

Contribution to Global Environment

The Daiwa Securities Group takes measures to reduce the environmental load generated by its business activities and continues to implement a wide range of initiatives aimed at helping resolve environmental issues.

Reducing Environmental Impact through IT —A New Paperless Business Model



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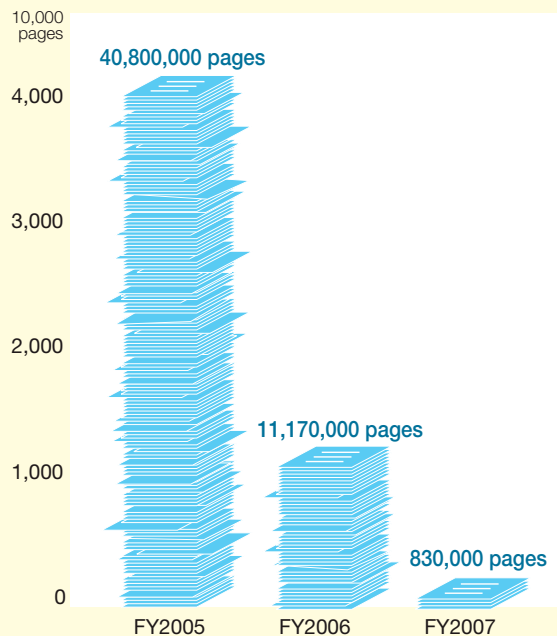
In the past, paper was the medium for communicating information between sales branches and customers, and between head office departments and our data center. We used tremendous amounts of paper for transaction order slips and customer transaction reports, as well as for clerical processing. In fiscal 2005, Daiwa adopted an electronic statement system, and we have been shifting clerical operations from paper to electronic data since then. This has not only helped us considerably reduce the amount of paper we use but has had the added benefit of eliminating the need to transport statements to sales branches and for labor involved in storing statements. Further, while putting into electronic form order slips and internal clerical statements sent to our sales branches, we also set up a clerical processing system using electronic data by working together with the front-line departments to digitize clerical processing.

As a result, the volume of internal statements generated, which stood at 40,800,000 pages in fiscal 2005, declined 97 percent to 830,000 pages in the two-year period to fiscal 2007. The benefits of adopting IT do not stop at reducing the environmental load. We have also been able to reap management-related benefits such as cutting costs by 2.8 billion yen by streamlining internal clerical processes, logistics and shipping; eliminating clerical errors; and devising a business continuation plan that will allow us to continue operating in an emergency.

In fiscal 2008, we will introduce a paperless management system for over 700,000 accounts of listed companies' employee stock ownership plans for which we have been managing the paperwork. We are also working toward "green IT" that is both efficient and environment-friendly, by setting up an efficient system infrastructure base through the adoption of blade server*1 and thin client*2 virtualization technologies.

In the December 2007 issue of *Nikkei Computer*, the Daiwa Securities Group was ranked in third place for overall use of IT in business. We intend to continue taking advantage of the benefits of IT to improve management efficiency and reduce environmental impact, and we hope that our activities will be a model for reducing the environmental load in office operations.

