# Working for the Environment

## Key Points

- The Group is expanding the scope of environmental performance data it collects (adding Daiwa Securities branch offices nationwide, etc.).
- Average rate of paper recycled is just under 90%.
- The Group became a member of the Green Purchasing Network.
- Conducted company environmental campaign "Do Something Good for the Environment."

The Daiwa Securities Group recognizes that the environmental impact of its business is not trivial and it is making efforts to reduce it.

## Our vision on environmental issues

The direct impact that the business activities of Daiwa Securities Group have on the environment may be less than that of the manufacturing industry, but we still create a burden by consuming energy, water and paper and thus releasing carbon dioxide and waste. As environmental issues worsen, people today understand that businesses have an obligation to work continuously to mitigate environmental burden, no matter what the industry sector or form of business. Therefore the Group in FY 2001 began collecting data on its use of electric power, water and fuels (city gas, gasoline and so on) and its amount of waste and materials recycled at its major office buildings.

We are focusing to analyze now on trends in the data over the years and taking measures to reduce these burden. Further, we have begun to study about the possibility of acquiring certification under ISO14001, the international environmental standard, in order to implement environmental management. At the same time, we are putting highly effective systems in place to raise Group employee awareness through, for example, the environmental campaign described below.

## Energy conservation

The data on energy consumption of major Group office buildings since FY 2000 show that electric power consumption has been flat, while there has been a slight decline in usage of natural gas and other fuels. The effort to conserve energy has included reducing electricity and fuel consumption that we deem excessive or low-priority and incorporating energy-conserving design when facilities are updated. Specifically, we turn on lights only where needed, cut office equipment standby times, and run energy patrols to encourage staff to turn off unnecessary lights. We perform inspections and maintenance control to assure that air conditioning and other equipment is running efficiently. Windows are coated with light-blocking film and we use energy-saving air conditioning, lighting and elevators. Further, some Daiwa Institute of Research office buildings use "Eco-Ice" technology: hot water is derived from the process of keeping computers cool and some energy loads are supplied at night.

## Daiwa Securities Group $CO_2$ emissions

In FY 2002 $CO_2$ emissions by the Daiwa Securities Group totaled 40,708 tons[1]. This figure divided by total Group employment in Japan (12,538 employees[2]) yields per-capita emissions of about 3.25 tons.

The Group submitted its Global Warming Action Program for the Daiwa Securities Headquarters Building, Eitai Daiya Building and DIR Eitai Building, three of the Group's relatively large office buildings, to the Tokyo Metropolitan Government in June 2002. Our goals for reducing emissions of greenhouse gases ($CO_2$ equivalent) from these buildings by FY 2004 are 2.0%, 0.1% and 1.9% respectively from FY 2001 levels. The Group is now pursuing these goals.

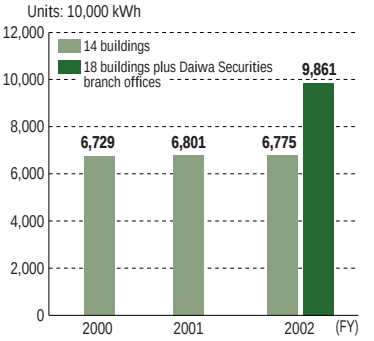
1 This figure is a calculated equivalent found by using the Ministry of the Environment's greenhouse gas emissions conversion formula. It is the $CO_2$ equivalent of the fuel, electric power and water usage of the Daiwa Securities Group in its 18 major office buildings and branch offices nationwide.

2 Total of employees, securities advisors and temporary employees in Japan. Refer to *Daiwa People*, page 26.

## Reducing water usage

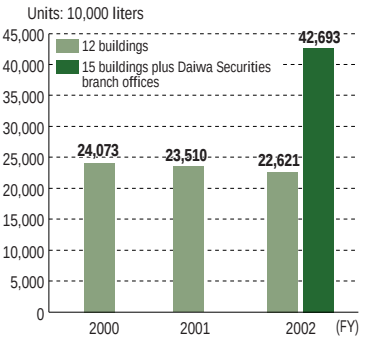
Water usage at the Daiwa Securities Group has been on a gradual declining trend since FY 2000. This is the result of a campaign to reduce water waste and the equipping of company cafeteria and lavatories with water-saving fixtures. Steps under consideration for further savings include using recycled water.

**Electric power usage** (Graph 1)




* Scope of data collection was expanded over that in FY 2002. For details see table *Scope of environmental performance data*, page 33.

