# Environmental Impact

Daiwa Securities Group Inc. strives to reduce environmental impact by such means as using electronic statements and appropriately adjusting air conditioning. In addition, we have made ongoing efforts to raise the awareness of executives and employees of the importance of streamlining business operations and reducing environmental impact. In recent years, however, our energy consumption has been growing against the backdrop of an increasing number of employees and new business bases as well as the expanding scope of environmental impact data. Therefore, we will endeavor to further cut environmental impact by pursuing more efficient business operations.

## $CO_2$ Emissions

Energy consumption at the Daiwa Securities Group's domestic offices (on a $CO_2$ emissions basis) rose 1.6 percent in fiscal 2008 compared with fiscal 2007. The main factors responsible for the increase are analyzed below.

### ■ Energy Consumption

■ Analysis of Higher Energy Consumption Breakdown

| Factor | % |
|---|---|
| 1. Increased number of employees and temporary increase of business at branch offices due to the digitization of stock certificate | 1.8 |
| 2. Establishment of new bases for Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd. | 1.8 |
| 3. Expansion of the scope of environmental impact data | 1.2 |
| 4. Completion of the relocation of the head office building | -1.8 |
| 5. Effects of energy-saving measures | -1.3 |
| Total | 1.6 |

1. Environmental impact from electricity usage grew on the back of an increased number of employees and temporary increase of business at branch offices due to the digitization of stock certificates.
2. Electricity use doubled due to the process of relocating and consolidating of Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd. in a new business base, resulting in increased environmental impact.
3. At the head office building of Daiwa Securities Business Center Co., Ltd., the scope of electricity usage data expanded from the floors used by Daiwa Securities Business Center Co., Ltd. to include the entire building.
4. Major business bases were relocated to and consolidated in the GranTokyo North Tower from December 2007 to March 2008. This brought to an end the parallel use of electricity at multiple sites during the relocation period, and, therefore, the environmental impact from power usage decreased.
5. Energy consumption at Daiwa Securities Group domestic offices other than those listed above declined owing to appropriate control of office temperatures and other efforts.

■ Energy Consumption by the Daiwa Securities Group (Table 1)

| | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 |
|---|---|---|---|---|---|
| Domestic offices | | | | | |
| Electricity (kWh) | 89,546,672 | 86,320,394 | 88,732,751 | 92,659,304 | 94,835,170 |
| City gas ($m^3$) | 904,255 | 727,485 | 691,395 | 643,908 | 516,799 |
| Gasoline (liters) | 1,151,487 | 1,036,609 | 1,035,700 | 1,031,978 | 1,029,087 |
| Heavy oil (liters) | 61,739 | 30,146 | 34,087 | 23,677 | 4,798 |
| Diesel fuel (liters) | 11,048 | 1,267 | 73 | 0 | 105 |
| Overseas offices | | | | | |
| Electricity (kWh) | – | – | – | 7,717,773 | 8,717,743 |

* At overseas offices, only figures for electricity consumption were tabulated.
* The figure for gasoline consumption at domestic offices in fiscal 2007 was revised in accordance with the change in the scope of data.
* The Daiwa Securities Group is now a tenant in its new head office at Gran Tokyo North Tower, which limits availability of environmental impact data. The only electricity consumption that can be calculated is that used through electrical outlets on the floors occupied by the Daiwa Securities Group and electricity consumed for lighting. The Group's electricity consumption does not include electricity used for heating, cooling and ventilation and for elevators and common areas of the building. No data are available for the Daiwa Securities Group's consumption volume of potable water, gas, heavy oil or diesel fuel.
* For scope of data, see the "Scope of Environmental Data" table.

■ Daiwa Securities Group's $CO_2$ Emissions (Table 2) (Unit: kg-$CO_2$)

| | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 |
|---|---|---|---|---|---|
| Domestic offices | | | | | |
| Electricity | 49,698,403 | 47,907,819 | 49,246,677 | 51,425,914 | 52,633,519 |
| City gas | 1,880,543 | 1,512,291 | 1,437,867 | 1,339,110 | 1,074,766 |
| Gasoline | 2,673,362 | 2,406,654 | 2,404,543 | 2,395,902 | 2,389,191 |
| Heavy oil | 184,078 | 89,882 | 101,632 | 70,594 | 14,305 |
| Diesel fuel | 28,937 | 3,319 | 191 | 0 | 275 |
| Total for domestic offices | 54,465,324 | 51,920,594 | 53,190,910 | 55,231,519 | 56,112,056 |
| Overseas offices | | | | | |
| Electricity | – | – | – | 4,283,364 | 4,838,348 |
| Total for domestic and overseas offices | – | – | – | 59,514,883 | 60,950,403 |

