

Initiatives for Customer Satisfaction

Among the many relationships the Daiwa Securities Group has with various types of customers, this section focuses on initiatives taken by Daiwa Securities Co. Ltd. to improve the satisfaction of individual customers.

Issues and targets for fiscal 2004 and beyond	Results and progress for fiscal 2004
Make continuous efforts in post-sales follow up: Increase frequency of customer contact, study customer needs, and improve quality of proposals to customers.	Held information provision seminars after product purchase, and raised the customer contact frequency by staff and superiors.
Check basic actions: Be thorough in carrying out basic procedures and providing fundamental services.	Established leaders in each office with the goal of greater accountability on basic business etiquette and proper conduct.
Provide information that is easy for customers to understand: Use simple, straightforward language in documents and forms, etc., intended for customers.	Prepared easy-to-understand materials, handled account statements electronically, and simplified paperwork.
Increase customer satisfaction by improving sales organization and service programs.	Started a new sales system that meets customer needs (set up the Consulting Section, etc.).

Approach to customer satisfaction

The improvement of customer satisfaction is one of the most important issues in management. The Daiwa Securities Group is now working to establish a sales system that will provide new services for increased customer satisfaction, based on feedback from customers.

Daiwa Securities Group Brand Statement (established March 2001)

At the Daiwa Securities Group, we are committed to acting as our clients' best partner and to 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 Be a Leader in Defining 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.

Initiatives to address issues that arose in 2004

Ongoing initiatives for post-sales follow up*1

Daiwa Securities Co. Ltd. holds seminars on investment trust products owned by many investors, and is actively working to provide information after product purchases.

We are improving customer materials and raising the level of information provided to customers. We are also striving to offer better quality post-sales follow up by increasing opportunities for direct customer contact, not just by the staff involved, but also by the sales representative's superior.

Emphasis on basic etiquette

In November 2004, leaders were established in each office with the goal of greater accountability on basic business etiquette and proper conduct.

Making things easy for customers to understand

We consider the need for understandability when preparing materials, diagrams, and graphs for distribution to customers. We have also simplified paperwork relating to specification accounts, and have introduced electronic delivery of account statements.

*1. At Daiwa Securities Co. Ltd., we use the term "post-sales follow up" to describe follow-up service after product sales.

Organizational improvement for better handling of complaints

In order to increase customer satisfaction, we quickly identify any problems that arise due to differences in awareness between a customer and the company, or issues relat-

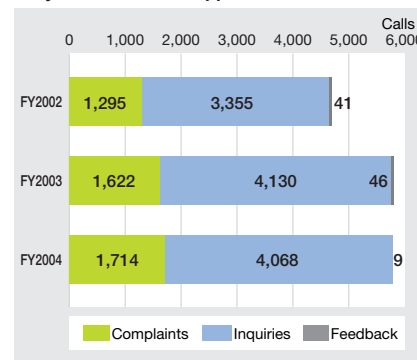
ing to investor protection. We also emphasize listening to customers in strengthening our compliance efforts.

As a result, in October 2004, we moved the Customer Support Center from under the Customer Satisfaction (CS) Promotion Department of the Sales Strategy Division, to the Compliance Division. In April 2005, we set up a Customer Support Dept. in the Compliance Division. Through the focused management of the Customer Support Dept., a faster and more appropriate system for handling complaints from customers is now in place, including complaints received by the Customer Support Center and the branch offices.

Customer Support Center inquiries and response

The Customer Support Center received 5,791 calls from customers in fiscal 2004. Of these, a majority of calls (4,068) were inquiries, while 1,714 were complaints. Most of the com-

Number and types of calls received by the Customer Support Center



plaints were related to service provided by branch offices, or employee etiquette.

The Customer Support Center issues a *Customer Support Center Monthly Report*, which is sent to executives, all branch managers, internal administration supervisors in the branch offices, and division general managers. This allows the details of customer complaints to be shared among all the relevant personnel. We are striving to improve our operations in each office based on customer feedback.

