

Encouraging Commitment Is the Key

President and CEO Shigeharu Suzuki discussed the four CSR-related material issues*¹ identified by the Daiwa Securities Group.



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■ Selling Socially Conscious Investment Products Motivates Employees

Corporations are public entities that exist because they have a social purpose. Those that do not serve society will not survive. I want our executives and employees to always be conscious of the important role that the Daiwa Securities Group plays in supporting the foundations of the economy, and at the same time I continue giving them the message that because of this they are performing work that truly benefits society. I can also say with confidence that out of all Japanese securities firms, Daiwa is the most committed to SRI funds.

From that viewpoint, vaccine bonds*² are clear and simple, as they can help save the lives of tens of thousands of children, and everyone at Daiwa can certainly feel that they are making a difference and helping society through such products.

Today, it is common for companies bring up environmental or social issues. But Daiwa is different because of our level of commitment, and I believe that the sentiment

of all executives and employees is the most important reason for this. I know that if everyone understands that the company's management is committed, projects helpful to society will evolve naturally from that stance. To me, the Daiwa Securities Group is an organization with the necessary flexibility to accomplish this.

■ Pride in One's Work Helps Build a Sound Securities Market

Corporate growth depends on investors putting up capital even if risk is entailed. In other words, companies cannot expand operations without risk money. Given that this is how the economy grows, this highlights the importance of the role played by securities companies as an intermediary between risk money and corporations. Therefore, employees who truly understand this and take pride in their work are unlikely to resort to unethical practices. As head of the Daiwa Securities Group, I pay close attention to creating a system to prevent ethical lapses by the organization and to spread this awareness to management executives and em-

ployees through training and other means.

Profits and losses are inherent to the nature of the securities business, and it's natural for clients taking losses to want to complain. But sales staff can remain unruffled if they are confident that they have done their best. Clients will not trust our staff if they feel they are just chasing fees, and neither can staff feel pride in their work.

We must work in a principled manner that is a level above simply observing the law and maintaining compliance. Even if what we do is fully within the law, we must operate in a socially acceptable manner, and it is important for everyone to perform their work with this awareness.

■ A Clean, Green Earth for the Next Generation

It is our responsibility to pass on a clean, green earth to our children and grandchildren.

Japan is resource-poor but is fortunate to possess many excellent environmental technologies. At Daiwa, we want to support implementation of these technologies by acting as a bridge between companies both in Japan and overseas.

Since April 2008, the Daiwa Securities Group has been selling the Russell Global Environmental Technology Fund, part of which is managed by Generation Investment Management LLP, a company established by former U.S. vice president Al Gore. Generation had initially intended not to accept further subscriptions to this fund, but after we described our success with vaccine bonds, Generation chose us as its sales partner. This, I believe, is an example of how our commitment to social issues can be useful in various ways.

Emissions trading is a difficult issue in some respects, given the differing positions of governments and enterprises, but we need to approach this concept with imagination and creativity to help conserve the global environment.

■ Multi-channel Communication on Economics and Finance

To communicate the knowledge and expertise acquired through the securities business to the public, Daiwa is engaged in business-academia collaboration, for example dispatching management executives to lecture at universities and other activities, and is also active in economic and financial education.

We also broadcast through Daiwa Securities Information TV, with a lineup that includes programs on securities for beginners, to communicate information on economics and finance. And while we believe that schools should be doing more to teach children about how economics and fi-



nance work, the first step is to interest their teachers. To that end, we are planning to work in partnership with a non-profit organization to develop an economics and finance education program targeting school teachers.

■ The Importance of Work-life Balance

Employees can work most productively if they enjoy fulfilling lives both at work and at home. Many people of my generation gave their lives over to their companies, but I do not expect executives and employees of the Daiwa Securities Group to do the same. Life is not a success if a person had a brilliant work career but neglected family in order to succeed in business. From now on, it is workplaces where employees can have satisfying private and professional lives that will attract talent.

I believe that employees will only be motivated or be proud of their company and their work if they can feel that they have something worth living and working for. I sincerely hope that everyone will approach life at home and at work with zest and vitality.

*1 The Daiwa Securities Group's Four CSR-related Material Issues: "Adding a Social Perspective to Investment," "Commitment to the Development of a Sound Securities Market," "Contribution to Global Environment," and "Communicating Information for a Sustainable Society." (See p. 10)

*2 Vaccine bonds: Bonds that provide funds for health care and inoculation programs in developing countries. (See p. 12)