



Publishing Information for a Sustainable Society

Daiwa Securities Group publishes information with the goal of achieving a sustainable society. We believe that expanding our collaboration with society and supporting reform, including sustainability education, economic and financial literacy, support for international initiatives, and policy suggestions, are one of our most important missions.

Support for international initiatives

Daiwa Securities Group actively supports international activities with the goal of achieving a sustainable society. In May 2006, Daiwa Asset Management Co. Ltd. became a signatory to the Principles for Responsible Investment (PRI)*1, and announced a policy for putting these principles into practice. Additionally, in May 2007, Daiwa Securities Group Inc. became a signatory to UNEP FI*2's Declaration on Climate Change by the Financial Services

Sector*3. Daiwa Securities Group Inc. also became a signatory to the Carbon Disclosure Project (CDP)*4 in March 2004, and joined the United Nations Environment Programme Finance Initiative (UNEP FI) in November 2004.



▶ **WEB** Principles for Responsible Investment (PRI)*1, United Nations Environment Programme Finance Initiative (UNEP FI)*2, Declaration on Climate Change by the Financial Services Sector*3, and Carbon Disclosure Project (CDP)*4.

Sustainability education

◎ CSR website / Sustainability and asset management

The Daiwa Securities Group reports its CSR activities and publishes information for the achievement of a sustainable society on the Daiwa Securities Group Inc. website. The website contains a wide range of general CSR/SRI information from primers to the latest reports by expert researchers at Daiwa Institute of Research, which is useful for persons with an interest in sustainability. Daiwa Asset Management Co. Ltd. also has a dedicated site for sustainability and asset management, publishing a wide range of information for investors.



Daiwa Securities Group Inc. CSR website (In Japanese only) <http://www.daiwa-grp.jp/branding/>



Daiwa Asset Management Co. Ltd. Sustainability website (In Japanese only) <http://www.daiwa-am.co.jp/sustainability/index.html>

◎ Social Finance Course at Keio University

Daiwa Securities Group teaches courses in CSR and SRI at the request of universities. Since April 2007, the staff of the Daiwa Securities Group CSR Promotion Department has been teaching a new Social Finance course at the Keio University Graduate School of Media and Governance. The half-year course is designed as an initiative to develop the abilities of young people who will be responsible for sustainability in the future. The course covers the workings of finance considering society and environment, including trends in UNEP FI, SRI funds, micro-finance, and support for social entrepreneurs, combined with real-world information.

Social Finance course syllabus

- | | |
|---|---|
| <ul style="list-style-type: none"> (1) Guidance <ul style="list-style-type: none"> • Overview of social finance (2) The enterprise and social finance <ul style="list-style-type: none"> • CSR theory • Financial institutions and non-finance industries (3) The social finance framework (1) <ul style="list-style-type: none"> • Initiatives and players (UNEP FI, CDP, etc.) (4) The social finance framework (2) <ul style="list-style-type: none"> • Social finance conventions and principles (Equator Principles, PRI, etc.) • SRI indices (DJSI, FTSE, etc.) (5) The social finance framework (3) <ul style="list-style-type: none"> • Social finance and human security/human development • Bottom of the pyramid (BOP) business (6) NPOs and social finance <ul style="list-style-type: none"> • NPO banks • Local financial institutions (7) Governmental/international institutions and social finance <ul style="list-style-type: none"> • ODA • IMF/World bank | <ul style="list-style-type: none"> (8) Social finance as investment <ul style="list-style-type: none"> • SRI investment trusts/bonds • Local support/recovery funds (9) Social finance as finance business <ul style="list-style-type: none"> • Support for social entrepreneurs and environment • Micro-financing (10) Social finance as donation <ul style="list-style-type: none"> • Partnership with NPOs • Support for social entrepreneurs (11) Alternative currencies and social finance <ul style="list-style-type: none"> • Local currencies (eco money) • Corporate currencies (points/mileage) (12) Procurement (purchase of products and services) and social finance <ul style="list-style-type: none"> • Green procurement/CSR procurement • Fair trade (13) Wrap-up <ul style="list-style-type: none"> • The future of social finance |
|---|---|



Publishing Information for a Sustainable Society

Presenting information at the World Economic Forum (WEF)

At the World Economic Forum (WEF) held in Switzerland in January 2007, Akira Kiyota, Deputy Chairman of the Board of Daiwa Securities Group Inc., sat on a panel discussion, where he presented the Group's CSR initiatives, and discussed issues with a large number of corporate leaders. The Daiwa Securities Group was named by the WEF as one of the world's top 100 sustainable companies.