FY2004 customer satisfaction survey

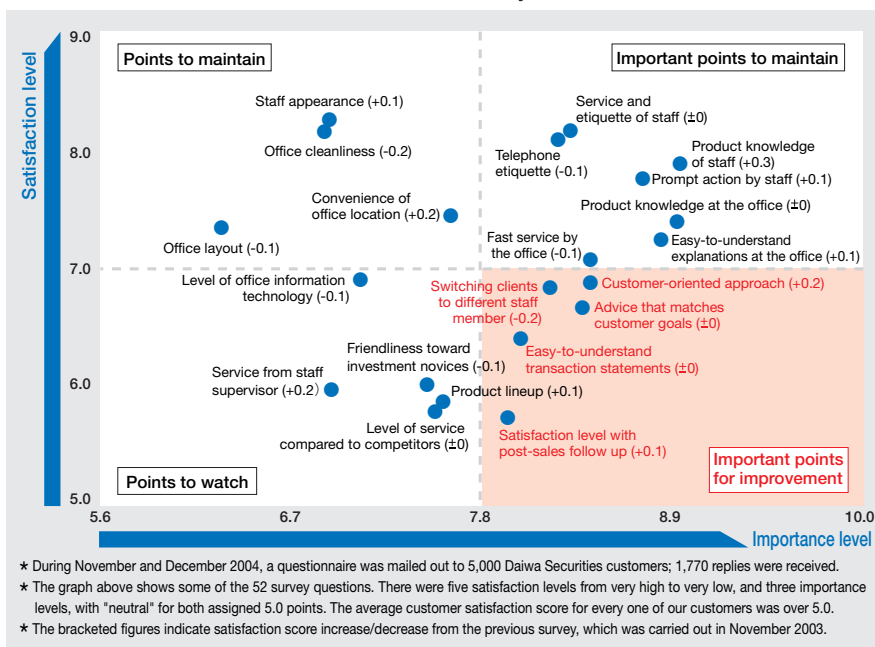
Every year since fiscal 2001, Daiwa Securities Co. Ltd. has been carrying out a customer satisfaction survey in order to assess customers' opinion of our services and help us provide even higher quality services. The results of the fiscal 2004 survey showed an increase in overall customer satisfaction compared to the previous year.

We increased our customer satisfaction for all the items related to post-sales follow up, including frequency, timing, and content, but levels remained low compared to the other evaluation items. We are aiming to increase these scores further, and follow up service will continue to be an important area of focus.

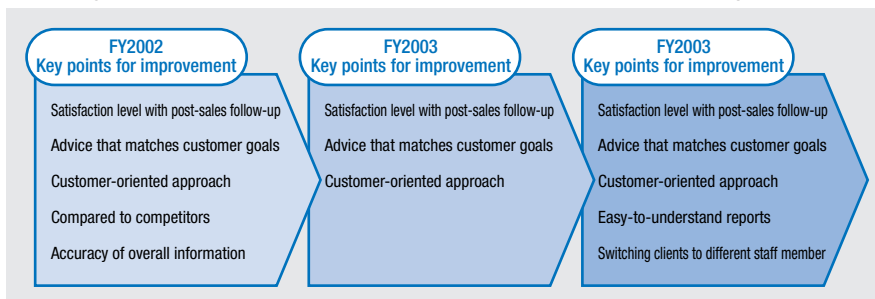
Future issues and targets for fiscal 2005

Based on the results of the fiscal 2004 customer satisfaction survey, Daiwa Securities Co. Ltd., will continue to actively emphasize post-sales follow up in fiscal 2005. We are working to increase the convenience of our offices with information technology, and will further improve services to customers using the Daiwa Direct course on investment. Also, we are renovating our offices to create spaces that will appeal to a wider range of customers.

Results of the fourth annual customer satisfaction survey



Evolving important improvement points based on the customer satisfaction survey



Stakeholder comment

Customer satisfaction initiatives of the Daiwa Securities Group

A book on customer satisfaction written over 20 years ago in the United States is still available in new editions. In this book are excerpts from customer letters: "A person who buys clothes is not actually looking for clothes, but rather a sophisticated look"; "A person who buys a toy is not looking for a toy, but is in fact seeking to make a child happy."

Therefore, it seems to me that what investors are actually seeking from the securities industry is "the pleasure of increasing assets" and "a secure and happy retirement." It is important that we continue our efforts to help customers reach their real goals in order to secure the sustainability of the Daiwa Securities Group.



