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I think the phrase that perhaps best sums up this report is “taking CSR to a higher level.”

The Daiwa Securities Group has previously issued seven sustainability reports and was one of the very first Japanese companies involved in CSR activities. This being the eighth report to be issued, the Group has changed the title to “CSR Report.” Not only has the title changed, but the standpoint has changed as well.

Bringing Employees to the Fore

Until now, the pattern for explaining CSR activities had been fundamentally guided by top management, beginning with the very first report when then President and CEO Yoshinari Hara established this format by using the term “To Our Stakeholders.” CSR activities hinged on the extent to which top management took this seriously.

However, although the cover, featuring the smiling faces of babies, follows the pattern previously established, a peek at the pages of this report shows employees at the workplace being featured from the very first page onward, which sends a clear message. Also included is the phrase: “initiate CSR activities that are even more effective.” For his part, President Shigeharu Suzuki does not appear until page eight, rather than at the beginning of the report.

This of course is not a denial of the leadership role played by top management or the concept of sustainability. In fact, the subtitle, “Building a Sustainable Society” makes it clear that this has not changed. Moreover, presenting this section as a dialogue has increased the quality of President Suzuki’s message compared to last year. So, is this merely a case of a change in the title and arrangement of contents?

This appears not to be the case. In general, decisions taken by top management regarding CSR activities remain important. However, for the concept of CSR to spread, it is a given that dissemination is based on everything from leadership exhibited by top management to actions taken by each employee. By demonstrating that the Daiwa Securities Group is taking CSR to a higher level, they are able to emphasize how they differ from other companies.

Reaffirming Finance as Daiwa Securities Group’s Main Business

Perhaps one reason why the Daiwa Securities Group is placing an emphasis on making these changes stems from the crises and turmoil confronting the finance industry on a global scale. All executives and employees of the Daiwa Securities Group have shown an awareness of being members of a first-choice

financial institution by issuing a “Declaration from the Heart,” asking, “What can be accomplished through financial capabilities?” and by giving serious consideration to what actions must be taken to address the situation.

The Daiwa Securities Group’s changed standpoint can be seen in the refining of the four CSR-specific key issues—established in the report issued two years ago—into two key issues developed for the current report: “Leverage Financial Capabilities to Contribute to a Sustainable Society” and “Develop Sound Financial and Capital Markets for the Next Generation.” Together with these changes is a reaffirmation by the Group of what a financial institutions’ primary business is.

Accumulating Achievements

As part of taking CSR to a higher level, the Daiwa Securities Group has made notable achievements. The ratio of female employees has risen to nearly 40%, while the ratio of female executives continues to increase yearly. To be certain, being ranked in surveys related to best working conditions and best working conditions for women has served to heighten the Daiwa Securities Group’s level of trust as a financial institution.

Regarding financial products for individual investors, the Group has steadily connected its main business to such successes as the continued sales of vaccine bonds, which prevent the spread of infectious diseases among children in developing countries. Consumers who purchase financial products can make a determination of the quality of the product as well as whom this product affects. Indeed, sharing the point-of-view of consumers has become increasingly important.

The Challenges of Increasing Trust and Profitability

It is a given that consumers seek profitability. Profitability in this case is based on a long-term view that takes into account the future of the babies featured on the cover, rather than focusing on short-term market fluctuations. However, accumulating achievements in the areas of trust and profitability borne of this expectation continues to be a major challenge.

The coordinated use of the Group website is another characteristic of this report. Other companies are also in the process of moving CSR-related data to their websites on a considerable scale. In view of the expansion of CSR activities and the accumulation of yearly achievements, the ability of a printed report to convey all of this information is limited. Yet, I would have preferred paper-based reports on such topics as environmental load information that briefly displays CSR achievements and economic reports that indicate profitability and distribution balance, even if they were significantly reduced in size.

Having made the decision to take CSR to the next stage, it is appropriate to be able to disclose data that supports these efforts. For this reason, I am looking forward to further readjustments in the next CSR report.

Acknowledgement of Third-party Opinion

Keiko Uehara, *Corporate Executive Officer, Daiwa Securities Group Inc.*

In addition to revising the title and CSR Key Issues, the 2009 CSR Report contains many areas in which innovations have been tried, including employees telling their own stories with a focus on workplace realities as well as providing information in separate booklet and website-based forms.

These actions have made me aware of the greater appeal inherent in making this report easy for the reader to understand and fully profiling the concept underlining the Daiwa Securities Group’s approach to CSR. To be specific, each executive and employee has become more serious about making a contribution to a sustainable society through finance, which is our primary business.

The comment made by Professor Fujii, as a third-party, that we have “taken CSR to a higher level” serves as a constant evaluation of these new initiatives and has left me with a feeling of empowerment to face the future.

Regarding CSR activities to be undertaken from now on, because we are determined to take on new challenges, we will strive to make improvements based on the opinions of Professor Fujii and the evaluations received from our stakeholders.