* Shows data for consumption of electricity, gas, gasoline, heavy oil and diesel fuel at our domestic offices and electricity consumption at our overseas offices converted to $CO_2$ emissions (kg).
* For all years and regions, the emissions coefficient used for converting to $CO_2$ emissions is based on the ministerial ordinance related to the calculation of greenhouse gas emissions arising from the business activities of specified emitters (Ministry of Economy, trade and Industry and Ministry of the Environment, Ordinance No. 3, March 2006).
* The amount of $CO_2$ emissions in fiscal 2007 was revised to reflect the change in the amount of gasoline use in domestic offices.
* For scope of data, see the "Scope of Environmental Impact Data."

## ■ $CO_2$ Emissions per Employee (Domestic)

$CO_2$ emissions per employee calculated from the Daiwa Securities Group's total emissions divided by the number of domestic employees decreased 3.7 percent year on year.

■ $CO_2$ Emissions per Employee (Domestic) (Table 3) (Unit: kg-$CO_2$)

| | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 |
|---|---|---|---|---|---|
| Per employee | 4,930 | 4,581 | 4,463 | 4,267 | 4,110 |
| Number of domestic employees | 11,047 | 11,326 | 11,924 | 12,943 | 13,652 |

* For scope of data, see the "Scope of Environmental Impact Data."

* Figures in the past years were revised according to the change in the scope of data.

# Other Environmental Impacts

## ■ Changes in Potable Water Consumption

Potable water consumption in fiscal 2008 decreased 9.0 percent compared with the previous fiscal year.

■ Changes in Potable Water Consumption (Graph 1)

* For scope of data, see the "Scope of Environmental Impact Data."

## ■ Volume of Copying Paper / Forms Purchased

The volume of copying paper and forms purchased in fiscal 2008 decreased 18.9 percent year on year due to the Group-wide effort for reducing paper use.

■ Volume of Copying Paper/Forms Purchased — Total Weight (kg)

| | Company | FY2005 | FY2006 | FY2007 | FY2008 |
|---|---|---|---|---|---|
| Copying paper | Daiwa Securities Group Inc. | 18,998 | 19,502 | 17,962 | 11,496 |
| | Daiwa Securities Co. Ltd. | 451,125 | 471,079 | 531,840 | 395,312 |
| | Daiwa Securities SMBC Co. Ltd. | 148,855 | 141,327 | 96,000 | 149,767 |
| | Daiwa Institute of Research Ltd. | 160,548 | 187,306 | 194,149 | 106,241 |
| | Daiwa Institute of Research Holdings Ltd. | | | | 446 |
| | Daiwa Institute of Research Business Innovation Ltd. | | | | 9,577 |
| | Daiwa Asset Management Co. Ltd. | 28,434 | 35,722 | 47,030 | 48,729 |
| | Daiwa Business Center Co., Ltd. | 51,039 | 50,027 | 48,946 | 39,362 |
| | Daiwa SB Investments Ltd. | 33,272 | 35,513 | 37,989 | 29,606 |
| | Daiwa Property Co., Ltd. | 3,108 | 3,205 | 3,640 | 3,544 |
| | Daiwa Sanko Co., Ltd. | 3,770 | 3,775 | 4,672 | 2,098 |
| | Daiwa SMBC Capital Co., Ltd. (former NIF SMBC Ventures Co., Ltd.) | 12,624 | 14,235 | 12,523 | 10,874 |
| | Other | 21,403 | 32,521 | 37,880 | 30,251 |
| Copying paper total | | 933,176 | 994,210 | 1,032,629 | 837,302 |
| Paper for forms | Daiwa Securities Co. Ltd. | 467,134 | 244,976 | 131,090 | 118,003 |
| | Daiwa Securities SMBC Co. Ltd. | 157,020 | 149,833 | 157,786 | 123,308 |
| Paper for forms total | | 624,154 | 394,809 | 288,876 | 241,311 |
| Grand total | | 1,557,330 | 1,389,019 | 1,321,505 | 1,078,613 |

* Data for the copying paper consumption in fiscal 2007 was revised to reflect the change in the scope of data.

