

Corporate Citizenship

Companies are important institutions within society, not just economically, but also socially. Hence, the Daiwa Securities Group is going beyond volunteering and donations, and making corporate citizenship a core principle of its business operations.



Approach to corporate citizenship and initiatives

We believe a good corporate citizen invests in society through activities and projects that contribute to the welfare of the public.

Daiwa Group's corporate citizenship activities fall into four categories:

- (1) Education and research activities in the fields of economics and finance;
- (2) Encouraging volunteerism among employees;
- (3) Support for culture and the arts; and
- (4) Assistance to communities both on the local and international level through foundations and NPOs

(1) Education and research activities in the fields of economics and finance

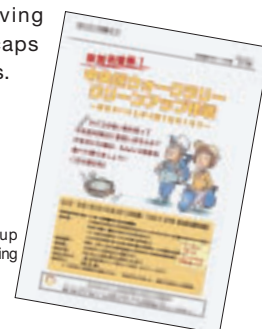
The Daiwa Securities Group has undertaken to contribute to society the knowledge and expertise accumulated in its line of business in economics and finance. The Group supports economics education in junior and senior high schools and sponsors courses and joint research projects with universities. For more details, see pages 15 through 18.

(2) Encouraging volunteerism among employees

Volunteering broadens a person's horizon and teaches him or her to appreciate a broader set of values. The Daiwa Securities Group is encouraging its employees to volunteer through various programs. Volunteering is divided into two types: those planned and promoted

independently by the Group, and those held in cooperation with local communities and NPOs. In order to encourage employees to participate, various volunteering opportunities are posted on the group intranet.

In fiscal 2005, a total of 1,874 employees participated in 96 different activities. In addition, the Group has also expanded its programs to include fund raising for survivors of natural disasters, and recycling projects involving plastic bottle caps and used stamps.



Information for group employees on volunteering opportunities

• Daiwa Securities Group's initiatives as a responsible corporate citizen

Activities	Activity type	Main activity details	Expenditure (unit: ¥10,000)			
			FY2003	FY2004	FY2005	
(1) Education and research in the fields of economics and finance	Initiatives for elementary, and junior and senior high school students	Finance Park, Student Company Program (SCP)	21,250	18,404	16,492	
	Tie-ups between corporates, universities and graduate schools	Sponsored courses, joint research				
(2) Encouraging volunteerism among employees	Independent activities	Joint training for new hires, Azabu-Juban Summer Festival, forest thinning awareness activities, sign language courses	487	431	621	
	Joint activities	Communication courses, Chuo-ku clean-up				
(3) Support for culture and the arts	Promoting culture and the arts	Louvre Museum exhibitions, Teatro La Fenice Japan Concert 2005	10,000	36,000	35,800	
(4) Assistance to communities both on the local and international level through foundations and NPOs	Three foundations	Daiwa Securities Foundation	1,500	16,000	7,544	
		Daiwa Securities Health Foundation				Assisting volunteer activities for youth welfare issues and to help the house-bound elderly and the disabled
		Daiwa Anglo-Japanese Foundation				Public health, medical care, and welfare assistance
	Two assistance programs	Daiwa Securities Group Tsunami Reconstruction Fund				Promotion of mutual understanding between Japan and the UK by hosting foreign students
		SRI assistance programs				Disaster relief for the survivors of the Sumatran earthquake in December 2004
Other	Grant program donations based on sales of Daiwa SRI Fund	Membership and support fees				
Total			33,237	70,835	60,457	

● **Independent activities**

The Daiwa Securities Group has incorporated volunteering into its training for new employees. In the new-hire training program in April 2006, participants engaged in a cleanup around the station near the Daiwa Training Center, and helped out at a nursing care home. One new employee that had participated in the program remarked that she was touched by the expressions of thanks from local residents. Another new hire commented that there were an awful lot of cigarette butts to pick up. Since that employee was himself a smoker, he became more socially conscious, keenly aware of the problem it creates when people carelessly toss this kind of rubbish on the ground.

The Daiwa Securities Group has been organizing a sign language class, open not only to its employees, but also to members of the public, since 2000. The course takes six months, and about 50 people take part each time.



Sign language class

● **Jointly sponsored activities**

With the help of local communities and NPOs, the Daiwa Securities Group also participates in large-scale volunteering activities. In 2005, the Group participated in a Chuo-ku clean-up event promoted by Chuo Planet and 15 other companies located in that district of Tokyo. Participants picked up litter including cigarette butts, and helped beautify the urban environment. Separately, communication courses were held in Tokyo, Osaka, and Nagoya, providing participants the skills needed to interact and listen sympathetically to troubled or marginalized persons.

(3) Support for culture and the arts

The Daiwa Securities Group has also undertaken various activities to support culture and the arts. Between April and October 2005, the Group sponsored the Louvre Museum exhibitions 'Masterpieces from the Louvre Museum', and in May, the Teatro La Fenice Japan Concert 2005.

