

Fulfilling the Daiwa Securities Group's social role and responsibilities

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■ Contributing to society through everyday work is CSR

—What does corporate social responsibility, or CSR, mean for the Daiwa Securities Group?

I think that the essence of CSR is to help build a better society through our everyday work.

Businesses need to procure capital to run their business activities. On the other hand, investors are looking for better money management opportunities. Our job is to work as a bridge between businesses and investors. When we meet the needs of both, the economy and society continue to run smoothly and develop in a sustainable manner. Our work therefore has a very significant public aspect.

This contribution to the public good is inherent in the securities business, and I see it as the core of our social responsibility.

■ The switchover to the committee system was very natural

—Did the transition to a committee system in June 2004 bring about any repercussions related to the management setup?

I felt no discomfort at all when we switched over to the committee system. When the Daiwa Securities Group moved to a holding company structure in April 1999, we established the Advisory Board and Compensation Committee. We have had outside directors since 2002. So by June 2004, the Daiwa Securities Group already had a well-established culture, affirming separation of management and supervision.

Looking ahead, I think we have to continue improving our dialogue with shareholders. I want more of our stakeholders to know that the Daiwa Securities Group is a transparent, open group of companies.



■ A business that violates socially accepted norms will not succeed

—It seems that compliance is firmly established throughout the Group. What is your assessment?

In our business – which sometimes involves handling volatile financial products – sometimes customers see a profit and sometimes they see a loss. Our customers will simply not accept inadequate explanations of products that carry this kind of risk. In that sense, we are especially careful when it comes to compliance. For us, compliance is more than merely obeying laws and regulations; it means acting in accordance with corporate ethics as well as socially accepted norms. I have made it clear to all our employees that we are absolutely never to engage in any type of business that could even appear to be out of line with socially accepted norms, even if it does not violate the letter of the law or regulations. Even if that kind of practice made us some money, it would cost us the trust of society, which is by far our most valuable asset.

■ Honest disclosure protects a company

—How do you think about disclosure?

A company is a large group of people, and, someone is bound to make a mistake. In my view, the important thing is how quickly and accurately the facts, the cause, and the countermeasures are made public, after such a mistake is unfortunately made. Going public with a problem would be embarrassing for the company, but hiding it would be a much greater shame.

It is a universal truth that cover-ups risk the very survival of a company, while honest disclosure saves it.

■ SRI funds invest in promising companies

—The company is promoting socially responsible investment (SRI) as one of its CSR activities within the scope of its regular business. Can you give us your outlook on this?

Simply put, companies that are serious about CSR have strong growth prospects. That is why SRI funds, or funds that base investment decisions on thorough considerations of the CSR of the companies targeted for investment, can be expected to return good performance over the long-term. Once more investors come to understand this, I think SRI will grow significantly in the future.

■ Focusing on environmental protection to help achieve a sustainable society

—Why did you join the United Nations Environmental Programme Finance Initiative (UNEP FI) in November 2004?

The UNEP Statement by Financial Institutions on the Environment and Sustainable Development clearly proclaims a financial institution's intent to contribute to the sustainable development of society through its regular business. This statement is fully compatible with the Daiwa Securities Group's basic philosophy of conducting all of its business in a way that fulfills our CSR.

The simultaneous pursuit of economic growth and environmental protection is an important theme for human society in the 21st century. Going forward, Daiwa will be one of the financial institutions that work aggressively to help achieve that goal.