



## Management Report

# CSR Management

We promote CSR activities through stronger awareness among executives and employees and through communication with our stakeholders, actively disseminating information related to CSR both inside and outside the company.

## Initiatives and Targets

The Daiwa Securities Group has a wide range of CSR initiatives aimed at sustainable growth together with society. By carrying out CSR activities, we also aim to improve our executives' and employees' confidence in the company, their pride in their work, and their sense of solidarity, and to be a reputable company in the eyes of society and of all our stakeholders.

## CSR Promotion System

We have established a CSR Promotion Department at Daiwa Securities Group Inc. which promotes CSR activities. This department participates regularly in department head meetings and departmental liaison meetings at Group headquarters and throughout the Group, where it reports on the Group's CSR activities and raises CSR-related issues. The department is also in charge of organizing CSR study groups both inside and outside the company to increase awareness of CSR.

We are also establishing a scheme to share information on CSR-related activities with our 43 major overseas facilities (which include foreign subsidiaries, branches and overseas offices).

## CSR Promotion Activities

### Activities at Our Overseas Facilities

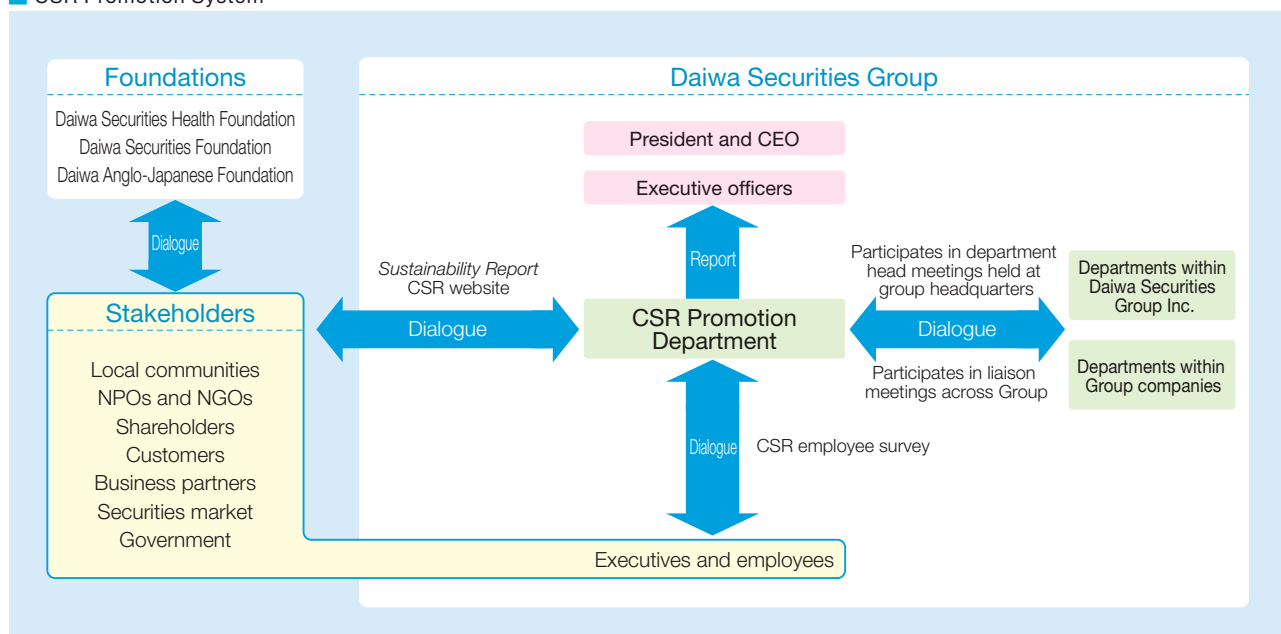
The Charity Committee at the London head office of Daiwa Securities SMBC Europe Limited actively carries out social contribution activities. In September 2007, staff from the London, Europe and Middle East branches contributed recipes and produced the "Daiwa Cookbook." A total of 460 copies were sold, raising proceeds of 1,200 pounds which were donated to an NGO addressing poverty and children's health care issues in developing countries.

In February 2008, the London head office organized a 24-hour tea and coffee party. Proceeds of 140 pounds raised by selling tea, coffee and cookies to employees, plus a matching donation from the company, were again channeled to the NGO named above.

