Relationship with Executives and Employees (Human Resources Development and Skill Development)
Aspect: Diversity and Equal Opportunity			
LA13	CORE	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Relationship with Executives and Employees (Employment Rate for Persons with Disabilities, Female Employees and Managers at the Daiwa Securities Group)
LA14	CORE	Ratio of basic salary of men to women by employee category.	Not reported
Human Rights			
		Disclosure on Management Approach	Relationship with Executives and Employees (Human Rights Awareness)
Aspect: Investment and Procurement Practices			
HR1	CORE	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	We have no operations in areas where there are special concerns about protection of human rights
HR2	CORE	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	We have no operations in areas where there are special concerns about protection of human rights
HR3	ADD	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Relationship with Executives and Employees (Human Rights Awareness)
Aspect: Non-Discrimination			
HR4	CORE	Total number of incidents of discrimination and actions taken.	Compliance (Corporate Ethics Hotline)
Aspect: Freedom of Association and Collective Bargaining			
HR5	CORE	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Not applicable, due to the nature of our business

Item		Indicator	Link
Aspect: Child Labor			
HR6	CORE	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Our business entails no risk of using child labor
Aspect: Forced and Compulsory Labor			
HR7	CORE	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Our business entails no risk of using forced labor
Aspect: Security Practices			
HR8	ADD	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Impact is insignificant, due to the nature of our business
Aspect: Security Practices			
HR9	ADD	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not applicable
Society			
		Disclosure on Management Approach	Key Issue 2: Developing Sound Financial and Capital Markets for the Next Generation Compliance Relationship with Society
Aspect: Community			
SO1	CORE	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Impact is insignificant, due to the nature of our business
Aspect: Corruption			
SO2	CORE	Percentage and total number of business units analyzed for risks related to corruption.	2009 Annual Report (Risk Management, P59)
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures.	Compliance (Compliance Training)
SO4	CORE	Actions taken in response to incidents of corruption.	Not applicable
Aspect: Public Policy			
SO5	CORE	Public policy positions and participation in public policy development and lobbying.	Key Issue 2: (Information dissemination at international conferences, etc.) Daiwa Securities Group CSR (External Initiatives Using Finance to Resolve Social Issues) External Initiatives (Japanese only)

Item		Indicator	Link
S06	ADD	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not reported
Aspect: Anti-Competitive Behavior			
S07	ADD	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Not applicable
Aspect: Compliance			
S08	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Not applicable
Product Responsibility			
		Disclosure on Management Approach	Relationship with Customers Corporate Governance (Information Security Management)
Aspect: Customer Health and Safety			
PR1	CORE	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not applicable, due to the nature of our business
PR2	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not applicable, due to the nature of our business
Aspect: Product and Service Labeling			
PR3	CORE	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Key Issue 1: Leveraging Financial Capabilities to Contribute to a Sustainable Society Relationship with Customers (Building Even More Trust in Relationships with Customers)
PR4	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not applicable
PR5	ADD	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Relationship with Customers (Initiatives Make Use of Customer Views)

Item		Indicator	Link
Aspect: Marketing Communications			
PR6	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Key Issue 2: Developing Sound Financial and Capital Markets for the Next Generation Relationship with Customers (Accountability to customers)
PR7	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Not applicable
Item		Indicator	Link
Aspect: Customer Privacy			
PR8	ADD	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not applicable
Aspect: Compliance			
PR9	CORE	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Not applicable

Sustainability Reporting Guidelines & Financial Services Sector Supplement

Item		Indicator	Link
Product and Service Impact (Financial Services Sector Specific Disclosure on Management Approach)			
FS1	CORE	Policies with specific environmental and social components applied to business lines.	Daiwa Securities Group CSR CSR Management (Corporate Mission and Principles)
FS2	CORE	Procedures for assessing and screening environmental and social risks in business lines.	Not reported
FS3	CORE	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Compliance (Systematic Measures to Avoid Involvement with Criminal Elements)

Item		Indicator	Link
FS4	CORE	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	CSR Management (CSR Promotion Activities) Relationship with Executives and Employees (Human Resources Development and Skill Development)
FS5	CORE	Interactions with clients/investees/ business partners regarding environmental and social risks and opportunities.	Stakeholder Dialogue 2: Promoting Sustainability via the Financial Business and CSR Relationship with Customers Relationship with Shareholders
Product and Service Impact (Performance Indicators)			
Aspect: Product Portfolio			
FS6	CORE	Percentage of the portfolio for business lines by specific region, size (e.g. micro/ SME/large) and by sector.	Key Issue 1: Leveraging Financial Capabilities to Contribute to a Sustainable Society
FS7	CORE	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Key Issue 1: Leveraging Financial Capabilities to Contribute to a Sustainable Society
FS8	CORE	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Key Issue 1: Leveraging Financial Capabilities to Contribute to a Sustainable Society
Aspect: Audit			
FS9	CORE	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Corporate Governance
Aspect: Active Ownership			
FS10	CORE	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Not reported
FS11	CORE	Percentage of assets subject to positive and negative environmental or social screening.	Key Issue 1: Leveraging Financial Capabilities to Contribute to a Sustainable Society
FS12	CORE	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Daiwa Asset Management Rules Against Investment, etc., in Companies Manufacturing Cluster Bombs (Japanese only)
Society (Performance Indicators)			
Aspect: Community			
FS13	CORE	Access points in low-populated or economically disadvantaged areas by type.	Not applicable

Item		Indicator	Link
FS14	CORE	Initiatives to improve access to financial services for disadvantaged people.	Stakeholder Dialogue 1: New Ways to Help Eradicate Poverty Key Issue 1: Leveraging Financial Capabilities to Contribute to a Sustainable Society Relationship with Customers (Services accessible to diverse customers) Relationship with Society (Daiwa Securities Group Tsunami Reconstruction Fund)
Product and Service Impact (Financial Services Sector Specific Disclosure on Management Approach) Relationship with Society (Daiwa Securities Group Tsunami Reconstruction Fund)			
FS15	CORE	Policies for the fair design and sale of financial products and services.	Relationship with Customers (Building Even Deeper Trust in Relationships with Customers)
Product Responsibility (Performance Indicators)			
Aspect: Product and Service Labeling			
FS16	CORE	Initiatives to enhance financial literacy by type of beneficiary.	Key Issue 2: Developing Sound Financial and Capital Markets for the Next Generation CSR Management (CSR Promotion Activities)



Daiwa Securities Group