Hiroyuki Sato
 Deputy General Manager
 CS Promotion Section, Sales Planning Department,
 Daiwa Securities Co. Ltd

Human Values and Human Resource Utilization

The source of competitiveness for the Daiwa Securities Group is its people. We are working to create outstanding work environments and improve our human resources system, which is designed to help employees to feel motivated, proud and satisfied in their work.

Issues and targets for fiscal 2004 and beyond
Review job descriptions and improve workplace environments with the aim of stabilizing employment of persons with disabilities.
Improve evaluator training to increase the objectivity of evaluations.
Achieve target of 20% group-wide enrollment in Daiwa Leadership Program.
Enhance personnel system with goal of fostering professional human resources.

Results and progress for fiscal 2004
<ul style="list-style-type: none"> • Ongoing regular interviews with Personnel Department staff. • Held a get-together for employees with hearing disabilities (9 participants)
Most group companies have implemented this already, although some have not.
In fiscal 2004, 62 people entered the program, and at the end of the fiscal year 14% of the deputy general managers (career-track employees) had graduated from the program.
On June 1, 2005, a qualification point system was introduced as part of the promotion criteria. There will be a transition period until fiscal 2007, and full-scale implementation will begin in fiscal 2008.

Basic approach to human resources

In order to develop personnel that are a competitive resource for the Daiwa Securities Group, we are working to create a human resources system that reflects the idea of human values mentioned in the Group's Corporate Principles. Starting in fiscal 2003, we have been focusing on Performance-based Evaluation System, broadening employee choices, establishing a fair evaluation system, and qualitative improvement of personnel.

Basic employee statistics (Daiwa Securities Group Inc.)

Average annual salary*	¥8.68 million
Average age	37.1 years old
Average number of years of service	10.7 years

(as of March 31, 2005)

* The average annual salary includes bonuses and other forms of additional remuneration.

Initiatives for recruitment

Policies and initiatives for fair hiring

The Daiwa Securities Group has established guidelines for respecting human rights and for recruitment based on fair and objective evaluations. Those involved in hiring are thoroughly familiar with these guidelines, and they have also been posted on our recruitment information site for job-seekers to see.

Employment information web site (Japanese only)

URL <http://www.daiwa.jp/recruit/>

Hiring by career path

The Daiwa Securities Group operates its hiring system based on different career paths, since each of its member companies have different business functions. Job candidates are selected for each career path, based on the business areas of retail securities, investment banking, asset management, research, systems consulting, and venture capital. The system then assigns candidates to specific group companies based on the career path, though with the proviso that career paths generally require exchanges of personnel between group companies.

College internship system

At Daiwa Securities SMBC Co. Ltd., the financial industry's first internship program based on open applications was started in 2001. It is an opportunity for university students to learn about investment banking activities, to make direct connections with employees working on the frontlines, and to get a feel for the work and the atmosphere of Daiwa Securities SMBC.

The participants undertake work projects set by their departments and make presentations on their results on their final days. The employees also take part in the project, observe the presentations and discuss them. It is more than an internship system that functions like an extended company tour, as it is an opportunity for students to get real hands-on work experience and to obtain specialized knowledge and experience.

Number of new graduates employed in entire Daiwa Securities Group

		(persons)		
		April 2003	April 2004	April 2005
Career-track employees and regional career-track employees*1	Male	326	203	252
	Female	274	147	235
General employees*2	Male	0	0	0
	Female	54	28	81
Financial advisors*3	Male	12	11	35
	Female	6	16	40
Total		672	405	643

*1. Regional career-track employees make up a class of career-track employees established at Daiwa Securities in 1998. These employees stay in one region and are not subject to transfers that require a change of residence. Full-scale hiring of new graduates into this class began in April 2002.

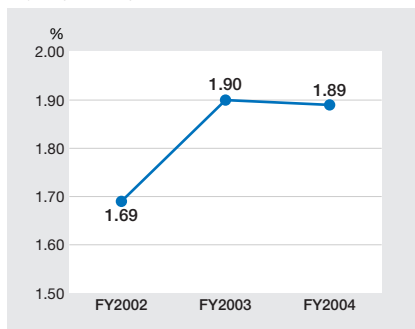
*2. General employees make up a class that was created in April 2003 by blending the old general employee class with the old area general employee class.

*3. Financial advisors are employees who work in sales at Daiwa Securities Co. Ltd., under one-year contracts.

