

# Contents

<b>Dialogue: Fulfilling the Mission of the Securities Industry</b>	02
<b>Contents, Editorial Policy</b>	04
<b>Profile of Daiwa Securities Group Companies</b>	05
<b>Management</b>	
Brand Management and Sustainability	06
Results, Issues and Targets	08
Compliance	10
Corporate Governance	16
Information Disclosure	18
<b>Economic Reporting</b>	
Financial Performance	20
<b>Social Reporting</b>	
Initiatives in Our Core Business	22
Working for Customer Satisfaction	24
Daiwa People	26
As a Corporate Citizen and a Member of the Community	30
<b>Environmental Reporting</b>	
Working for the Environment	32
<b>Communicating with Society</b>	
Stakeholder Dialogue	36
Third-Party Opinion	38
<b>Milestones toward Sustainability</b>	40
<b>GRI Content Index</b>	41

## Editorial Policy

The Daiwa Securities Group released its first *Sustainability Report*<sup>1</sup> in 2002. This report provided information on Group pro-sustainability activities and social responsibility, and was written to be as readable and as sincere as possible. This year we offer our second *Sustainability Report*.

Each of its major sections (*Compliance, Corporate Governance, Information Disclosure, Initiatives in Our Core Business, Working for Customer Satisfaction, Daiwa People, As a Corporate Citizen and a Member of the Community* and *Working for the Environment*) addresses Group activities taken to promote economic, social or environmental sustainability.

Toshihiko Goto, Chair of the Environmental Auditing Research Group (EARG) and member of the Board of Directors of the Global Reporting Initiative (GRI), and Professor Iwao Taka of Reitaku University, a specialist in corporate ethics and compliance, provided third-party opinions in the 2002 *Sustainability Report*. As far as possible, the issues pointed out by these authorities have been addressed in this year's report. Specifically, we have expanded the scope of our environmental performance data, provided more quantitative social information, and revealed specific targets and issues and progress made on them. Additionally, the *Stakeholder Dialogue* section, new with this year's report incorporates comments that have been made to us whenever possible.

This report was prepared referring to GRI's<sup>2</sup> international guidelines for sustainability reports. We seek to offer information transparently and promote two-way communication with our stakeholders.

### Scope of this report

Target readers: All of Daiwa Securities Group's diverse stakeholders, primarily customers, shareholders, investors and employees as well as business partners, non-profit organizations, persons living near Daiwa Securities branch offices nationwide, and educational organizations.

Scope of reporting: This report basically covers our nine main Group companies<sup>3</sup>. However, it does not provide data from all nine companies on all items. Rather, the information is provided in proportion to the size and business area of each company. The scope of each category of numerical data is noted along with the data.

Period covered in report: FY 2002 (April 2002 – March 2003). Some information is provided that became available close to the publication date and some activities are covered that occurred prior to FY 2002.

<sup>1</sup> Sustainability report: Defined as a report on a company's efforts and systems for addressing three interdependent aspects of corporate activity—economic, social and environmental—as well as the results of these efforts.

<sup>2</sup> Global Reporting Initiative (GRI): An organization founded to propose and promote international guidelines for sustainability reporting. Participants include a variety of stakeholders such as businesses, non-governmental organizations, consultants, accounting groups and business groups from different parts of the world. Operations began in the autumn of 1997. For details see *About the Global Reporting Initiative*, page 39.

<sup>3</sup> Nine main Group companies: see *Profile of Daiwa Securities Group Companies*, page 05.