

Editorial Policy

We have published this report every year since 2002 with the aim of disclosing, clearly and in good faith, information relating to the Daiwa Securities Group's sustainability and corporate social responsibility (CSR) initiatives. We also see the process of preparing this report as an important opportunity for us to affirm the outcome of our efforts and identify issues for further attention.

The 2002 *Sustainability Reporting Guidelines*, an international set of requirements for sustainability reporting published by the Global Reporting Initiative (GRI)^{*1}, was used as reference when putting this report together. Raising CSR-awareness among employees and promoting dialogue with various stakeholders were two particular objectives in the preparation of this publication.

In the Special Feature sections, we focused on the social responsibility that the Daiwa Securities Group needs to take on as a financial institution, and gave serious consideration to issues and directions, presenting the exchange of opinions in and outside the Group. Two main initiatives that are highlighted are the promotion of socially responsible investment (SRI) by the Group, as well as educational and research efforts in the areas of finance and economics.

The goal in the Management section, as well as in subsequent chapters, was to account for the Daiwa Securities Group's management and execution systems to each stakeholder. Also, the Group's social, economic, and environmental performance in fiscal 2005 were reported according to the GRI guidelines.

Scope of report

Intended readership:

The Daiwa Securities Group's diverse stakeholders, which primarily include customers, shareholders, investors, and employees; also, business partners, non-profit organizations (NPOs), persons living and working in the vicinity of Daiwa Securities headquarters and our branch offices nationwide, and finally, educational organizations.

Scope of reporting:

This report basically covers our nine main group companies^{*2}, which account for about 90% of the Group's total number of employees. The report does not, however, encompass data from all nine companies on all items reported. Rather, information is provided in proportion to the size and business area of each company. The scope of numerical data is noted along with the data.

Period covered by report:

Fiscal 2005 (April 2005—March 2006). The report also includes some information on activities carried out in fiscal 2006 which became available close to the publication date, as well as some information on activities that occurred prior to fiscal 2004.

Publication date:

September 2006 (Previous report was published in September 2005, and the next report is planned for September 2007).

^{*1} Global Reporting Initiative (GRI): An organization founded in 1997 to draw up and disseminate international guidelines for sustainability reporting. Participants include a variety of stakeholders, such as businesses, non-governmental organizations (NGOs), consultants, accounting groups, and trade associations from different parts of the world.

^{*2} See "Daiwa Securities Group's Areas of Business" on page 5 for the Group's nine principal companies.

BUILDING SUSTAINABLE SOCIETY

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