**Water usage** (Graph 2)




* Scope of data collection was expanded over that in FY 2002. For details see table *Scope of environmental performance data*, page 33.

## Resource conservation, recycling and waste reduction

The product that Daiwa Securities Group sells is information. Therefore, the question of what to do about paper usage is the key to our efforts to conserve resources, recycle and reduce waste. Our future success at reducing environmental impact will hinge on how we digitize information.

### Resource conservation

Digitizing information is a very effective way of reducing paper use. E-mail and the Group intranet have greatly diminished the number of paper documents circulated internally. We encourage making copies on the back of earlier documents where confidentiality is not a concern. Daiwa Securities' investment fund prospectuses have been available electronically since May 2003 so that customers can view them at their PCs instead of in paper form.

### Recycling and waste reduction

The Group thoroughly sorts its paper waste and sends it to recyclers. We separate the paper into high quality paper, newspaper, magazines and pamphlets, cardboard and mixed paper. We check up on our collection and hauling contractors, intermediate processors and recycling companies to confirm that the material is ultimately recycled as it should be. The rate of paper recycling varies by building, but the average is just under 90%.

Other waste includes kitchen waste, bottles, cans, PET bottles, plastic and old PCs. We encourage the reuse of PCs in other departments, and if that is not possible, we engage the services of a recycling company that makes sure each material is recycled.

**Recycling volume and rates** (Table 1)

(Units: tons)

| | FY 2001 | | | | FY 2002 | | | |
|---|---|---|---|---|---|---|---|---|
| | Waste produced | Recycled | Disposed | Recycling rate | Waste produced | Recycled | Disposed | Recycling rate |
| **Paper** | 1,617.9 | 1,438.3 | 179.6 | 89% | 1,564.2 | 1,357.0 | 207.3 | 87% |
| **Non-paper** | 297.1 | 88.7 | 208.5 | 30% | 352.6 | 101.0 | 251.6 | 29% |

* See Scope of environmental performance data below for data coverage.

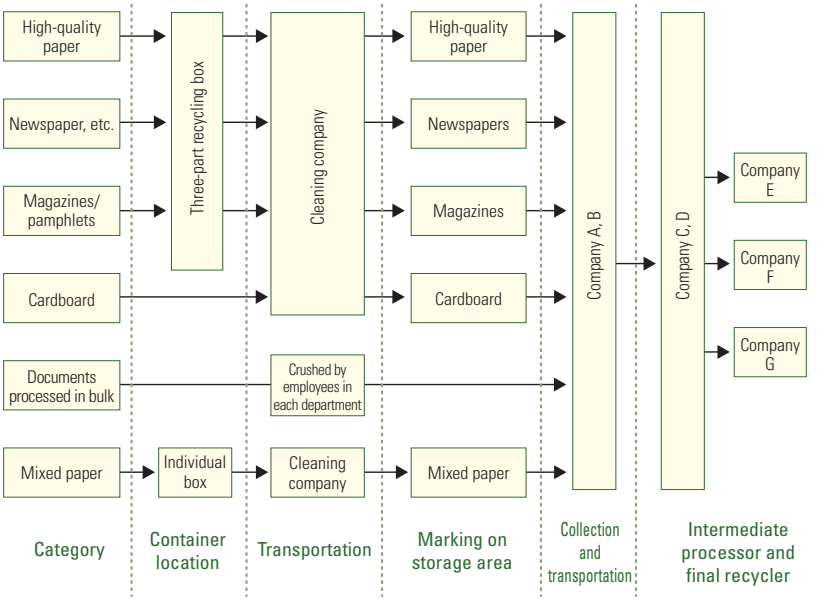
**Scope of environmental performance data**

* ◎ : Facilities added to scope of data collection in FY 2002

| Building name | Graph 1 | Graph 2 | Table 1 |
|---|---|---|---|
| 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 Eitai Building | ○ | ○ | |
| DIR Kiyosumi Building | ○ | | |
| DIR Izumi Building | ○ | | |
| DIR Osaka Center | ○ | ○ | ○ |
| DSC Headquarters Building | ○ | ○ | ○ |
| Daiwa Securities branch offices* | ◎ | ◎ | |
| Daiwa SB Investments Headquarters | ◎ | ◎ | |
| NIF Ventures Headquarters | ◎ | ◎ | ○ |
| Daiwa Training Center | ◎ | ◎ | |
| Daiwa Sanko Headquarters/Annex | ◎ | ◎ | |

* This applies to 125 office locations excepting headquarters, Osaka branch and Nagoya branch (end of March 2003).

