Material Issue 4

Communicating Information for a Sustainable Society

The Daiwa Securities Group communicates information with the goal of establishing a sustainable society. We work toward the creation of a harmonious society by communicating information through sustainability education and economic and financial education, and by making policy recommendations.

Economic and Financial Education

The Daiwa Securities Group hopes that young people will have the proper knowledge and wisdom to make their way in the world. To enable them to live independently, young people need to know not only about economics but also learn how finance and society work. To help them do so, we want to pass on our knowledge and expertise to them at all stages of their education, teaching them in age-appropriate ways.

Web Activities • Economic and Financial Education

Issues and Targets for Fiscal 2007

- Enhance activities to raise awareness of sustainability.
- Promote economic and financial education initiatives for junior and senior high-school students.

Performance/Progress Achieved in Fiscal 2007

- The Daiwa-JFS Sustainability College was held. CSR Promotion Department staff lectured at universities.
- Supported economic and financial education for junior and senior high school teachers. Created and distributed finance and economics text materials and hosted student visits to our offices. Supported education programs, working in collaboration with an NPO.

Principal Daiwa Securities Group Business-academia Collaboration

Fiscal 2007 course endowments and collaboration	
Name of university	Topic (title)
Graduate School of International Corporate Strategy (ICS), Hitotsubashi University	Corporate Strategy
Faculty of Policy Management, Keio University	Corporate Governance Theory
Faculty of Policy Management, Keio University	Social Finance
Open Education Center, Waseda University (general lectures)	Basic Course in Venture Entrepreneurship and Business Planning
Graduate School of Economics, Kyoto University	Securities System Theory (spring session), Securities Investment Methodology (fall session)
Kyoto University (general education course)	Modern Business Administration B
Graduate School of Medicine, Kyoto University	Entrepreneurship
Meiji University (Surugadai Campus)	Coming up with Venture Business Ideas and Building a Business Plan (new from fiscal 2007)
Faculty of Law, Chuo University	International Venture Business and the Law (new from fiscal 2007)
College of Commerce, Nihon University	Creating a Venture Company (new from fiscal 2007)
Conferences, symposiums, internships and other programs	
Name of university	Topic (title)
Graduate School of Economics, Kyoto University	2007 Daiwa International Workshop on Financial Engineering
Graduate School of Economics, Kyoto University	Internships (for students attending Daiwa visiting lectures)
Graduate School of International Corporate Strategy (ICS), Hitotsubashi University	7th Porter Prize (Daiwa has supported this prize for the seventh time since its creation in 2001 and plans to also support the fiscal 2008 8th Porter Prize [to be held December 4].)

Business-academia Collaboration and Presence in Asia

As part of business-academia collaboration with universities and graduate schools, the Daiwa Securities Group sponsors various lectures and gives visiting lectures by experts in various fields at several universities.

In the Basic Course in Entrepreneurship and Business Planning we give at Waseda University, venture businesses created by former course students are beginning to find a firm footing, and lecturers offer them advice as necessary even today. In fiscal 2007, Meiji University, Nihon University and Chuo University added a training course for venture entrepreneurs to the curriculum that is very popular among students. In May 2008, we also agreed to support commercialization of Kyoto University's iPS cell* research in order to promote appropriate distribution of the fruits of this research to society.

We also promote business-academia collaboration in Asia. To train people who can contribute to the development of China's economy and society, we endowed a course titled "High-tech Venture Value Creation" at the School of Intellectual Property, Peking University, in May 2008 and have been dispatching employees as lecturers.

Another of our activities is the creation of the (provisionally-named) Daiwa Securities Group Asian Student Scholarship Fund jointly with the University of Tokyo, to offer financial support to international students from Asia and encourage personal and academic exchanges between Japan and Asia. We will provide 200 million yen to fund this scholarship, which will support a total of 100 international students from India and other Asian countries over a five-year period. We will also hold various symposiums on the topic of Asia.

* iPS cells: also called induced pluripotent stem cells, these cells can develop into various human tissues and organs. iPS cells are created by introducing several types of genes into somatic cells collected from the skin.

Economic and Financial Education for High School Students

The Student Company Program (SCP) is a hands-on economics education program for junior high and high school students that originated in the United States and that is offered by Junior Achievement Japan, an NPO involved in economics education for young people. The students set up a company and operate it through all phases from raising capital to manufacturing, sales and financial management. The Daiwa Securities Group began collaborating with the SCP at Ritsumeikan Senior High School in Kyoto in 2003 when the program first started. Group employees participate in the classes every week, advising students in their role as outside directors.

In 2007, the 24 students in the class set up SHIN Co. Ltd. to manufacture and sell handmade bracelets and pouches. They learned first-hand about running a company—sourcing materials, making innovations to their products, manufacturing and finding sales outlets, selling the products and handling bookkeeping. They also ran into difficulties such as product defects, slumping sales and accounting errors, but they worked together to run the company and ended with a profit of 33,000 yen.

SCP offers students a chance to learn and grow as they communicate to manage the organization smoothly and solve problems while working to achieve their goals. The Daiwa Securities Group will continue extending its cooperation to the program.

Students selling their products

Web Activities • Finance Park Economic and Financial Educationfor Junior High School Students

Web Terms • Junior Achievement Japan

Stakeholder Comment

My Experience with SCP

SCP was a wonderful, unforgettable experience. Everything—product development, production, sales—was so new that it was a continual challenge for me. I was the president of the company, so I needed to act like a leader and worried about how I could do that effectively. But having customers buy our products made me really happy and motivated us. Having to deal with employees, external directors, teachers and customers was invaluable experience that I could never have acquired from simply studying at my desk. It taught me the difficulties and the satisfaction of operating a company and the importance of establishing relationships with others. I'm really grateful to everyone who made the SCP possible at my school.

