

## CSR Issues: Performance and Targets

This section reports the fiscal 2009 results and fiscal 2010 targets for the wide range of initiatives conducted by the Daiwa Securities Group to help build a more sustainable society.

		Targets for Fiscal 2009
<b>Key Issue 1 Leveraging Financial Capabilities to Contribute to a Sustainable Society</b>		<ul style="list-style-type: none"> <li>● Enhance links among group companies concerning socially responsible investment (SRI).</li> </ul>
<b>Key Issue 2 Developing Sound Financial and Capital Markets for the Next Generation</b>		<ul style="list-style-type: none"> <li>● Expand and promote economic and financial education initiatives.</li> <li>● Communicate more information about environmental issues.</li> <li>● Communicate more information about sustainability on the Daiwa Securities CSR website (continued).</li> </ul>
<b>CSR Management</b>		<ul style="list-style-type: none"> <li>● Collect and provide CSR-related information.</li> <li>● Provide more CSR-related information throughout the Group.</li> <li>● Conduct CSR survey of executives and employees and utilize feedback in CSR activities.</li> </ul>
<b>Corporate Governance</b>		<ul style="list-style-type: none"> <li>● Create documentation on internal controls for financial reporting and improve and increase the efficiency of the verification of these operations.</li> <li>● Promote business continuity planning (BCP).</li> </ul>
<b>Compliance</b>	<b>Entire Group</b>	<ul style="list-style-type: none"> <li>● Continue to implement compliance training programs.</li> <li>● Enhance initiatives to avoid relationships with organized crime.</li> </ul>
	<b>Daiwa Securities</b>	<ul style="list-style-type: none"> <li>● Make ongoing improvements to operating quality.</li> <li>● Improve the effectiveness and efficiency of internal controls.</li> </ul>
	<b>Daiwa Securities Capital Markets</b>	<ul style="list-style-type: none"> <li>● Maintain management systems based on a review of firewall regulations and other measures.</li> <li>● Strengthen information safeguard system (continued).</li> </ul>
<b>Information Disclosure</b>		<ul style="list-style-type: none"> <li>● Continue to disclose non-financial information.</li> <li>● Carry out efficient IR activities.</li> <li>● Improve and make effective use of IR channels.</li> </ul>
<b>Relationship with Customers</b>		<ul style="list-style-type: none"> <li>● Actively pursue post-sales follow-up (continued).</li> <li>● Improve skills of sales force.</li> <li>● Improve customer-interface skills of branch counter staff.</li> </ul>
<b>Relationship with Shareholder</b>		<ul style="list-style-type: none"> <li>● Take action to boost shareholder expectations.</li> </ul>
<b>Relationship with Executives and Employees</b>		<ul style="list-style-type: none"> <li>● Develop professional workforce that combines expertise and loyalty.</li> <li>● Achieve a far-reaching work-life balance program.</li> <li>● Accelerate appointment of female managers who will assume leadership roles in the Japanese financial industry.</li> </ul>
<b>Relationship with Society</b>		<ul style="list-style-type: none"> <li>● Enhance information dissemination of corporate citizenship activities within the Group.</li> </ul>
<b>Environmental Impact of the Daiwa Securities Group</b>		<ul style="list-style-type: none"> <li>● Reduce environmental impact.</li> </ul>

\*Rating indicates self-evaluation of fiscal 2009 results: ● = success (significant), ○ = success (moderate), △ = additional effort needed, × = not achieved.