■ Employment of persons with disabilities

As of the end of March 2005, the average percentage of our workforce made up of employees with disabilities is 1.89% across nine group companies, which is above Japan's legally required level of 1.8%. The personnel departments of Daiwa Securities Group companies regularly conduct personal interviews with employees with disabilities to ensure that they are facing no unnecessary obstacles in their work, and are able to enjoy job satisfaction. In June 2004, we held a get-together for hearing-disabled employees, attended by nine people. These employees were able to strengthen ties with each other, and also offered suggestions for improvement.

■ Percentage of workforce made up of employees with disabilities (average for nine group companies, as of the end of each fiscal year)



■ Realizing people-friendly work environments

■ Initiatives to ensure human rights

In its Code of Conduct and Ethics, Daiwa Securities Group Inc. prohibits discriminatory treatment for reasons not related to fair business practices, as well as banning sexual and other forms of harassment. A Human Rights Awareness Promotion Committee has also been established with the director of human resources as its chairman. Regular human rights awareness training is carried out once a year. We are a member of the Industrial Federation for Human Rights, Tokyo, and we strive to protect human rights. One of our activities in this is human rights awareness training programs.

■ Employee welfare system usage (Daiwa Securities Group Inc., Daiwa Securities Co., Ltd., and Daiwa Securities SMBC Co.Ltd.)

		(persons)		
		FY2002	FY2003	FY2004
Employees taking childcare leave*	Female	80	81	115
	Male	0	0	0
Employees taking family-care leave	Female	1	0	0
	Male	0	0	0

*Employees eligible for childcare leave include non-regular employees (contract employees).
*Since maternity leave is a legal requirement, the number of employees taking this leave is not listed.

■ Employee welfare system

With the aim of creating more people-friendly work environments, we are working to improve our employee welfare program.

Employees on maternity leave are paid their full monthly salary, and are also eligible for childcare leave of up to two years, which is longer than required by law. Although male employees are also entitled to childcare leave, none have taken it so far, so we are encouraging them to do so.

Employees are also eligible for up to 365 days of family-care leave, which also surpasses the legal requirement. In the case of an employee whose spouse is in need of care because of an illness or other hardship, a grant is available to cover home-helper expenses for up to sixty days. These benefits have not been used very much yet, and we will actively promote their use in the future.

■ Overtime hours and paid vacation usage rates

The average overtime working hours per month increased from 25.6 hours in fiscal 2003, to 29.3 hours in fiscal 2004. This was due to the sudden increase in stock certificate acceptance work in December 2004, resulting from the introduction of a specification account system at Daiwa Securities Co. Ltd. The Daiwa Securities Group aims to reduce the number of overtime work hours, and in May 2005, we began turning off the lights at 10 p.m. in the Daiwa Securities Headquarters Building.

The paid vacation usage rate grew slightly from 33.0% in fiscal 2003, to 33.2% in fiscal 2004.

■ Working hours and paid vacation usage rate (Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., and Daiwa Securities SMBC Co. Ltd.)

	FY2002	FY2003	FY2004
Annual regular working hours (Hours)	1,845.0	1,860.0	1,837.5
Average monthly overtime hours* (Hours)	22.2	25.6	29.3
Paid vacation usage rate	34.1%	33.0%	33.2%

*This is the number of Employees' Union members in Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., and Daiwa Securities SMBC Co. Ltd.

■ Employees of entire Daiwa Securities Group

		As of March 31, 2003			As of March 31, 2004			As of March 31, 2005		
		Employees	Financial advisors	Temporary employees*1	Employees	Financial advisors	Temporary employees*1	Employees	Financial advisors	Temporary employees*1
Japan	Male	6,799	123	-	6,920	166	-	6,879	258	-
	(career-track*1)	(6,151)	(-)		(6,197)	(-)		(6,127)	(-)	
	(manager)	(3,055)	(-)		(3,180)	(-)		(3,278)	(-)	
	Female	3,573	801	-	3,463	728	-	3,220	690	-
(career-track*2)	(1,372)	(-)		(1,377)	(-)		(1,258)	(-)		
(manager)	(39)	(-)		(55)	(-)		(75)	(-)		
Japan total		10,372	924	1,242	10,383	894	1,379	10,099	948	1,608
Overseas		1,187	-	23	1,182	-	36	1,196	-	44
Total		11,559	924	1,265	11,565	894	1,415	11,295	948	1,652

*1. Temporary employees are part-time employees; the figure shown here is the average number of such employees over the year. The temporary employee class is made up mostly of women.
*2. Includes regional career-track employees and specialist positions.