Akira Kiyota, Deputy Chairman of the Board (right), attends the WEF

Policy recommendations

From fiscal 2004 to fiscal 2006, Yoshinari Hara, Chairman of the Board of Daiwa Securities Group Inc., chaired the Committee for the Promotion of CSR Management of the Japan Association of Corporate Executives (Keizai Doyukai), where he worked to promote and raise awareness of CSR in business. On May 30, a report titled "CSR Innovation: Creating New Value through CSR in Business Activities," which could be called a roundup of Hara's efforts over these three years.

CSR includes actions as a corporate citizen, such as charitable donations, as well as compliance in order to prevent

scandals. Rather than these elements of CSR, however, this report focused on business activities themselves. The report focused particularly on case studies of good practices by 92 Japanese companies in the areas of customers, employees, local communities, and the environment, from the perspectives of whether the products and services offered by the company are socially and environmentally friendly, and whether they took these four groups and all other stakeholders sufficiently into account.

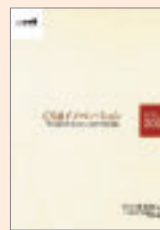
The report is available at the following URL (In Japanese only):

<http://www.doyukai.or.jp/policyproposals/articles/2007/070530a.html>

► From the Japan Association of Corporate Executives (Keizai Doyukai) Report

The title of the report is "CSR Innovation." This embodies two ideas I gained through my three years chairing the committee: innovation *through* CSR and innovation *in* CSR. Innovation *through* CSR means changing a company's business activities through CSR initiatives. This makes the company more competitive, and contributes to the growth and development of society. Innovation *in* CSR means that changes in historical context and values in turn change the way we think about CSR. Thus, a

company must constantly ask itself what are the key challenges it must tackle through CSR, and act upon them. Together, these ideas entail that in order to achieve CSR Innovation, a company must change its ways of thinking and strive for constant improvement.



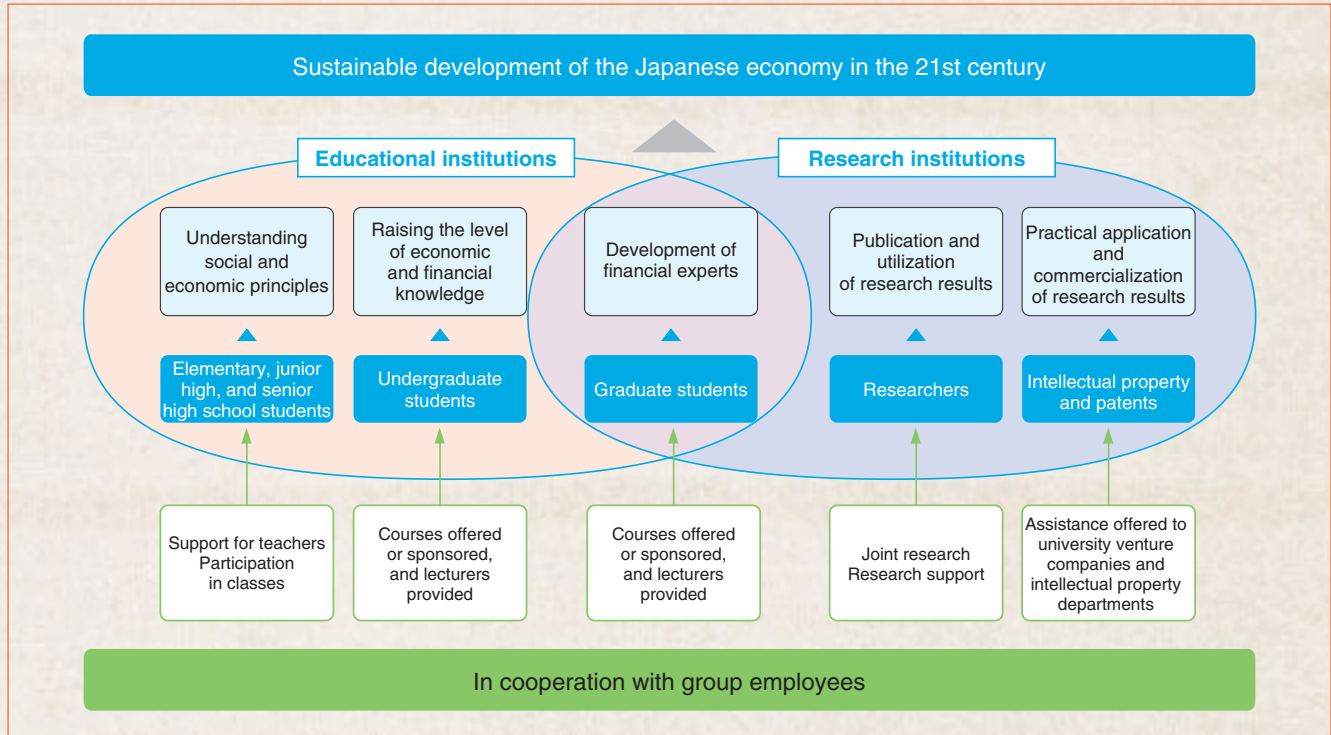
Yoshinari Hara
Chairman of the Board
Daiwa Securities Group Inc.

