

Overview of the Sustainability Report 2007

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Daiwa Securities Group Corporate Principles (established March 1998)

Customer trust

We stand on the trust of our customers. Prudently putting customer interests first and achieving a high standard of professional competence, we intend to become Japan's most appealing securities group at home and abroad.

Human values

People are the source of our competence. We highly value creative initiative by the individual, we cherish the challenging spirit, and appreciate the capability and contributions of the individual.

Total compliance

We can be proud and prosper only when we achieve total compliance and gain the trust of our customers, our market and of our world society. We will maintain high standards of professional ethics and a fair code of conduct, thereby contributing to the development of our society.

Sound profit

Our fundamental objective is to enhance shareholder value through sound business operations. We will offer valuable services to our customers and earn adequate rewards for distribution to our shareholders.

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 activities towards social 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 *2006 Sustainability Reporting Guidelines*, an international set of requirements for sustainability reporting published by the Global Reporting Initiative (GRI)*, 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.

Material Issues of Daiwa Securities Group (pages 7–8) identifies the material CSR issues of Daiwa Securities Group, explains why they are important, and describes the impact of each of these issues on society.

This report also emphasizes the management policy of Daiwa Securities Group of building a company worth working for, and our initiatives for putting this policy into practice.

* 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, nongovernmental organizations (NGOs), consultants, accounting groups, and trade associations from different parts of the world.

■ The Web edition of Sustainability Report 2007

Sustainability Report 2007 is available in booklet and Web editions. The Web edition contains information about a wider range of initiatives than the booklet edition, as well as supplementary information not contained here.

▶ **WEB** This symbol indicates that related information can be found in the Web edition.

The URL of the Web edition of Sustainability Report 2007 is shown below.

☑ <http://www.daiwa-grp.jp/ir/english/corporate/report/>

■ Five approaches to realize a sustainable society

(1) Serving society in our daily operations

The work carried out by securities companies provides a very public benefit. This industry is key in supporting Japan's transition from a savings economy to that of an investing one. It acts as an intermediary, bringing together entities in need of financing and investors looking to invest.

The Daiwa Securities Group must execute its operations, not only in accordance with the local laws and regulations, but also to meet the expectations of society in its day-to-day conduct, and strive to promote the sound functioning of the securities markets.

(2) A business strategy that takes society and the environment into account

The Group is striving to incorporate a social perspective into the way it conducts its core financial business, practicing the kind of CSR that should be expected from a financial institution. Specifically, the Group is providing investment opportunities for general investors to participate in tackling environmental and social issues, in the form of SRI funds and CO2L Bonds (Cool Bonds)*1.

(3) Promoting CSR outside the company

Through the UNEP FI*2, PRI*3 and CDP*4, the Daiwa Securities Group is lending support to various stakeholders, including the financial industry, to encourage CSR activities.

(4) Corporate citizenship activities

In order to develop the next generation of economics and financial professionals, the Daiwa Securities Group aims to encourage education in these fields as part of its Medium-term Management Plan. The Group will continue to provide long-term support through financial mechanisms relating to its core business, by offering assistance to the local and international communities via foundations and NPOs/NGOs.

(5) CSR management

The Daiwa Securities Group is aware of the social and environmental impact of its own business operations. Along with strengthening corporate governance, achieving full compliance, attaining customer satisfaction, and improving the workplace environment, the Group is striving to raise environmental awareness among its employees and build an environmental management system. As a result, the Group is reducing its use of paper, the part of its daily operations which has the biggest direct impact on the environment.

*1 CO2L Bonds (Cool Bonds): See page 17 for more details.

*2, *3, *4 UNEP FI, PRI and CDP: See page 7 for more details.

Daiwa Securities Group: Five approaches to realize a sustainable society