**Paper recycling flow (in this example, Daiwa Securities Headquarters Building)**



# Working for the Environment

## Green purchasing

The Daiwa Securities Group encourages its employees to use the Sanko Net, run by Group company Daiwa Sanko, when they purchase office supplies. Sanko Net directs buyers to certified products from the Green Purchasing Network (GPN) database. Presently we purchase about 40% of our supplies with the GPN mark through Sanko Net.

Daiwa Securities Group Inc. joined the GPN in June 2003. The Group has just begun green purchasing, but is planning to establish a basic policy on this and will actively encourage it hereafter.

## Community activities of environmental issues

The Group's Corporate Community Affairs Department is the hub of Group action on behalf of the environmental social contributions. We have supported "Saving Forest Giants," a giant tree preservation program, since December 2000, encouraging customer support by putting up posters and setting out donation boxes at Daiwa Securities branch offices nationwide.

Poster for giant tree preservation program

Kujukurihama Beach cleanup

Major pro-environment activities that current and former employees and their families volunteered for in FY 2002 are shown below.

**Major environmental initiatives in FY 2002**

| | |
|---|---|
| **June** | Volunteers removed vines and underbrush from the forest at Mt. Takao, Tokyo. Volunteers included about 100 employees and family members mostly from Daiwa Securities branch offices in Tama, Tachikawa, Kunitachi, Machida and Hachioji.<br>About 540 current and former employees and their family members helped clean up Kujukurihama Beach in Chiba Prefecture. |
| **July** | Parents and children took a hands-on course in environmental work, cutting grass weeds and pruning trees. |
| **July ~ September** | Campaign to recycle used tennis rackets. Rackets were given to a non-profit organization, which restrung and reconditioned them and donated them to schools. |
| **November** | A total of 124 Daiwa Securities employees and family members from the North Osaka area (Umeda, Toyonaka, Nishinomiya, Amagasaki and Ibaraki) took part in effort to keep Mt. Rokko clean, sponsored by Hyogo Prefecture cities Ashiya, Takarazuka and Nishinomiya. |
| **December** | Employees donated 606 unneeded 2003 calendars and gave them to a second-hand market. |

Donation of surplus calendars to second-hand market

## Group environmental campaign

In May 2003 the Group as a whole conducted its "Do Something Good for the Environment" campaign to raise employee awareness. This campaign asked employees to enter activities they were undertaking or ideas to benefit the environment. This was our first time to run the campaign and so we received just 22 entries, but they offered a variety of good ideas.

A committee looked through the entries and judged them on environmental awareness, day to day effort and extent of activity, finally selecting entries to receive the Eco-Grand Prize, Eco-Life Prize, Eco-Office Prize, Eco-Idea Prize (Home/Private) and Eco-Idea Prize (Company). The Himeji Branch Office earned the Environment Grand Prize for its conservation efforts, which the employees have adopted as part of their routine (see feature below).

## Conservation is part of the job

Yasuhiro Noguchi, Manager, Himeji Branch Office, Daiwa Securities

It was mostly young staff members at Himeji Branch Office who so eagerly accepted the Group's environmental campaign challenge. I think what the prize committee was impressed by was our habit of reusing paper, separating waste and saving electricity, things we have done for the past decade. Separating waste has encouraged us to keep a more orderly workplace and to work more efficiently. No matter how much a company supports tree plantings and outside efforts like that, it means nothing if employees are wasting paper. Our employees remind each other to use paper wisely, separate waste for recycling, turn out the unnecessary lights and keep a reasonable room temperature. For new employees this is far more effective than being scolded by their superiors and accounts for why these habits have become established. And I hear that employees are separating waste and saving energy in their homes and dormitories, not just the office. It is gratifying to hear that we have created such a persuasive environment. This took 10 years to happen, so I am grateful for all those employees who have been so persistent.

At the same time our members have engaged in community activities. The branch office has never failed to attend the cleanup held the second Thursday every month of the boulevard that leads to Himeji Castle, the city's great landmark which is designated a national treasure. Employees get into the community by taking part in the castle festival, hosting a booth selling grilled yakisoba noodles and joining in the parade.

Himeji branch staff members

When these employees take part in environmental and community activities as Daiwa Securities staff members, and when they deal warmly with the people they meet, they do not brag about this; for them it is just part of the everyday life. As these deeds accumulate, they are reflected in the attitude these employees take when working with customers. Our day to day work may deal largely with numbers, but it is our attitude that makes us sustainable and should be the focus of all corporate activity.

Reminders to save energy

Controlling air conditioner temperature