Economic and financial literacy

Through its economic and financial literacy program, the Daiwa Securities Group aims to teach young people to make their own decisions and live independently. In order to achieve this goal, it is important to teach young people—not just college students but junior and senior high-school students as well—about the

economy and society, and what it means to get along with other people, and live and work in society. We believe that the sound development of young people is achieved through a thorough understanding of the principles and rules of living in society, rather than mere superficial knowledge of economic issues.

Education in economics and finance



WEB Main academic partnerships with universities in fiscal 2006

University endowment for Basic Course of Entrepreneurship and Business Planning

The Basic Course of Entrepreneurship and Business Planning is one of the courses endowed by the Daiwa Securities Group. The course, which teaches basic knowledge about entrepreneurship and business planning, is taught by part-time instructors who are employees of the Daiwa Securities Group with experience advising IPOs and venture investment. The course is quite popular for giving practical advice on the business plans created by the students from the perspective of industry professionals. Until fiscal 2006, this course was taught only at Waseda University, but starting in fiscal 2007, it will be taught at Meiji University, Chuo University, and Nihon University as well. This unique experiment in economic education by the Daiwa Securities Group to leverage its expertise has been praised by the public and academic circles, and the program is growing rapidly.



Basic Course of Entrepreneurship and Business Planning at Waseda University
Students present their business plans at a retreat in Karuizawa

Publishing Information for a Sustainable Society

◎ Student Company Program (SCP)—Economic and financial literacy for high school students

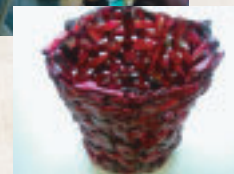
The Student Company Program (SCP) is a hands-on economic literacy offered by Junior Achievement Japan, an NPO dedicated to economic and financial literacy for young people. Through the program, high-school students learn about the economy and how corporations work by actually managing a company. The Daiwa Securities Group began collaborating in the SCP at Ritsumeikan High School in Kyoto in fiscal 2003. Two group employees participate in the program each week, advising the students as “external directors.”

Students participating in the SCP learn first-hand about the difficulties of managing an organization in the real world, sharing their knowledge and striving to overcome issues. The huge growth achieved by the students as people has also been covered by the media. More and more schools are introducing the SCP, providing a fresh stimulus to high-school education.

▶ **WEB** Junior Achievement Japan



Selling products



This knit basket is a product of Runners Co., Ltd., a student-run joint-stock company

◎ Finance Park—Economic and financial literacy for junior high school students

The Finance Park program offered by Junior Achievement Japan gives students first-hand experience in life design, teaching them how much living expenses cost, and how society and the economy work. Students are given certain parameters, such as yearly income and family makeup, and experience a simulation of real life in a “town” set up with company booths at the venue, and purchasing such items as cars and daily necessities.