Human Values and Human Resource Utilization

Creating work environments that encourage women

Active recruitment and promotion

The Daiwa Securities Group is engaged in various initiatives to expand career opportunities for women. Four seminars were held between December 2004 and February 2005 for female university students interested in career-track employment. These included lectures by female executives and small discussion groups with young female career-track employees. Attendance for the seminars reached 222 women; we had the highest number of female applicants for career-track employment and the highest number of informal job offers to date.

We are also actively promoting women to management positions. As of March 2005, there were three female branch managers (Daiwa Securities Co. Ltd.), and two female general managers at group companies. In addition, we have promoted 75 women to management positions (2.2% of the entire management). As of June 2005, there are now three female branch managers, and four female general managers.

Establishment of the Women's Advancement Action Team

In February 2005, we established the Women's Advancement Action Team (tentative name) consisting mainly of the female staff of the Personnel Department of Daiwa Securities Group Inc. The team began looking into the improvement of work environments and the Daiwa Securities Group initiatives relating to the Next Generation Education and Support Promotion Act.

On June 1, 2005, the start of this new initiative was announced in-house. We will continue to promote full-scale efforts for this initiative in the future.

Human resource and skills development

The Daiwa Securities Group carries out various types of training based on the idea that it is human resources development that determines a company's competitiveness. In addition to training that meets the needs of individual group companies, we perform cross-

group training including combined orientations for new employees, and selective management training.

Combined new employee orientation

The Daiwa Securities Group has a shared program for the training of new recruits in order to promote better communication across the entire Group and for new employees to learn about social responsibility, corporate ethics and our Corporate Principles. The program sets aside one day for social responsibility learning including human rights. New recruits engage in corporate citizenship activities such as experiencing visual disability through a blindfold exercise, learning sign language, or offering care support in an elderly home. An hour has also been designated for new employees to learn about corporate social responsibility. Outside experts have been invited as guest lectures since fiscal 2004.



Presentation at combined new employee orientation

Selective management training

As of June 2005, 130 people have graduated from the Daiwa Management Academy program, which was instituted in 2000 for general managers; 356 people have completed the Daiwa Leadership program started in 2001 for deputy general managers. We are striving to develop human resources that will serve as the next generation of leaders.

Skills development training

Amid the major changes in the environment faced by financial institutions, the Daiwa Securities Co. Ltd., introduced a Professional Certification System in fiscal 2004, in order to focus on the important issue of professional development for our employees. We are aiming to award the first certifications in April 2006. In fiscal 2004, we carried out Consulting Skills

Training over six months, which culminated in a certification exam. 190 professional certification candidates have taken the course.

Implementation of qualification criteria for promotion

In June 2005, we greatly expanded the support system for obtaining qualifications, along with the introduction of fixed qualification criteria for personnel promotion. We have set "qualification points" for each managerial post or grade, and are promoting the acquisition of knowledge and credentials befitting an organization of professionals.

Persons earning credentials (nine group companies)

(persons)	
Credentials	Credentialed persons
Chartered Member of the Security Analyst Association of Japan	1,211
Chartered Financial Analyst (USA credential)	39
Financial Planner (AFP)	2,499
Financial Planner (CFP)	193
Licensed Tax Accountant	11
Variable insurance sales credentials	5,423
System Analyst	25
Overseas MBA program graduate, etc.*	117
(as of March 31, 2005)	
* Persons sent by the Group to earn degree. Other degrees include master's degrees in law and international affairs.	

Intra-Group Job postings

Our internal recruiting system facilitates personnel transfer across the Group, in order to realize the potential of employees with ambition and ability. In the summer of 2004, there were 13 successful candidates out of 65. In the spring of 2005, there were 24 successful applicants out of 87, marking a substantial increase.

The total number of applicants since the start in summer 2000 is 494, 95 of whom have been successful in their new positions.

