

# CSR-Based Management at the Daiwa Securities Group

Efforts to bring our Corporate Principles to reality are the starting point for CSR-based management at the Daiwa Securities Group. The first pillar of our Corporate Principles, "Customer trust," recognizes our customers, the second, "Human values," recognizes employees, the third, "Total compliance," recognizes society as a whole, and the last, "Sound profit," recognizes shareholders. The Daiwa Securities Group understands that support from all these stakeholders is vital to its sustained growth. The Group therefore continues to communicate with its stakeholders and use their comments and wishes to improve management.

In 2000 the Daiwa Securities Group began a campaign to build a corporate brand based on these Corporate Principles. Trust is the most essential element of a corporate brand in the financial services industry and is another word for the ability to respond to customers and other stakeholders. Through a process of repeated trial and error to determine how to increase trust, the Group came to realize that a corporate brand

stems, in essence, from sustainability and CSR. Even this Sustainability Report which we began issuing in 2002 was created with the idea of checking up on the state of the Daiwa Securities Group in terms of the corporate brand.

The term "CSR" is rather abstruse and comprehends a wide-ranging concept. To put it into practice, it is essential to make it relevant to one's business. What can the Daiwa Securities Group do to achieve a sustainable society where economic, social and environmental concerns are in harmony with each other? At this time, the Group is promoting socially responsible investment (SRI)<sup>1</sup> as step 1 of CSR in our core business. This is in part because the Daiwa Securities Group itself strives to be a company in which persons practicing SRI will invest. Step 2 is economic and financial education and training<sup>2</sup>. This effort requires the cooperation of many employees, so we believe our employees get a stronger sense and understanding of CSR.

<sup>1</sup> For details see *Initiatives for Socially Responsible Investment*, pages 08 - 11. <sup>2</sup> For details see *Initiatives for Economic and Financial Education*, pages 12 - 15.

## Daiwa Securities Group Corporate Principles (established March 1998)

### 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.

### Human values

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

### Total compliance

We can be proud and prosper only when we achieve total compliance and gain the trust of our customers, our market and of our world society. We will maintain high standards of professional ethics and a fair code of conduct, thereby contributing to the development of our society.

### Sound profit

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.

## Daiwa Securities Group Brand Statement (established March 2001)

We the Daiwa Securities Group are committed to acting as our clients' best partner and promoting their financial wellbeing. In order to achieve this, we shall redefine currently accepted best practice drawing on the following three core values.

### We Shall Provide Products and Services that Exceed Expectations

It is important that we apply detailed knowledge of customer needs, innovation in our internal processes and a strong customer focus to provide solutions that routinely exceed customer expectations.

### We Shall Bring the Full Strength of the Group to Bear

Cooperation among Group companies sweeping aside traditional corporate barriers, a flexible approach to business and swift decision making will enable us to offer comprehensive financial services precisely geared to meeting our customers' financial goals.

### We Shall Continually Challenge the Limits of Financial Best Practice

Exploitation of our substantial store of professional knowledge and a pro-active approach to team building will enable us to remain pioneers in our marketplace.