The Louvre Museum exhibitions held in Kyoto and Yokohama attracted the greatest number of visitors to an art exhibit in Japan during fiscal 2005. In fiscal 2006, the Group sponsored another Louvre Museum exhibition 'Ancient Greek Art from the Louvre Museum'.



Private showing at the Louvre Museum exhibition

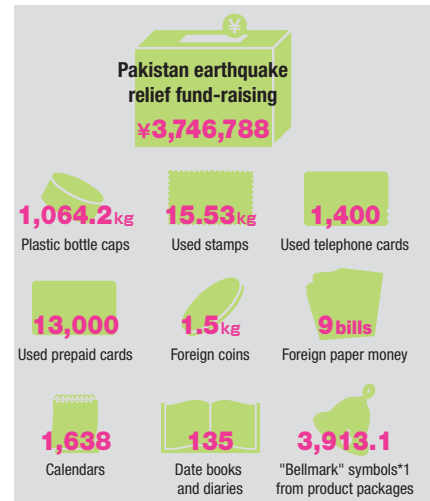


New hire training (clean-up project)



New hire training (volunteering at a nursing care home)

● **Fund-raising by employees / Recycling activities and results (FY2005)**



*1. The "Bellmark" recycling program involves companies and schools, with the aim of giving children a clean and healthy environment in which to receive their education.

(4) Assistance to communities both on the local and international level through foundations and NPOs

The Daiwa Securities Health Foundation provides assistance for surveys and research relating to public health, medical care, and welfare for the middle-aged and older. In fiscal 2005, the foundation provided assistance for 30 projects totaling ¥30 million.

The Daiwa Securities Foundation provides assistance for volunteer activities in the fields of welfare and medical care. In fiscal 2005, this foundation provided a total of ¥43.98 million in funding to 206 groups.

The Daiwa Anglo-Japanese Foundation is dedicated to promoting mutual friendship and understanding between Japan and the United Kingdom. Each year British students are awarded scholarships to come and study in Japan as Daiwa Scholars. There were seven recipients of this scholarship in fiscal 2005.

Future issues and fiscal 2006 targets

The Daiwa Securities Group will continue its efforts to help resolve social issues and promote activities that value "human life" by supporting various assistance programs and cooperating with NPOs and NGOs.

Corporate Citizenship

The Daiwa Securities Group aims to provide reliable support to regions in need by lending assistance to local NPOs.

Fund to help survivors of the Sumatra earthquake and the South Asian tsunami

The Daiwa Securities Group Tsunami Reconstruction Fund was established to assist survivors of the major earthquake and resulting tsunami that struck Indonesia and other countries along the Indian Ocean on December 26, 2004. The fund will provide long-term support for ten years starting in fiscal 2005, with an annual disbursement of ¥10 million, totaling ¥100 million.

The Daiwa Securities Group Tsunami Reconstruction Fund was set up within the Asian Community Trust (ACT), and provides assistance to local NGOs in Indonesia,

Sri Lanka, and India that carry out projects in three areas: psychological well-being of children, education for children, and micro-finance projects. Project selection, implementation and monitoring are performed by the Asian Community Center 21 (ACC21), which serves as the ACT secretariat, and by the Sumitomo Trust & Banking Co., Ltd., according to their respective areas of specialty.

The major benefits of this fund are that firstly, it provides long-term rather than temporary reconstruction relief; secondly, it offers support by utilizing sustainable financial systems such as public trusts and micro-financing. Finally, professional monitoring

ensures that reconstruction efforts are carried out in the proper way.



Training to make handicrafts from coconut palm fronds

Aid-recipient organizations

Country	Activity	Local NGOs	Number of beneficiaries	Aid*
Sri Lanka	Women's independence and development programs	Women's Savings Effort "Wilpotha"	225 female householders and 135 children	¥3.20 million
	Psychological care and educational support for children	O.E.R.	120 children and 1,200 adults needing educational support	¥1.60 million
India	Occupational training and self-sufficiency support for orphans and persons with disabilities	TRUE	75 children	¥1.19 million
Indonesia	Psychological care and educational support for children	WALSAMA-NAD	157 children living in evacuation camps	¥2.60 million

* This is the amount spent in the first year of either a two- or three-year plan.



Distributing educational supplies to children

Comments from stakeholders

Rebuilding lives: Helping the survivors of the South Asian Tsunami

The monies from the Daiwa Securities Group Tsunami Reconstruction Fund are being used mainly for the following three programs. The first involves micro-financing and business development assistance for 225 women in the disaster-stricken region of Galle, Sri Lanka, which did not receive support from any other aid organization. Specifically, the following three projects were carried out over the past year: 1) Holding a total of nine awareness-raising workshops; 2) conducting occupational training and distributing tools in rope making, sewing, cement block making, farming, small shop keeping, stone masonry, food processing, and handicrafts; and 3) implementing campaigns by ten savings groups to generate savings (total amount of savings is 91,480 rupees or about ¥102,000 as of July 24, 2004).

