



Management Report

CSR Issues: Performance and Targets

This section reports the fiscal 2007 results and fiscal 2008 targets for the wide range of initiatives conducted by the Daiwa Securities Group for the creation of a sustainable society.

| | | Issues and Targets for Fiscal 2007 | Rating of Initiatives | Pages in Report |
|--|--|--|-----------------------|-----------------|
| Material Issue 1 Adding a Social Perspective to Investment | | Promote the widespread practice of SRI (continued). | G | 11-16 |
| | | Provide more information on socially responsible investment. | G | |
| Material Issue 2 Commitment to the Development of a Sound Securities Market | | See "Compliance." | | 17-18 |
| Material Issue 3 Contribution to Global Environment | | Consider the development of financial products that enable investors to help resolve environmental issues. | G | 19-20 |
| | | Expand environmental management systems to major overseas offices. | F | |
| | | Reduce environmental impact by such means as appropriately adjusting air conditioning and using electronic statements. | VG | |
| | | Achieve zero waste in relocation from former headquarters building. | - * | |
| Material Issue 4 Communicating Information for a Sustainable Society | | Enhance activities to raise awareness of sustainability. | G | 21-24 |
| | | Promote economic and financial education initiatives for junior and senior high-school students. | G | |
| Corporate Governance | | Perform documentation and verification in anticipation of fiscal 2008 (first year that internal control system goes into effect). | G | 27-28 |
| | | Create systems for new businesses. | G | |
| | | Further promote BCP (Business Continuity Plan). | VG | |
| CSR Management | | See "Material Issues." | | 29-30 |
| Compliance | Entire Group | Raise awareness of corporate ethics and compliance at Group companies (continued). | VG | 31-32 |
| | | Strengthen measures against criminal elements (continued). | G | |
| | Daiwa Securities | Enhance systems compliant with such revised laws as the Financial Instruments and Exchange Law and the Financial Products Sales Law. | VG | |
| | | Revise internal rules, including simplification and streamlining. | VG | |
| | Daiwa Securities SMBC | Enhance customer and sales-force management systems. | G | |
| | | Enhance systems compliant with such revised laws as the Financial Instruments and Exchange Law and the Financial Products Sales Law. | VG | |
| | | Manage information more stringently, and in particular establish systems to prevent leaks of personal information. | VG | |
| | | Enhance compliance regimes relating to laws and regulations concerning foreign exchange. | VG | |
| Information Disclosure | Support greater sophistication in risk-management systems. | G | | |
| | Enhance disclosure of non-financial information. | G | 33-34 | |
| | Further expand and enhance investor relations (IR) targeting individual investors. | VG | | |
| Customer Satisfaction | Actively pursue post-sales follow up (continued). | G | 35-36 | |
| | Improve skills of junior salespeople. | G | | |
| | Improve customer-interface skills of branch counter staff who interact with customers. | G | | |
| Respect for People and Human Resource Utilization | Further promote company-invigoration measures. | VG | 37-42 | |
| | Enhance education and training programs to increase number of certified analysts and CFPs (continued). | VG | | |
| | Develop workplace environments where women can fully use their abilities (continued). | VG | | |
| Corporate Citizenship | Contribute to social welfare through grant programs and the like. | G | 43-46 | |
| | Promote volunteer programs to enable more executives and employees to participate (continued). | G | | |
| Environmental Impact of the Daiwa Securities Group | | See Material Issue 3 "Contribution to Global Environment." | | 47-48 |

Issues and Targets for fiscal 2008

Continue to develop and spread financial products with a social perspective and SRI.

Provide more information on investment from a social perspective (continued).

See "Compliance."

Raise awareness of environmental issues among executives and employees.

Reduce the environmental burden by setting temperatures appropriately, reducing use of paper and other means.

Promote reuse and recycling of fixtures when moving to headquarters building.

Communicate more information about sustainability on our CSR website.

Expand and promote economic and financial education initiatives.

Establish a system for evaluating internal control.

Organize and expand the Group's management system, including systems for new businesses.

Promote BCP.

Promote dialogue with stakeholders.

Raise awareness of CSR among executives and employees.

Improve coordination among related internal departments.

Carry out thorough compliance training at all companies.

Strengthen system to eliminate criminal elements.

Strengthen the internal control system.

Create an enhanced internal control structure for systems and IT.

Enhance the monitoring system for unfair transactions.

Improve the system for handling the Guidelines for Supervision of the Financial Instruments Business.

Implement new risk management for the Financial Instruments and Exchange Law.

Enhance the information management system.

Expand and make good use of IR channels.

Implement effective IR directed to individual investors.

Enhance disclosure of non-financial information (continued).

Actively pursue post-sales follow up (continued).

Improve employees' skills (continued).

Improve customer-interface skills of branch counter staff interacting with customers (continued).

Reassess all employees' working hours/time management (encourage employees to take yearly paid leave, etc.).

Change employee attitudes through child-rearing (encourage male employees to take child care leave, etc.).

Continue hiring persons with disabilities as regular employees.

Promote an environment encouraging executives and employees to participate in volunteer work.

Communicate information about volunteering and volunteer activities in-house.

See Material Issue 3 "Contribution to Global Environment."

*Since compilation of figures has not been completed at this time, details will be provided in the next *Sustainability Report*.

Fiscal 2007 Issues and Performance/
Fiscal 2008 Targets

■ Fiscal 2007 Performance

The results of initiatives in fiscal 2007, and issues and targets for fiscal 2008, are listed as the issues and targets of each division. The Daiwa Securities Group's own rating for accomplishment of each initiative is shown.

■ Fiscal 2008 Targets

Fiscal 2008 targets for the Daiwa Securities Group are based on performance and evaluation of fiscal 2007 targets. Coordination among Group companies and divisions with the aim of implementing and achieving these targets leads to maximizing value for all stakeholder groups.

Rating of initiatives

VG: Very good results toward achieving the target

G : Good results toward achieving the target

F : Fair; further implementation and results needed

NI : Not implemented