

# CSR Management

Information relating to corporate social responsibility is actively distributed both inside and outside Japan. CSR activities are promoted through communication with stakeholders.

<b>Issues and targets for fiscal 2005</b>	Conduct training in compliance, corporate ethics, and CSR at all Daiwa Securities Co. Ltd. branches, to be completed by the end of fiscal 2007.  Promote group employees' understanding of CSR.	<b>Results and progress for fiscal 2005</b>	Implemented at 95 of Daiwa Securities Co. Ltd.'s branches, in cooperation with the Corporate Ethics Department (currently the General Affairs Department) and the Compliance Division at Daiwa Securities Co. Ltd.  Implemented a CSR questionnaire for all group heads and directors.
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## Daiwa Securities Group's approach to CSR management

CSR means an entity or organization contributes towards the building of a better society, through daily business activities. In its medium-term management plan for 2006 to 2008, the Daiwa Securities Group has clearly established CSR as one of its major management objectives.

## CSR promotion system

The CSR Promotion Department was established at Daiwa Securities Group Inc. in July 2004. The department participates as needed in department head meetings at group headquarters and in departmental liaison meetings held through the Group, where it reports on the Group's CSR

activities and raises CSR-related issues. The department also serves as the secretariat for the Environmental Management Committee, which is tasked with improving the quality of environmental management systems group-wide.

The CSR Promotion Department also prepares the Daiwa Securities Group Sustainability Report, responds to various surveys from outside organizations, and communicates with external stakeholders such as NPOs and NGOs.

### Daiwa Securities Group's basic CSR strategy

Taken from "Passion for the Best 2008," Daiwa Securities Group's new medium-term management plan.

To carry out communication with stakeholders on a more comprehensive scale. The Group contributes to the development of a sound economy and society, as well as maintain its social status.

- Education in economics and finance: To work with educational institutions and NPOs to promote economics education, as well as support education and research based on the cooperation between business and universities.
- Socially responsible investment (SRI): To promote the widespread practice of SRI.
- Environmental protection: To build an environmental management system, including the establishment of environmental policies, within the group companies, starting first with the principal group companies in Japan, then the consolidated subsidiaries in Japan, and later, the overseas subsidiaries.

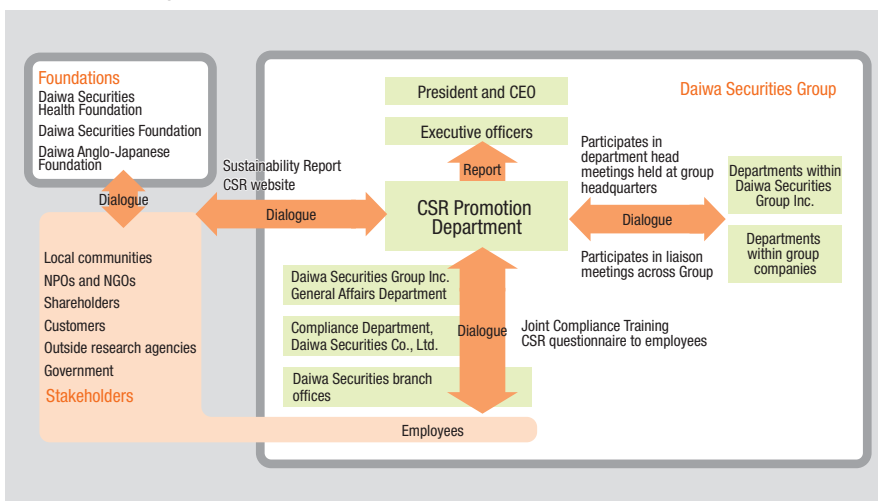
## Activities to promote CSR awareness

The Daiwa Securities Group strives to promote better understanding of CSR among its stakeholders inside and outside the Group, through various modes of communication.

### Promoting CSR awareness within the Group

The Daiwa Securities Group provides its employees with training in order to raise CSR awareness and understanding. The CSR Promotion Department conducts the Joint Compliance Training together with Daiwa Securities Group Inc.'s Corporate Ethics Department (currently the General Affairs Department) and Daiwa Securities Co. Ltd.'s Compliance Division, visiting each Daiwa Securities Co. Ltd. branch across Japan. As of March 31, 2006, the training had been held at 95 branches, and the Group plans to provide training at all 115 business sites by March 31, 2007. Seminars are also held for new employees, focusing on the significance of CSR activities and Daiwa Securities Group's basic approach to this subject.

### CSR promotion system



● **Release of information outside the Group**

The Daiwa Securities Group sees the provision of CSR information to the general public as one of its important responsibilities.

On the Daiwa Securities Group website, there is not only information about specific CSR activities carried out by the Group, but also a general explanation of CSR and socially responsible investment (SRI). The website for Daiwa Asset Management Co. Ltd. has a new section on sustainability.

Finally, the Group is striving to distribute information externally through industry publications, national newspapers, and business organizations' bulletins such as Nippon Keidanren and the Japan Association of Corporate Executives (Keizai Doyukai).



The sustainability section on the website for Daiwa Asset Management Co. Ltd.

▶ <http://www.daiwa-am.co.jp/sustainability/index.html>  
(in Japanese only)

■ **Initiatives at overseas locations**

The Daiwa Securities Group is promoting a global network for information sharing and sustainability activities.

The following initiatives are being carried out at almost all the Daiwa Securities Group's principal overseas sites (37 locations including local subsidiaries, branches, and representative offices).

- Establishment of a code of ethics and staff manuals
- Preparation of crisis management manuals
- Training to prevent gender harassment; creation of employee counseling services
- Maintenance of hiring and working conditions in compliance with local laws and guidelines
- Meeting the local minimum working age requirement when hiring
- Reduction of environmental impact by promoting recycling

The Group is pursuing various other initiatives overseas in addition to the measures above. Daiwa Securities SMBC Europe Limited has prepared employment guidelines based on best practices in the industry, in an effort to provide employees with equal opportunities. Daiwa Securities America Inc. requires that all its employees attend harassment sensitivity seminars,

while in Australia, local employees are offered Japanese language classes. In the future, the Group intends to implement its environmental management measures at overseas sites, as well as corporate citizenship activities that best suit the respective locations.

**Future issues and fiscal 2006 targets**

The Group's focus is on the three priority issues set out in the medium-term management plan: (1) Education in economics and finance; (2) promotion of socially responsible investment (SRI); and (3) environmental management. In fiscal 2006, the Daiwa Securities Group will continue to carry out Joint Compliance Training sessions and other related initiatives for the promotion of CSR awareness throughout the Group. At the same time, it will increase communication with various stakeholders both inside and outside the Group, as a means of providing information for the better understanding of CSR.

● **The Daiwa Securities Group and its relationships with its stakeholders**

