

Environmental Performance

While relevant divisions have responded to individual environment-related laws and regulations, and many activities have been undertaken in which the Group has been able to focus its capabilities and make a serious effort, such as providing capital and volunteers for nature conservation, there are still issues to be addressed in the Daiwa Securities Group's approach to the environment. Through steps such as creation of a Global Warming Action Program, which the Group submitted to the Tokyo Metropolitan Government in June 2002, and efforts to collect data on our main environmental impact, we are also pursuing the preparation of a system for gathering environmental performance information. Currently, we are studying the construction of a broad environmental management system, including the need to obtain ISO 14001 certification.

Environment-related social contribution activities¹

Since December 2000, the Daiwa Securities Group has been assisting "Forest Giants," a giant tree preservation program. By displaying posters and calling on customers to join us by setting out special-purpose fund-raising boxes at Daiwa Securities branches throughout Japan, we've been expanding a ring of cooperation. In March 2001, we held an "Eat Ice Cream and Preserve a Giant Tree" charity bazaar for executives and employees at the Daiwa Securities Headquarters Building that collected donations from money spent on ice creams purchased. In addition, an exhibition of giant tree paintings was held at the Utsunomiya and other branches. The Group also participated in "Forests: Experience the Mystery of the Great Forests," an exhibition held at the Mitsukoshi department store in Nihonbashi, Tokyo during August 2001 in which we introduced the efforts of the Group.

Electricity consumption/Service water consumption

	Electricity consumption	Service water consumption
FY 2000	67,292,086 kwh	101,906,846 liters
FY 2001	68,010,346 kwh	102,304,132 liters
	1.07% increase	0.4% increase

Note: The scope of the survey included the following 14 buildings used by the Daiwa Securities Group: Daiwa Securities Headquarters Building; Kabutocho Building; Daiwa Securities SMBC Headquarters Building; Eitai Daiya Building; Osaka Branch; Nagoya Branch; DAM Headquarters Building; DIR Head Office; DIR Annex; DIR Tokyo Center; DIR Kiyosumi Building*; DIR Izumi Eitai building*; DIR Osaka Center; and DSC Headquarters Building. Figures for the amount of water use, however, exclude the two buildings marked with an asterisk.

¹ For details, please refer to the Daiwa Securities Group Inc.'s Corporate Community Affairs Department website (<http://www.daiwa.co.jp/group/kouken/index-s.html>; only available in Japanese) and the Group's community affairs pamphlet entitled "FreeStyle – Working for the Community 21st Century Style" (Japanese only).

救おう森の巨人たち

私たちは、巨樹・日本製紙活動を応援しています。

本誌では、巨樹・日本製紙活動について詳しく紹介し、巨樹・日本製紙活動の重要性を伝えるとともに、巨樹・日本製紙活動の現状や今後の展望についても詳しく紹介しています。



"Forest Giants," a giant tree preservation program

Cleanup activity at Kujukurihama Beach

In November 2001, approximately 50 Group employees and their families participated in a cleanup and nature-viewing walk rally held at the Shinjuku Imperial Gardens. On another occasion, approximately 100 employees and their families participated in a cleanup mountain climb (weed- and miscellaneous-brush-clearing activity) on Mount Takao in June 2002. And in the same month, 540 employees, family and previous staff members joined together to clean up Kujukurihama Beach in Chiba Prefecture before the swimming season opened.

Efforts to improve environmental performance and collect related data

The effort to gather data on environmental performance (environmental impact) is limited to certain areas such as the Daiwa Securities Headquarters Building. We plan to expand the scope of this effort in the future.

Although the quantity of electric power consumption in the Group's main buildings was nearly level from FY 2000 to FY 2001, it did increase by approximately 1%. The main cause is supposed to have been progress in office automation. The Group is currently taking steps toward energy conservation, as described below, and the Group's policy is to enhance this effort in the future in ways that enable the Group to achieve more substantial reductions.

- At facilities such as the Daiwa Securities Headquarters Building, we regularly check that all unnecessary lighting and office equipment is turned off.
- We turn off vending machine lights, reduce the number of fluorescent lighting tubes and partially turn off lights at the Daiwa Securities Headquarters Building, Daiwa Securities Business Center (DSC) Headquarters Building, etc.

- We introduce energy conservation equipment, such as devices to boil water with residual heat from computers, at the Daiwa Institute of Research Tokyo Center.
- At the DIR Osaka Center we installed eco-air conditioning equipment running on late-night electricity.

Although we do not fully comprehend the current data about the environmental impact created from our logistics operations, the Group is taking the following steps to ensure that this impact is being reduced to the extent possible.

- We are proceeding to rationalize in-house mail between the branches and offices within the Group.
- We are working to reduce traffic movement by installing a telephone conferencing system for our main buildings. We expect these measures to indirectly contribute to a reduction in the quantity of CO₂ and other gas emissions.