A more impartial personnel evaluation system

With the aim of achieving fairer personnel evaluations, we perform "mutual evaluations" between superiors and subordinates, as well as "360 degree evaluations" where employees are evaluated by those in other positions they have

close connections with. Compliance objectives are also included in personnel evaluation, and are used for determining personnel reassignments and promotions. We have implemented evaluator training in order to improve the degree of acceptance for individual evaluations.

Communication with employees

We have established opportunities at our group companies to hear from employees directly, through a semi-annual self reporting system, and through interviews with the Personnel Department. We have also set up ways for employees to submit opinions to the company through the Corporate Ethics Hotline, and employee counselors.

We are also maintaining good labor relations, including the preparation of plans for the Next Generation Education and Support Promotion Act in consultation with the Daiwa Securities Group Employees' Union. We maintain close communication with the union through spring wage negotiations, and a union member questionnaire at the time of semi-annual bonus payments. As of March 2004, 5,786 employees are members of the union.

Number of Employees' Union members (seven group companies,* as of the end of each fiscal year)

	(persons)		
	FY2002	FY2003	FY2004
Number of Employees' Union members	6,388	6,220	5,786

* Excluding Daiwa Asset Management Co. Ltd., which has its own employees' union, and Daiwa Property Co., Ltd., which has no employee union.

Retirement lifestyle support

The Daiwa Securities Group has a system to support the lifestyles of employees after they retire.

The Daiwa Elder System is a reemployment system for those employees who have reached mandatory retirement age. In fiscal 2004, we reemployed 84 people by increasing our job matching abilities. One program we offer is called the Senior Work system, which finds positions for employees that are 55 or older under a policy of assigning them to their desired locations for retirement life whenever possible.

Employee success results for intra-Group job postings

Period	Jobs offered	Applicants	(Persons)
			Successful applicants
Summer 2000	Fund manager, analyst, venture capitalist	12	2
Winter 2000	Work abroad	71	6
Summer 2001	Fund manager, analyst, venture capitalist, investment information, principal finance, etc.	58	7
Summer 2002	Fund manager, mergers and acquisitions, derivatives, work abroad, internal wholesaler, satellite broadcaster, etc.	60	8
Summer 2003	Individual and corporate sales, analyst, derivatives, venture capitalist, internal wholesaler, dealer, trader	81	19
Winter 2003	Analyst, money manager, SMA consultant, sales, consultative planning, dealer, trader, derivatives, management consultant, pension consultant	60	16
Summer 2004	Compliance, product development, mergers and acquisitions, research, analyst, venture capitalist, fund manager	65	13
Spring 2005	Compliance, investment advisor, mergers and acquisitions, principal finance, analyst, venture capitalist, fund manager	87	24

We also have a program called the Voluntary Retirement system, which offers individuals a wide range of choices, as well as the Second Career Support Leave, which provides two months leave for retirement job hunting or preparations to start a new business.

Usage of the Daiwa Elder System (Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., and Daiwa Securities SMBC Co. Ltd., as of the end of each fiscal year)

	(Persons)		
	FY2002	FY2003	FY2004
Number employed through the Daiwa Elder System	57	68	84

Future issues and targets for fiscal 2005

In fiscal 2005, we will strive to improve work environments and revise job descriptions, with the goal of retaining employees with disabilities. We will launch full-scale efforts to improve the training system for the development of professional human resources, and to create work environments that encourage women.

Stakeholder comment

Thoughts on creating work environments that encourage women

In the past, there were no clear standards in the Daiwa Securities Group on career paths for women such as the work experience necessary for promotion. Recently however, there has been an increase in the appointment of women to managerial positions, and women now have a clearer idea of how they can pursue a career in the Group. The female employees seem to have higher morale as a result. There has also been an improvement in the awareness of childcare leave in the workplace, making it easier for women to take advantage of the system.

I think that steady progress has been made, and I hope that more measures will be taken in the future to help women in the workplace.



Naoko Saito
Branch Manager
Nakano Branch, Daiwa Securities Co., Ltd.

Working with Society as a Good Corporate Citizen

We are promoting measures to enhance the relationships we enjoy with local communities, based on the conviction that our activities as a good corporate citizen are an investment in society.