Kazue Ueda
Senior
Ritsumeikan High School

Economic and Financial Education for the General Public

The Daiwa Securities Group is the only company in the industry to operate a television channel in Japan, Daiwa Securities Information TV, which is devoted exclusively to providing the public with simple, clear information about securities. Beginning in fiscal 2007, our programs are broadcast on 101 cable TV stations throughout Japan, reaching an estimated 13 million households (as of March 31, 2008). In June 2008, we opened a new studio equipped for high-definition broadcasting on the first floor of the new Daiwa Securities Group head office building, which we hope will help us communicate information more accessibly.

Daiwa Securities Information TV open studio on the ground floor of our new head office building

Policy Recommendations

Communicating at International Conferences

In November 2007, Akira Kiyota, Chairman of the Board, Daiwa Securities Group Inc., attended the 21st International Conference of Private Business Organizations held in Australia on the topic of business organizations and climate change. Prior to the conference, he met with Australian government officials in Canberra to discuss Australia's global warming measures and explore cooperation between Australia and Japan in this area.

Kiyota also attended the annual meeting of the World Economic Forum in January 2008, and the International Monetary Conference held in Barcelona in June 2008, where he actively exchanged views with foreign political and corporate leaders.

Akira Kiyota
Chairman of the Board
Daiwa Securities Group Inc.

Initiatives on the Declining Birthrate Problem

Shigeharu Suzuki, President and CEO, Daiwa Securities Group Inc., has been serving as co-chairman of Nippon Keidanren (Japan Business Federation)'s Committee on Population Issues since May 2007. In his capacity as a representative of business and industry, he makes recommendations concerning measures that corporations should adopt to help boost the birthrate and what the central and local governments should do to improve the child-rearing environment. To reverse the downward trend in births, the Committee works to form a consensus and urge action on the framework for comprehensive measures to nurture future generations, so that effective measures can be implemented by government, business and the public. The Committee is also calling on member companies of Nippon Keidanren to take voluntary measures to promote work-life balance.

Measures taken by corporations to promote support for balancing work and family responsibilities and achieve work-life balance are also steady steps to help raise Japan's declining birthrate and deal with rapid population aging; these measures are essential for the sustained growth of Japanese society. To broaden our activities as a company contributing to measures regarding the declining birthrate, the Daiwa Securities Group presents examples of our activities and makes recommendations in this area.

Shigeharu Suzuki
President and CEO
Daiwa Securities Group Inc.

Communicating Information for Sustainability

CSR Website/Sustainability and Asset Management

In addition to information relating to its CSR activities, the Daiwa Securities Group Inc. website communicates general CSR information and information about creating a sustainable society, in order to spread knowledge of sustainability and CSR among the general public. This website provides the latest information about CSR, along with clear descriptions of CSR, SRI and environmental issues, reports by researchers at Daiwa Institute of Research Ltd. and dialogues

with leading figures in the CSR field, to satisfy public interest in this topic.

The Daiwa Asset Management Co. Ltd. website includes a special section on sustainability and asset management and provides the most up-to-date news about SRI.

Daiwa Securities Group Inc.
CSR website
http://www.daiwa-grp.jp/branding/

Daiwa Asset Management Co. Ltd.
sustainability website
http://www.daiwa-am.co.jp/guide/jfs/jfs_index.html

Daiwa-JFS Sustainability College

The Daiwa Securities Group has been sponsoring the Daiwa-JFS Sustainability College since October 2006, given in partnership with NPO Japan for Sustainability (JFS), using part of our profits earned from the sale and management of the Daiwa Eco Fund. Approximately 190 students, mainly from universities, have registered for the course. The course's theme for fiscal 2007 was "Fairness and Sustainability," with various experts' monthly lectures attended by about 40 students each time.

This course has motivated the students to arrange various activities on their own. For example, a group of students especially interested in food miles and traceability made a field trip to visit food manufacturers, and others arranged a meeting to exchange views with students from Singapore.

Classes to Date (October 2007 to September 2008)

1. Environment Ethics and the Creation of a Fair and Just Society
2. Bring Out Community Power, Bridge to City
3. Leaving Healthy Ecosystems for Future Generations
4. Thinking of Japan and the World through Food and Agriculture
5. Expanding Fair Trade for Poverty-free World
6. Local Money Enriches Regions
7. Sustainability, and Local Climates of Areas Becoming Uniform, Like Fast Food
8. Poverty and Sustainability—Haves and Have-nots in Japanese Society
9. The "Famine Problem" in Developed Countries
10. Using Social Capital to Overcome Negative Legacies
11. The Power of Tradition in Breathing Life into the Old
12. Social Awareness and Ecology: Innovation Created by Business

Stakeholder Comment

The Value of Daiwa-JFS Sustainability College

I have been a participant in Daiwa-JFS Sustainability College since the course's first year. I am learning about sustainability at university too, but the great value of this course to me is that I can learn about sustainability in a systematic way. Another great advantage is that lecturers include not only researchers but people active in the field, so we can learn about sustainability from a multi-dimensional perspective. The fact that the Daiwa Securities is Group offering this course with an NPO sends a clear message that the Group wants to pass something on to young people like me. To meet those expectations, I intend to continue actively participating in this course, and I hope to become someone who can make a contribution to society in the future. I also look forward to the two remaining years of the course.

Masayuki Ichikawa
1st year master's degree course student
Graduate School of Environmental and Information Studies
Musashi Institute of Technology

Fiscal 2008 Targets and Action Plans

In the field of economics and financial education, we will continue expanding our business-academia collaboration programs with universities and graduate schools. We will also continue activities to help junior and senior high school students understand more clearly how economics and society work, creating clear text materials and so forth. Additionally, we will communicate more information about sustainability on our CSR website.