The Daiwa Securities Group is a special sponsor of the Finance Park in Shinagawa, Tokyo, which in June 2005 became the first Finance Park to be introduced in Japan. Another Finance Park was launched in Kyoto in January 2007, and the program is currently being offered to all junior high schools in the city of Kyoto.



Daiwa Securities booth at Finance Park

◎ General economic and financial literacy

‘Financial Information TV by Daiwa’ is the only television channel in Japan that is dedicated to information about securities. It is available via Sky PerfecTV! and other carriers. In March 2007, the channel began a basic course on securities called “Fun with Securities @ Daiwa TV,” whose concept is making securities easy for both junior and high school students and their parents to understand.

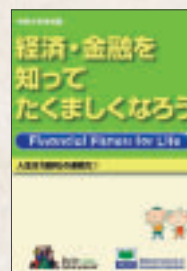
Daiwa Internet TV (<http://www.daiwatv.jp/>) (In Japanese only), the largest video website in the finance and securities fields, offers five-minute lessons on basic topics such as types of financial products and fundamental investment concepts.



‘Financial Information TV by Daiwa’
<http://daiwa766.jp> (In Japanese only)

◎ Revised Japanese-language edition “Financial Fitness for Life” textbook for elementary and junior-high students

Since fiscal 2005, we have collaborated in the Japanese-language production of “*Financial Fitness for Life*,” an economic and financial literacy textbook for junior high-school students used widely in American classrooms. Daiwa Securities Group employees volunteered in the translation of the textbook. In fiscal 2006, the content of the textbook was revised using feedback from working teachers, in order to make the text more effective in Japanese classrooms.



The Japanese-language edition “*Financial Fitness for Life*”

Daiwa-JFS Sustainability College

In October 2006, Daiwa Securities Group began a course called “Daiwa-JFS Sustainability College”—a course endowed through a partnership with Japan for Sustainability (JFS), and funded by proceeds from the sale and management of the Daiwa Eco Fund—in the group headquarters’ auditorium. The goal of the course is to improve the sustainability of society as a whole, by raising the awareness of Japan’s leaders of tomorrow and encouraging them to take concrete actions through an easy-to-understand description of the concept of sustainability. The course, which meets once a month 12 times each year, will be held for four years, with a different topic for each year. As of end-June 2007, the course has had about 140 student entries from 48 different high schools and universities, with about 30 to 80 learning passionately at each class.



Daiwa-JFS Sustainability College

Yearly topic schedule

- **2006:** Capacity/resources and sustainability
- **2007:** Fairness (generational and regional) and sustainability
- **2008:** Diversity and sustainability
- **2009:** Human will, networking, and sustainability

Classes to date (October 2006 to June 2007)

1. Various views on sustainability
2. Living with limited capacity and resources—considering the future of the earth from the viewpoints of food, agriculture and the environment
3. Movement toward sustainable energy—world update and Japan’s potential
4. Tokyo’s pioneering attempt—toward dramatic increase in the use of renewable energy
5. The resource loop and sustainable production & consumption
6. On the front lines of waste—from illegal dumping to exporting garbage as resources
7. Water as a global resource issue
8. The concentration of population in cities and urban issues
9. What is the most important environment?—learning from Edo lifestyles

Comment from stakeholder

Attending Daiwa-JFS Sustainability College

For me, the greatest attraction of this course was the ability to meet other people who are passionate about this topic. When I first started the course, I had a vague notion that I wanted to change society, but I had no idea where to get started. But by meeting action-oriented people through this course, I have been able to take the first step toward changing society. Specifically, I planned a youth summit with the topic of sustainability.

Through this experience, this course has given me the invaluable opportunity to have a glimpse of my present and future selves. Lately, I have begun to hold voluntary study sessions, where my friends and I debate various topics, then attend lectures after deepening our understanding.

Although this course is centered on a lecture format, I hope to make use of what I have learned here in my future activities.



Risa Hatabu
The 3rd grade of Law School
Department of Law
Meiji University