At Daiwa Securities SMBC Hong Kong Limited, Japanese-language classes are held weekly on Mondays, Tuesdays and Wednesdays. Sixty-nine local employees participate in the classes, which are given by Japanese staff.

Daiwa Securities SMBC Australia Limited supports the Sydney Harbour Yacht Challenge yacht race. Customers and staff also participate in the race, which is a good opportunity for deepening relationships.

### CSR Promotion System



## The Daiwa Securities Group's Basic CSR Strategy

(Excerpted from "Passion for the Best 2008," the Daiwa Securities Group's medium-term management plan.)

To carry out more active communication with stakeholders and improve our standing in society, the Group contributes to the development of a sound economy and society.

### Economics and finance education

To work with educational institutions and NPOs, in order to support education and research through business-academia collaboration and promote economics education.

### Socially responsible investment (SRI)

To promote the widespread practice of SRI.

### Environment conservation

To build an environmental management system, including the establishment of environmental policies, within Group companies, starting first with the principal Group companies in Japan, then the consolidated subsidiaries in Japan and later the overseas subsidiaries.

## Fiscal 2008 Targets and Action Plans

We will reflect the expectations of society toward enterprises in our management and begin stakeholder dialogues between the Group's management executives and outside experts in fiscal 2008.

We will take measures to heighten awareness of CSR among employees so as to speed up our undertakings in CSR activities.

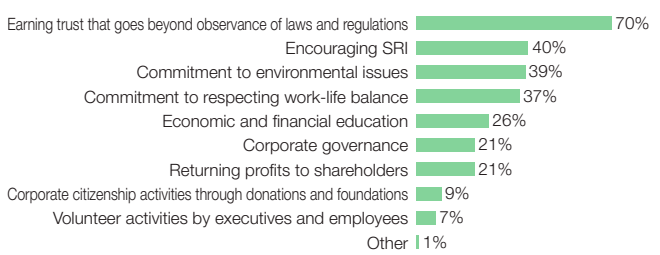
We will improve information-sharing among the departments concerned, to boost our social and environment-related business activities.

## Results of CSR Employee Survey

The Daiwa Securities Group regularly conducts CSR surveys of all its executives and employees, in order to gauge current attitudes toward CSR and raise awareness of CSR through such surveys. In fiscal 2008, we conducted a survey in May targeting all 18,278 Group executives and employees (including temporary employees) and received 11,882 responses (65.01%). Some of the survey results are reported below. We treat these results very seriously and are committed to expanding CSR activities.

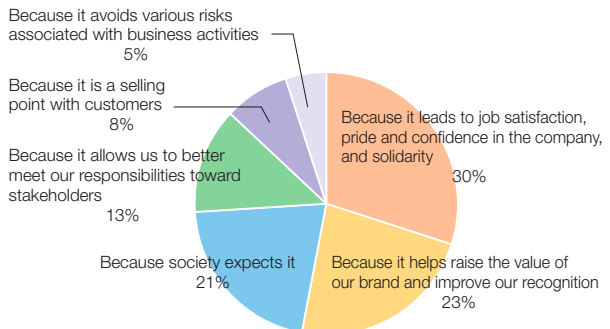
### What aspects of CSR at the Daiwa Securities Group do you think are particularly important? (Multiple answers)

The most common responses (in descending order) were "Earning trust that goes beyond observance of laws and regulations" (70%), "Encouraging SRI" (40%, vs. 35% in 2007) and "Commitment to environmental issues" (39% vs. 22% in 2007), both mentioned by more respondents than last year.



### Why do you think the Daiwa Securities Group promotes CSR?

Continuity of data with the 2007 survey for comparison purposes has been affected by the addition of the answer "Because it allows us to better meet our responsibilities toward stakeholders," but the most common responses were "Because it leads to job satisfaction, pride and confidence in the company, and solidarity" (30%), "Because it helps raise the value of our brand and improve our recognition" (23%) and "Because society expects it" (21%).



### What do you think would help spread SRI more widely in Japan?

The top-ranking answers were "Develop SRI products" (28%) and "Communicate information relating to investment target companies' environment and society-related activities" (25%). Compared to "Advertise through the media" (23%) and "Provide more training for employees" (17%), more respondents chose answers directly related to our day-to-day operations.

