



Stakeholder Dialogue 2

Promoting Sustainability via the Financial Business and CSR

In January 2010, the Daiwa Securities Group signed the UN Global Compact.* We took the opportunity to seek input on how we might take our commitment to CSR activities to the next level, asking experts in the field to join us for a discussion on 15 March 2010 about our past, present, and future social obligations as a financial institution.

* The UN Global Compact was established in 2000 under the UN Secretariat after an initiative launched in 1999 by former Secretary General Kofi Annan. The membership consists of global corporate leaders who are expected to align their business practices with ten principles in the fields of human rights, labor, environment, and anti-corruption in their business activities, in partnership with UN agencies, labor, and civil society.

Global compact a way for Daiwa to raise awareness in Japan and forge ties with global leaders

Uehara: In January 2010, the Daiwa Securities Group joined the UN Global Compact, the first securities firm in Japan to do so. We share the principles of the Compact, so our decision to sign on was a way for us to strengthen our commitment to social responsibility and incorporate the spirit of the Compact in our business.

Wakabayashi: By publicly announcing our reasons for joining, we hoped to build interest about global challenges within Japanese society and become more involved in growing efforts to promote global cooperation.

Arima: The Global Compact focuses on getting companies to incorporate CSR into their business activities. In this sense, a securities firm is

well-positioned to have a significant influence on society because its job is to provide funding for businesses and public sector organizations and to broker deals for investors.

Wakabayashi: Developing products that channel money to where it is needed anywhere in the world will help us fulfill our social responsibilities. Our employees are also very interested in doing that kind of work.

Akiyama: Changing society for the better by helping direct the flow of funds is one of the financial industry's most important functions. In that sense, finance has a major role to play in dealing with global problems like the environment and poverty.

Arima: The Global Compact also stresses the importance of partnerships. In particular, I expect that finance can indirectly support improvements in the situation of the most vulnerable—people who suffer from poverty, health problems, and gender discrimination. Forming such bonds opens the door to a wide range of opportunities.

Akiyama: In the US and Europe, financial institutions engage in various partnership initiatives, sometimes with the UN, and they also have submitted many proposals to their respective governments. However, that sort of partnership activity by financial institutions has not functioned well in Japan, so I hope Daiwa Securities Group will take the lead in that regard.

Arima: For example, there is relatively little Japanese representation in leadership summits for top executives or the subcommittees where member firms hold discussions. I hope that Daiwa becomes an active participant in these sorts of forums.



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President, Integrex Inc.



Toshio Arima

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Compact Board, and Chairman,
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Two major initiatives to create a brighter future and better society

Uehara: At Daiwa, one of our major objectives is to offer financial services that contribute to creating a sustainable society. Selling Microfinance Bonds and Vaccine Bonds has meant a lot for both customers and employees as it is easy for them to see how these products benefit society.

Wakabayashi: People are generally altruistic—they want to contribute to society. It's our job to produce good products that reflect their good will, and in a timely fashion.

Shimazu: Offering socially responsible investments (SRI) has also had a major impact on our employees, who feel proud to sell products that help solve society's problems. People are amazing—give them something that makes their jobs more meaningful, and it becomes a powerful inspiration for them.

Uehara: These bonds came from our teams on the ground, which took the initiative in convincing us to create products like this. Watching how motivated they became when working together across divisions was really thrilling.

Akiyama: A good product can change an entire company. On the front lines, enlightened employees together will start to figure out how to solve social problems within their business domains. They then become quite motivated once they see their ideas



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taking shape as an actual product. Having something concrete helps make people feel proud of what they're doing. The customers appreciate it, too. It's a virtuous cycle.

Shimazu: Another major objective at Daiwa is to develop sound financial and capital markets to pass on to future generations. We think the best way to do this is through education.

Akiyama: I think proper financial education is very important. Unfortunately, in Japan, money has a bad reputation for being "dirty." The key, thus, is to find ways to shed a positive light on decent ways of making and using money. With that in mind, I hope your efforts will focus on helping people understand the role and basic concepts of finance.

Sustainable corporate growth—impossible without work-life balance

Arima: "CSR is a core part of management" means good working conditions viewed from the employee's perspective. I am personally very interested in the diverse ways people can work today. The term "work-life balance" usually focuses on maternity leave and nursing care, but it really has a wider meaning. I feel that we should aim for higher productivity at "work" in balance with a happier "life."

Shimazu: Every company touts its work-life balance policies these days. However, I am confident that we are the absolute best in terms of how seriously we take treating our employees well. Securities firms typically require brutal work hours, so encouraging people to leave at 7:00 p.m. is nothing short of revolutionary.

Uehara: If you just sit at your desk and interact only with your co-workers, you'll never form new ideas about how to approach your work. The only way to identify the needs of your customers and society is to come across them in your own everyday life as a citizen in the community. Therefore, I think work-life balance is an effective means of improving the quality of work, and necessary if a company is to grow.

Akiyama: Some people prefer the term "work-life blend," and I think that's a more accurate description. Basically, work is a part of life, and vice versa. Women are usually the subject of focus when the issue of work-life balance comes up, but I think men need to reconsider their lifestyles, too. Employers can use PDCA (Plan-Do-Check-Action) to find out how their workers feel about their efforts to promote a work-life balance, evaluate the effects of such programs, and fix what needs improving.