Issues and targets for fiscal 2004 and beyond	Results and progress for fiscal 2004
Partner with recipients of aid from foundations and perform community-based corporate citizenship activities through branch offices.	Deepened communication through the holding of informal gatherings and grant presentation ceremonies at branch offices.
Promote group company employees' understanding of volunteer activities through "welfare experience courses."	Promoted better understanding through sign language classes, visual disability simulation exercises, and visits to nursing homes.

Initiatives for social issues

The Daiwa Securities Group invests in society through its corporate citizenship activities. In fiscal 2002, we began creating a system enabling branch offices of Daiwa Securities Co. Ltd., to receive assistance requests from local communities, as part of the promotion of our measures to enhance our relationships with local communities.

Our efforts are divided into four sectors:

- (1) Education and research activities in the fields of economics and finance;
- (2) Support for volunteer work by employees;
- (3) Assistance for local communities in Japan and abroad through our foundations; and
- (4) Support for culture and the arts.

Contributions to corporate citizenship activities

	(¥ thousand)	
Target sectors	FY2003	FY2004
(1) Education and research activities in the fields of economics and finance	212,500	184,040
(2) Support for volunteer work by employees	4,870	4,310
(3) Assistance through our foundations	15,000	160,000
(4) Support for culture and the arts	100,000	360,000
Total	332,370	708,350

Education and research activities in the fields of economics and finance

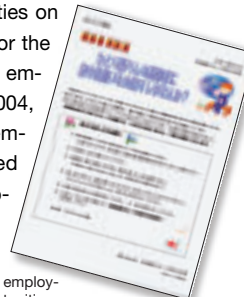
Partnership between companies and universities in the areas of education and research is an important way to contribute to the development of the Japanese economy. In fiscal 2004, we developed support for researcher exchange, including Daiwa-sponsored courses and joint research with Waseda Graduate School of Finance, Accounting and Law. We also continued to support economic educa-

tion in elementary, junior high and senior high schools. For details see pages 12 to 15.

Initiatives to increase the number of employees doing volunteer work

Volunteer activities expand the outlook of employees, create a new sense of values, and increase the flexibility of the organization. In conjunction with CSR training, the new employee orientation includes social welfare experience courses that consist of hands-on experiences such as learning sign language, doing visual disability simulations, and helping out at nursing care facilities. We also post volunteer opportunities on the Daiwa intranet for the benefit of interested employees. In fiscal 2004, a total of 2,295 employees participated in 100 volunteer programs.

Information for group employees on volunteer opportunities



Main employee volunteer activities

Our volunteer activities are broadly divided into independent activities carried out by the

Daiwa Securities Group on its own, and general activities performed in conjunction with local community groups and NPOs.

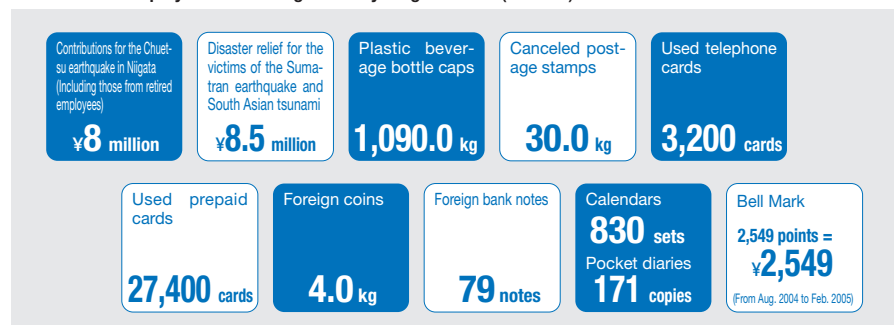
As part of our independent activities, 41 group employees participated in a forest maintenance project carried out on Mt. Takao, near Hachioji, Tokyo. Ten employees also participated in a general activity that involved a visit to Tokyo Disneyland with disabled people. These participants thoroughly enjoyed the experience, and expressed how meaningful it was to create an environment where a large group of the disabled could actively enjoy themselves alongside the rest of society.

We are also engaged in activities for utilizing canceled postage stamps, recycling plastic beverage bottle caps, and raising funds to help the victims of natural disasters.