In the second program, school supply kits were distributed to 135 children affected by the disaster. These kits included a school bag, cap, umbrella, textbooks, notebooks, shoes, pens, pencils, and a compass to help children get back to school. The third program involved taking children affected by the disaster on excursions to give them the opportunity to have fun and momentarily forget their difficulties. This program was placed on higher priority than other projects simply because there was a pressing need to help the children deal with the disaster and loss. Through these programs the local residents were able to rebuild their lives, and provide support to each other through this period. As a result, even people in the disaster-hit regions are starting to see these programs as more than simply relief aid - indeed, they help the survivors help themselves through this time of reconstruction.



Ms. Karunawathie Menike
Chairperson,
Women's Savings Effort "Wilpotha"
(Sri Lankan NGO)

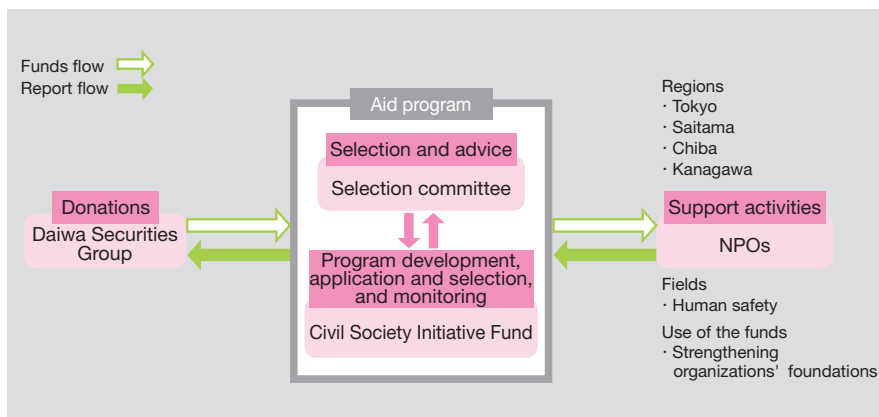
Developing NPO staff through the Daiwa SRI Fund Assistance Program

The Daiwa SRI Fund is a fund that evaluates the stocks of Japanese companies based on the company's corporate integrity and transparency. Daiwa Asset Management Co. Ltd., Daiwa Securities Co. Ltd., and Daiwa Securities SMBC Co. Ltd. donate fixed amounts based on the sales of this fund, and this is used to finance activities that value "human life".

The recipients of this assistance are NPOs that engage in projects to support people whose lives are in danger for various social reasons. Part of the funds go into strengthening the NPO organizations themselves, by assisting with education and personnel costs, rather than providing direct support to the programs organized.

A selection committee composed of NPO specialists determines the aid recipients. Donations are made from the three Daiwa companies that manage and sell the Daiwa SRI Fund to the Civil Society Initiative Fund, a special non-profit organization. The donations are then distributed where aid is needed.

• Aid program



• Aid recipient plans and organizations

Plan	Organization	Aid
Building staff capabilities in the areas of caring for prisoners and providing political advocacy on their behalf	Center for Prisoners' Rights	¥1.80 million
Human resources development aimed at improving organizations' efficacy in dealing with assisting refugees	Japan Association for REFUGEES	¥2.00 million
Developing coordinators for the Young for Young Sharing Program (YYSP), a mutual awareness-raising effort for young people concerning AIDS, human rights, and human security issues	JAPAN HIV CENTER (offices nationwide)	¥1.60 million
Creating a staff program to enable participation in volunteer projects for the poor	Non-Profit Organization: MOYAI (Independent Life Support Center)	¥1.60 million

Comments from stakeholders

Developing human resources to achieve a society that values "human life"

We were inspired to step up our efforts in corporate citizenship as the Daiwa Securities Group set up the Daiwa SRI Fund, eventually leading us to initiate contributions to NPOs. We studied the kinds of assistance programs that could clearly fulfill this purpose, and in the end, decided to undertake an issue that would be difficult in general to tackle. Our choice of issue is the realization of a society where human life is valued, and our focus is on staff development at NPOs that tackle projects of this nature. The most important thing for NPOs working to protect human life is to improve the efficiency and quality of the staff's daily work. Therefore, instead of project assistance, we now provide as much financial help as possible towards personnel costs.

For our first trial we decided to focus on the Tokyo region. Despite collecting NPO applications for only a short period of time, we have received appeals from 22 non-governmental organizations. After careful debate by the selection committee, we decided to provide assistance to four NPOs that deal with issues in Japanese society where the causes are difficult to pinpoint, and that are typically ignored by the majority of people.

The international community has made human security a key issue, and similarly, Japan cannot afford to ignore this topic either. The current assistance program will certainly become a pioneering example of working towards human security, an issue close to everyone's heart.



Professor Yoshinori Yamaoka
President,
Civil Society Initiative Fund
(Professor, Hosei University)