## ■ Changes in Waste Generated and Recycling Volume

Total paper waste in fiscal 2008 dropped 34.2 percent year on year, reflecting Group-wide efforts to reduce paper consumption. The recycling rate of non-paper waste for fiscal 2008 was down to 15 percent with the rebound from the promotion of recycling upon the head office relocation in fiscal 2007. However, the volume of non-paper waste generated fell 22.4 percent year on year.

■ Changes in Waste Generated and Recycling Volume (Table 4) (Unit: tons)

| | | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 |
|---|---|---|---|---|---|---|
| Paper waste | Amount generated | 1,552.8 | 1,470.3 | 1,451.6 | 1,343.4 | 883.6 |
| | Amount recycled | 1,328.8 | 1,212.3 | 1,230.4 | 1,137.9 | 781.4 |
| | Amount discarded | 224.0 | 258.0 | 221.2 | 205.4 | 102.2 |
| | Recycling rate | 86% | 82% | 83% | 85% | 88% |
| Non-paper waste | Amount generated | 417.5 | 391.8 | 415.8 | 456.38 | 354.4 |
| | Amount recycled | 112.9 | 104.4 | 88.5 | 106.78 | 54.6 |
| | Amount discarded | 304.6 | 287.4 | 327.1 | 349.6 | 299.8 |
| | Recycling rate | 27% | 27% | 21% | 23% | 15% |

* Amounts of paper waste, non-paper waste generated, recycled and discarded through the Daiwa Securities Group's business operations have been combined.

* Data for non-paper waste in fiscal 2007 was revised according to the change in the scope of data.

## ■ Scope of Environmental Impact Data in Domestic Offices

| Building Name | Table 1, 2, 3 | Graph 1 | Table 4 |
|---|---|---|---|
| Daiwa Securities New Head Office Building | ○ | ○ | ○ |
| Eitai Daiya Building | ○ | ○ | |
| Daiwa Securities Osaka Branch Building | ○ | ○ | ○ |
| Daiwa Securities Nagoya Branch | ○ | ○ | |
| Daiwa Asset Management Headquarters | ○ | ○ | ○ |
| Daiwa Institute of Research Headquarters Building | ○ | ○ | ○ |
| DIR Annex | ○ | ○ | |
| DIR Eitai Building | ○ | ○ | ○ |
| DIR Kiyosumi Park Building | ○ | | |
| DIR Osaka Center Building | ○ | | |
| Daiwa Business Center Building | ○ | ○ | ○ |
| Daiwa Securities branch offices* | ○ | ○ | |
| Daiwa SB Investments Headquarters | ○ | ○ | |
| Daiwa SMBC Capital Headquarters | ○ | ○ | ○ |
| Daiwa Training Center | ○ | ○ | |
| Daiwa Sanko Building (Headquarters and Annex) | ○ | ○ | |
| Hinode Securities Headquarters | ○ | ○ | |
| Hinode Securities branch offices | ○ | ○ | |
| Daiwa Yaesu Building | ○ | ○ | |
| Riverside Yomiuri Building | ○ | ○ | |

* 114 branch offices, excluding headquarters and the Osaka and Nagoya branch buildings (as of March 31, 2009)

* Together with the relocation and consolidation of major business bases to the GranTokyo North Tower, Daiwa Securities Gofukubashi Building (former head office building), Kabutocho Building and Daiwa Securities SMBC Headquarters Building, which are currently not in use, are excluded from the scope of data. The Daiwa Yaesu Building and Riverside Yomiuri Building are newly included in the scope of data.

## Initiative to Reduce Environmental Impact

### ■ Promoting Reductions in Paper Use

In addition to converting statements, etc., into electronic format, we are promoting measures to reduce the amount of copy paper we use.

TOPIC Energy-Saving Initiatives in the Office Environment

### ■ Shortening Business Hours by Encouraging Personnel to Leave before 7 P.M.

Encouraging personnel to leave the office before 7 p.m. in the interest of work-life balance means that lights and heating/cooling are used for shorter periods, thus contributing to reducing environmental impact.

### ■ Adoption of "Cool Biz"

In July 2007, the Daiwa Securities Group adopted the "Cool Biz" policy group-wide and began setting office temperatures at appropriate levels. All employees wore badges promoting "Cool Biz" style. Additionally, posters were displayed in all our departments and branches, and we used in-house broadcasting to promote "Cool Biz." Through these efforts, we have ensured that all Group employees are acquainted with and understand our commitment to contributing to solving global environment problems.