Quantity of waste disposal

(Unit: Tons)

	Waste disposal (Excluding recycled paper waste)	Waste disposal (Breakdown)		Recycled paper waste
		Municipal waste	Industrial waste	
FY 2000	498.8	379.2	119.6	3,402.6
FY 2001	508.2	376.3	131.9	3,895.9

Note: Applicable scope of waste reduction efforts is as follows.

Municipal waste: Nine buildings (Daiwa Securities Headquarters Building; Kabutocho Building; Eitai Daiya Building; Osaka Branch; DAM Headquarters Building; DIR Head Office, DIR Annex; DIR Tokyo Center; and DIR Osaka Center)

Industrial waste: The above buildings, excluding the Kabutocho Building, the Osaka Branch and the DAM Headquarters Building

Recycled paper waste: Nine buildings, consisting of the above buildings and DSC Headquarters Building, but excluding the DAM Headquarters Building

We have also submitted a Global Warming Action Program for the Group's three main offices (the Daiwa Securities Headquarters Building, DIR Tokyo Center and Eitai Daiya Building) to the Tokyo Metropolitan Government, based on environment-related ordinances to ensure citizens' health and safety (December 2000, measure revising the Tokyo Metropolitan Environmental Pollution Control Ordinance). Over the next three years, we plan to reduce the quantity of greenhouse gas emissions at all three offices by about 1.3%.

With regard to the quantity of waste disposal, the volume of recycled paper waste has been increasing remarkably, while other waste has exhibited only a marginal rise. The increase in paper waste is presumed to be the result of greater use of special-purpose computer and office automation (OA) forms. DIR Tokyo Center, which handles the bulk of large-scale computer system processing for the Group, used 1,122 tons of computer printout paper in FY 2000 and 1,047 tons in FY 2001.

The Daiwa Securities Group is currently undertaking the following efforts aimed at cutting waste and reducing the volume of paper used.

- Around 40 kg of food waste is generated per day at the employee cafeteria in the Daiwa Securities Headquarters Building; this is currently recycled as animal feed by stockbreeders.
- In May 2001, Daiwa Securities carried out a survey to determine ways to reduce paper use throughout the entire company. Moreover, the System & Operations Planning Department at Daiwa Securities has been successively moving into full-scale operation of the EDW (Electronic Data Warehouse) electronic slip system since June 2001. As a result the Company has reduced its average monthly computer output slips at all branches from approximately 6,000,000 pages in March

1998 to about 3,400,000 pages in February 2002.

- Daiwa Securities SMBC has taken the following steps :
 - It abolished incineration disposal of documents and slips in August 2000 and established rules for using such materials as recycled resources.
 - System rationalization has been a principal objective since February 1996. The Company is strongly promoting a paperless system to decrease the types of slips and quantities printed, and has set a goal to reduce by 80% the roughly 6,000 different types of computer output forms through the introduction of a next-generation system in 2003.
 - It has been computerizing various operations since June 2000, such as computerization of activities for legal affairs examinations of the Legal & Compliance Department, "ringi" requests for decisions, personnel-related applications, and systematized proposal and planning documents.
 - Although not an effort directly related to reducing waste disposal volume and the quantity of paper used, as a general rule the Company has been using kenaf paper for business cards since April 2001. It has also been using 100% recycled paper for all OA paper needs.
 - Since February 2002, Daiwa Institute of Research moved away from the idea that PCs can be disposed of only by crushing and DIR has moved to dispose of PCs by recycling whenever possible. DIR has also been computerizing all activities to handle various types of applications (travel and transportation expenses, overtime work processing, etc) via the Company's Intranet since September 1998.



Contribution to the environment through our principal business

Eco Fund: Mrs. Green

The term "eco-fund" refers to an investment trust that invests in firms that conduct their business by giving principal consideration to the environment or aggressively making efforts for environmental protection and improvement. The Global Eco Growth Fund (commonly called "Mrs. Green"), launched in June 2001 and managed by Daiwa SB Investments, uses the concept of "environment and growth in harmony" to select investment targets from among firms that are listed in the environmental rankings produced by Innovest, a research firm that evaluates companies from an environmental viewpoint. At the same time, the fund also invests in companies that provide leading environmental services or have cutting-edge environmental technologies. Total net assets under management in "Mrs. Green" as of March 31, 2002, were ¥17,585 million. The fund's top-ranked investment selections are shown in the weekly and monthly reports published on the Daiwa SB Investments website.²

² For details, please refer to the Mrs. Green Report from the Daiwa SB Investments website. (<http://www.daiwasbi.co.jp/product/mrsgreen/report.html>) Please note that this report is only available in Japanese.