Number of Internal Statement Pages Printed at Daiwa Securities



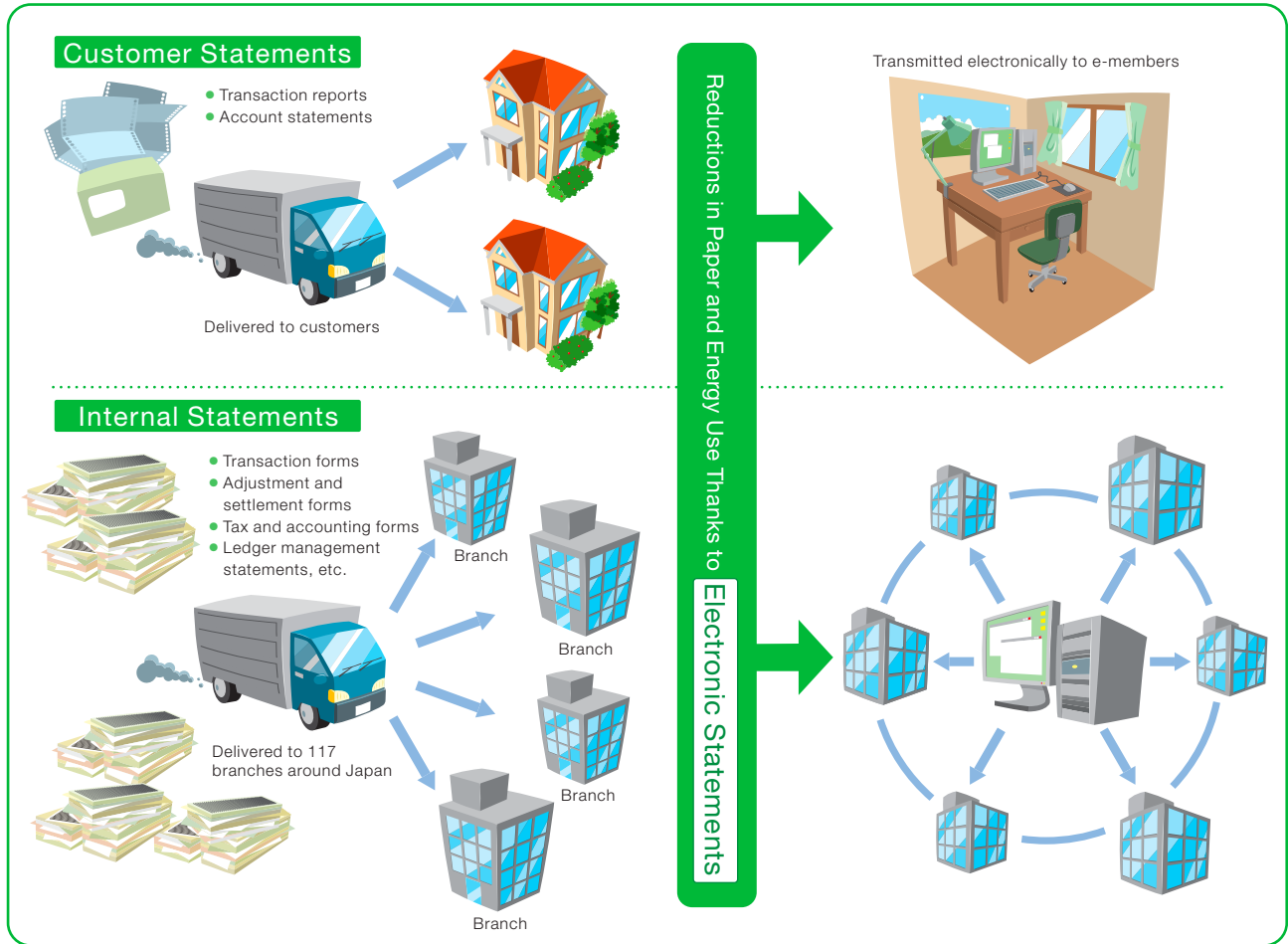
*1 Blade server

Server system consisting of multiple server blades arranged on a chassis, with each blade having the necessary components (memory, hard disk, microprocessors) to carry out server functions.

Server blades share a power cable, cooling equipment, external interface, etc., making it possible to have a large number of CPUs in a restricted space and use power efficiently. This arrangement also cuts down on energy used for cooling the server room.

*2 Thin client

New type of personal computer consisting of a terminal without a hard disk, and with applications such as Word or Excel and all data stored and administered on a central server. Compared to individual users having personal computers with hard disks at their own desks, thin client computing substantially reduces power consumption. Among other benefits are greatly enhanced security, since no data stays on the terminal, and access to data from anywhere within the company, making it possible to plan for business continuation in the event of a disaster.



Daiwa CI Biodiversity Conservation Fund

In partnership with global environmental NGO Conservation International (CI), the Daiwa CI Biodiversity Conservation Fund operates a program to carry out biodiversity conservation activities in biodiversity hotspots.* This program, funded by a part of profits earned from the sale and management of the Daiwa Eco Fund, operates in eight areas in the vicinity of World Natural Heritage sites in seven countries. Contributions from the Daiwa CI Biodiversity Conservation Fund have been used to help environment-friendly businesses take root in local communities, which previously had to rely on illegal logging for income. For example, contributions have been used to pay for business training and accounting or financial administration training to set up eco-tourism businesses or agroforestry for cacao or coffee. Started in November 2007, the fund is currently involved in pilot projects in Belize, Dominica and Mexico.



World Natural Heritage Site Sian Ka'an (Mexico), where a pilot project is underway.

*Places where biodiversity is rich but highly threatened. Worldwide, 34 areas are designated as biodiversity hotspots.

Web Activities • Project Areas