Forest maintenance on Mt. Takao

Results of employee fundraising and recycling activities(FY2004)



Assistance for local communities in Japan and abroad through our foundations

The Daiwa Securities Health Foundation provides assistance to hospitals and universities for the advancement of empirical research relating to social welfare, and for promotion of health among the middle-aged and seniors. In fiscal 2004, the Foundation provided total assistance funds of ¥30 million to 30 projects. The Daiwa Securities Welfare Foundation provides support for volunteer activities and received a record 750 assistance applications in fiscal 2004. Based on the results of application reviews, the Foundation provided a total of ¥47 million in assistance to 206 projects carried out by volunteer organizations. Both of these Foundations solicit applications publicly and select assistance recipients based on the results of reviews.*1

The Daiwa Anglo-Japanese Foundation was set up to support activities that promote mutual understanding between Japan and the UK, and each year it provides scholarships for British students to come and study in Japan. In fiscal 2004, seven students came to Japan.

*1. Details on the application procedures are available online at:

URL <http://www.daiwa.jp/branding/kouken/>
(Japanese only)

Support for reconstruction in the areas affected by the Sumatran earthquake and South Asian tsunami.*2

As a reconstruction measure for the victims of the Sumatran earthquake and South Asian tsunami that struck in December 2004, we began a 10-year support effort in 2005 targeting NGOs in the three affected countries of Indonesia, Sri Lanka, and India. We established "the Daiwa Securities Group Tsunami Reconstruction Fund" as part of the Asian Community Trust (ACT), and are donating ¥10 million per year for a period of 10 years. This is a long-term reconstruction program that supports local NGOs in the affected countries, by providing livelihood assistance in the three areas of educational opportunities for children, counseling services, and micro-finance projects.*3

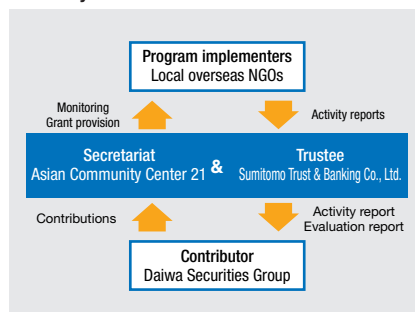
The Asian Community Center 21(ACC21) provides professional assistance in monitoring the activities of the local NGOs overseas,

while the Sumitomo Trust & Banking Co., Ltd., offers its services for the fund management. By utilizing the financial system that makes up the Daiwa Securities Group's core business, we are able to help meet the long-term needs of recipient communities in a way that is not possible with one-time contributions.



Children in Tricomalee (received by ACC21 from a local NGO)

ACT system



*2. See page 18, "Disaster Assistance through Corporate-NGO Partnerships," for information on our reconstruction support efforts for the victims of the Sumatran earthquake and South Asian tsunami.

*3. Financial services including deposit accounts and small-scale loans for low-income earners.

Stakeholder comment

Participation in volunteer activities

I participated in the forest maintenance project on Mt. Takao with my wife and son. Half of the time was spent listening to an introductory lecture on the environment, and the other half of the time we helped to thin out the forest undergrowth. I think this was a good balance of activities, as it is important to understand the reason behind the forest thinning work. After just an hour and a half, I was drenched in sweat, so it was definitely not easy work. However, I felt that I wouldn't mind doing more actual work next time. Although there has been an increase in the selection of Daiwa-sponsored volunteer activities, it seems that there are not enough people participating in them. In the future, I think I will make an extra effort to invite my family and friends to participate with me.



Yuji Koseki
General Manager, Information Technology Department
Daiwa SB Investments Ltd.

Support for culture and the arts

The Daiwa Securities Group provided funding for the Slovakia Philharmonic Orchestra's Tokyo performance in June 2004. Daiwa Securities SMBC Co. Ltd., also gave special support for the Berlin Philharmonic Orchestra's tour of Japan in November of the same year.

Special support was also provided for the Louvre Museum exhibitions held in Yokohama and Kyoto from April to October, 2005. As part of this effort, we held a private viewing of the Louvre exhibit for 65 people with disabilities (plus 63 companions for a total 128 people) on May 26, 2005



Special exhibition viewing

Future issues and targets for fiscal 2005

In fiscal 2005, we plan to further expand our independent volunteer program to allow more group employees to participate.

The Daiwa Securities Group understands that its own sustainability as an enterprise is intimately linked with the sustainability of society. As a good corporate citizen, we are actively engaged in efforts to address social issues in four priority sectors we have selected, and we are helping to foster a sustainable society.