

Daiwa Securities Group Corporate Principles (adopted 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 premier securities group at home and abroad.

Total compliance

We can be proud and prosper only when we achieve total compliance and gain the trust of our customers, markets and the whole of society. We will contribute to society by maintaining high standards of professional ethics and a fair code of conduct.

Human resources

Our competence is built on our human resources. We value the creativity of each individual, we will nurture a corporate culture where people are not afraid of challenges, and we will evaluate their capabilities and contributions fairly.

Sound profit

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

The Daiwa Securities Group and Sustainability

Modern society faces many issues having an impact on sustainability. These include, on a global scale, global warming and other environmental problems that threaten humankind's survival, growing disparities in prosperity, and in Japan, a rapidly aging population and a declining birthrate. There is no way to solve these problems without responsible action on the part of every sector of society—government, the private sector, and citizens.

Enterprises are key players because they have the power to influence the creation of a sustainable society, and financial institutions can fulfill their social missions through their main business of finance. At the Daiwa Securities Group,

we believe that in addition to contributing to the development and growth of fair and sound financial markets, our role is to promote the flow of capital to create a sustainable society by incorporating a social perspective into finance.

In accordance with this belief, we have joined the United Nations Environment Programme Finance Initiative (UNEP FI)*1 and signed the Principles for Responsible Investment (PRI)*2 and the Carbon Disclosure Project (CDP),*3 to do our part as a member of the international community.

Web Terms *1 United Nations Environment Programme Finance Initiative (UNEP FI)
*2 Principles for Responsible Investment (PRI)
*3 Carbon Disclosure Project (CDP)

Approaches for Creating a Sustainable Society

1. Serving society through our business

Securities companies provide a public benefit by acting as intermediaries between parties needing financing and investors looking to invest, thus supporting Japan's transition from a savings-oriented society to one more attuned to investing.

The Daiwa Securities Group carries out its operations in full legal compliance and meets social expectations in day-to-day operations to ensure the sound functioning of the securities market.

2. Implementing a business strategy that takes society and the environment into account

By incorporating a social perspective into finance, the Group strives to practice the corporate social responsibility expected of a financial institution. We do this through SRI funds, World CO2L bonds*1 and vaccine bonds,*2 which give ordinary investors an opportunity to participate in tackling social and environmental issues through investing.

3. Promoting CSR outside the company

Through the UNEP FI, PRI and CDP, the Group lends support to various stakeholders, including the financial industry, to encourage CSR activities.

4. Carrying out corporate citizenship

The Group is active in nurturing the next generation of economics and finance professionals, encouraging education in these fields as part of our Medium-term Management Plan. We will also continue providing long-term support for local communities and international society through financial mechanisms relating to our core business via the grant activities of foundations and NPOs/NGOs.

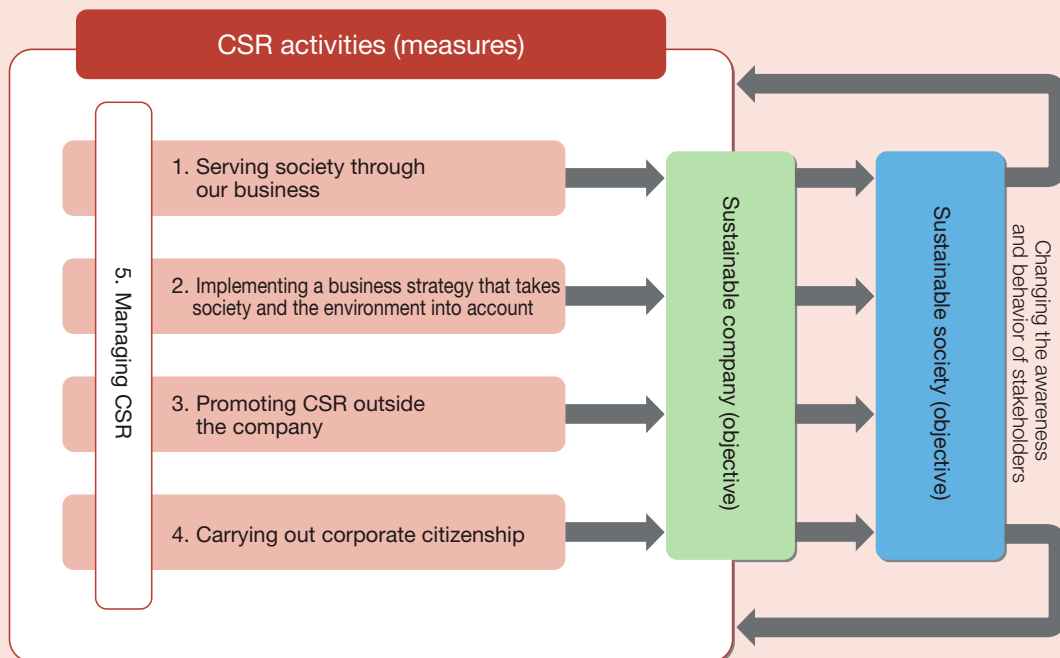
5. Managing CSR

The Group will continue doing business with awareness of its social and environmental impact. Along with instituting stronger corporate governance, achieving full compliance, attaining consumer satisfaction, and improving the workplace environment, we will strive to build an environmental management system and raise environmental awareness among employees. We are currently endeavoring to reduce the use of paper, a major environmental load generated by our business.

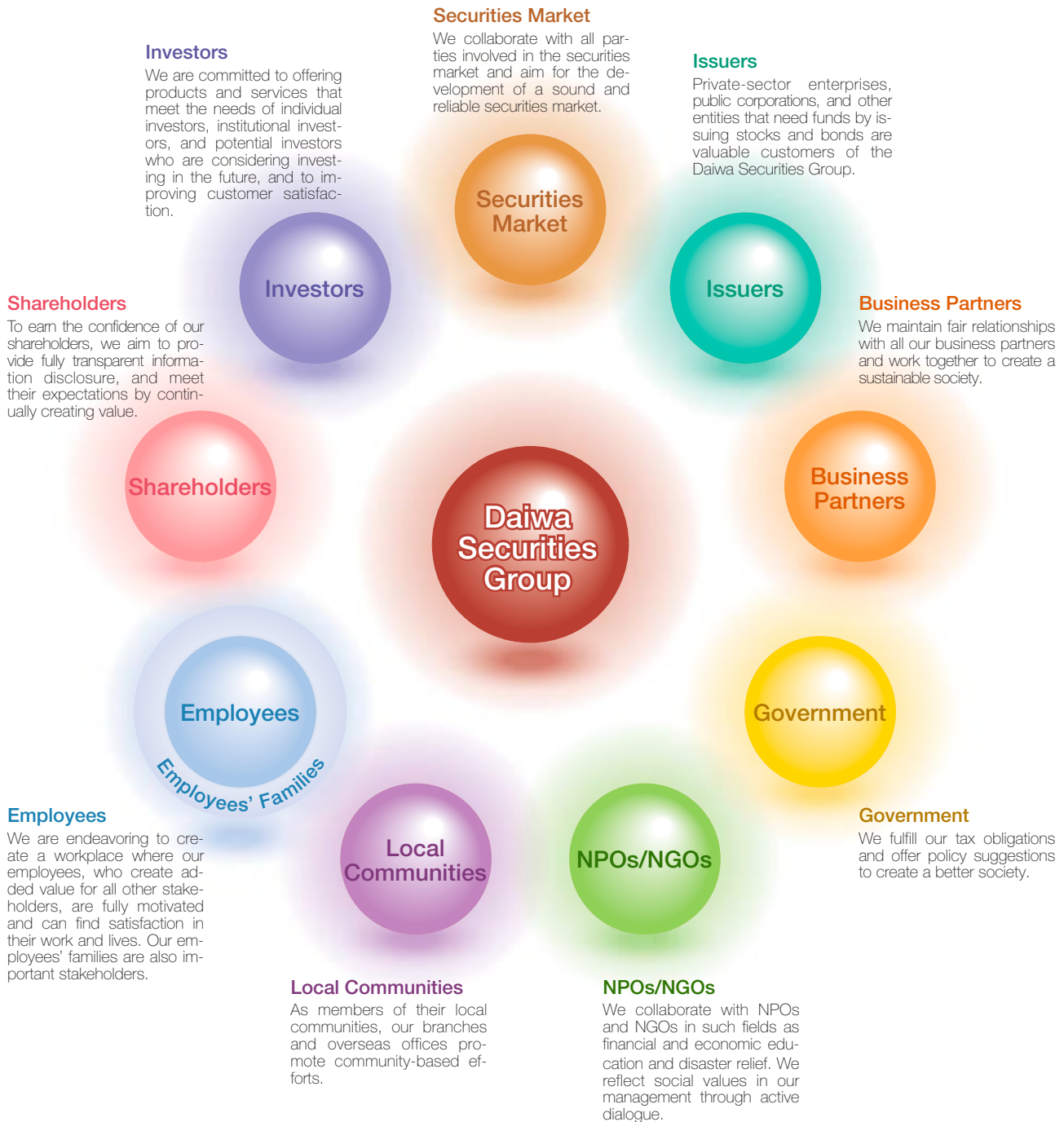
*1 World CO2L (Cool) Bonds: See p. 14 for more details.

*2 Vaccine bonds: See p. 12 for more details.

Daiwa Securities Group: Approaches for Creating a Sustainable Society



Daiwa Securities Group Stakeholders



Material Issues for the Daiwa Securities Group

The Daiwa Securities Group has identified certain issues as material issues having a major impact on decision-making by stakeholders. After a selection process on the basis of input from stakeholders, for example, executive and employee surveys, customer satisfaction surveys, shareholder surveys, opinions from outside experts, and requests from NPOs and other organizations in and outside Japan, four material issues were examined in depth from four viewpoints shown on the right.

Definition of material issues

- Issues with significant impact on society and on decision-making by stakeholders
- Issues with which many Daiwa Securities Group executives and employees are involved in through the Group's business
- Issues related to contributing to the sustainability of financial institutions expected by society
- Issues related to fulfilling corporate citizenship responsibilities and which contribute Group executives and employees to find satisfaction in their work and lives.

Material Issue 1 Adding a Social Perspective to Investment

To contribute to creating a sustainable society through its core securities business, the Daiwa Securities Group incorporates a social perspective into investment. Through SRI funds, development and sale of financial products supporting socially meaningful activities, procuring funds for enterprises with environmental technologies or other social value, providing CSR-related investment information, and through emissions trading, we promote the flow of financial resources toward finding solutions for social issues and creating a sustainable society.

Material Issue 2 Commitment to the Development of a Sound Securities Market

As companies in the securities industry, we will fulfill our responsibility to ensure the development of a sound, reliable securities market through compliance that lives up to our customers' and society's expectations and that does not stop at mere statutory compliance; strong ethical principles; and rejection of unlawful transactions and influence by criminal elements.

Material Issue 3 Contribution to Global Environment

We will try to reduce the environmental impact of our business as much as possible by using information technology to streamline operations, cut down on the volume of paper we use, and other measures. We also remain committed to collaborating in and promoting efforts to solve environmental problems, including conservation of biodiversity.

Material Issue 4 Communicating Information for a Sustainable Society

We will continue our communication activities, building on our expertise in handling information through education about finance and economics and industry-academia collaboration in research and development, and by offering the most up-to-date information on sustainability.

As one of our key management policies, we also focus on initiatives to create a company that affords executives and employees satisfaction in their work and lives, and a chance to use their talents to the full. More information on this topic can be found in the "Message from the President" (pp. 5–6) and in the "Respect for People and Human Resource Utilization" section (pp. 37–42)