Results for Fiscal 2009	Rating*	Targets for Fiscal 2010
<ul style="list-style-type: none"> <li>Established cross-departmental group links, leading to the development and sale of three Impact Investment-based bonds (roughly ¥65 billion in total) contributing to the resolution of social issues.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Develop and sell at least ¥100 billion in Impact Investment bonds.</li> <li>Consider other Impact Investment products such as investment trusts.</li> </ul>
<ul style="list-style-type: none"> <li>Boosted domestic and overseas collaborations, including support for an entrepreneur training exchange with Tokyo University and Peking University. Promoted business-academic collaborations based on core operations, starting with course endowments.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Strengthen ties with domestic and overseas universities and also monitor and further promote the performance of these relationships.</li> <li>Provide employees with training in financial philosophy (ethics as financial supporter).</li> <li>Pursue wide distribution of the "Life is a Series of Choices" text to teachers.</li> <li>Hold study sessions for students on the topic of social business.</li> </ul>
<ul style="list-style-type: none"> <li>Provided richer information on green innovations and other topics.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Communicate more information about environmental issues (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Provided more up-to-date and deeper information on the Daiwa Securities Group website, including microfinance webpage.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Enhance information dissemination through Daiwa Securities Information TV and website.</li> </ul>
<ul style="list-style-type: none"> <li>See Key Issue 2.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Hold dialogues with experts at least once a month to improve executive and employee awareness, and promote internal and external communication through the dissemination of information.</li> </ul>
<ul style="list-style-type: none"> <li>Disseminated information through company intranet and in-house magazines.</li> <li>Conducted CSR survey of all group executives and employees and identified key CSR issues.</li> </ul>	○	
<ul style="list-style-type: none"> <li>Ironed out and simplified documentation of internal controls for financial disclosure and improved efficiency of verification operations.</li> <li>Improved the effectiveness of internal controls for financial reporting by introducing a new consolidated accounting system.</li> </ul>	○	<ul style="list-style-type: none"> <li>Establish a firmer global internal control scheme to further strengthen the trust of stakeholders and thus ensure sustained growth.</li> </ul>
<ul style="list-style-type: none"> <li>Created manual to provide executives and employees with a basic knowledge of the H1N1 virus and related countermeasures.</li> <li>Expanded the back-up office functionality of the Tama Training Center.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Establish groupwide BCP scheme.</li> </ul>
<ul style="list-style-type: none"> <li>Checked awareness of corporate ethics and conducted related training.</li> <li>Conducted compliance training through e-learning.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Further ensure thorough awareness of corporate ethics and compliance.</li> </ul>
<ul style="list-style-type: none"> <li>Had group companies gather and collate data on organized crime.</li> <li>Exchanged information with public organizations and other entities to ascertain trends in organized crime.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Strengthen efforts to eradicate organized crime and block relationships with any such elements.</li> </ul>
<ul style="list-style-type: none"> <li>Promoted initiatives with a focus on upgrading and encouraging self improvement efforts by branches and head office units.</li> </ul>	○	<ul style="list-style-type: none"> <li>Make ongoing improvements to operating quality (continued). Revise internal rules, operating procedures, and other guidelines. Strengthen scheme to eliminate unfair trade.</li> </ul>
<ul style="list-style-type: none"> <li>Achieved greater effectiveness by checking the success of related methodologies and IT support.</li> </ul>	○	<ul style="list-style-type: none"> <li>Support branch efforts to beef up internal controls.</li> </ul>
<ul style="list-style-type: none"> <li>Identified company and transaction relations subject to controls concerning conflicts of interest and appointed managing officers to ensure upkeep of rules, revisions of control systems, and awareness through training.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Take actions to address amendments to the Financial Instruments and Exchange Law.</li> </ul>
<ul style="list-style-type: none"> <li>Prepared and disseminated case studies on corporate information control.</li> </ul>	○	<ul style="list-style-type: none"> <li>Step up related initiatives, including actions against organized crime.</li> </ul>
<ul style="list-style-type: none"> <li>Made proactive disclosures through annual reports, business reports and other publications, as well as through analyst meetings and other venues.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Actively disclose information, including non-financial content, demonstrating the unique or differentiating features of the Group.</li> </ul>
<ul style="list-style-type: none"> <li>Improved quality of IR information while staying cost effective.</li> <li>Updated IR webpage.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Carry out efficient IR activities (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Provided clearer information in disclosure documents. Overhauled IR webpage to make it more user friendly.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Improve and make effective use of IR channels (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Continually provided domestic and foreign market projections through target/purpose-specific seminars.</li> <li>Provided more timely information on the Daiwa Securities webpage.</li> </ul>	○	<ul style="list-style-type: none"> <li>Actively pursue post-sales follow-up (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Provided training for AFP, CFP, and other certifications, and encouraged TOEIC test taking.</li> </ul>	△	<ul style="list-style-type: none"> <li>Improve skills of all employees.</li> </ul>
<ul style="list-style-type: none"> <li>Had head office staff carry out periodic on-site checks and continual guidance.</li> <li>Provided continual hands-on hospitality training to new branch counter staff.</li> </ul>	○	<ul style="list-style-type: none"> <li>Improve customer-interface skills of branch counter staff (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Maintained and expanded number of individual shareholders thanks to solid shareholder expectations.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Take actions to boost shareholder expectations (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Modified HR systems to ensure all executives and employees remain highly motivated.</li> <li>Provided focused training to improve skills and expanded language training programs.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Develop professional workforce that combines expertise and loyalty (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Expanded short-work day programs, back-to-work support, consultation, and support web pages.</li> <li>Encouraged 7PM rule and vacation taking, and promoted stronger awareness through internal seminars.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Achieve a far-reaching work-life balance program (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Added four women to the executive team and appointed six new female general managers.</li> <li>Additional initiatives were considered by work life balance committee and career support team.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Accelerate appointment of female managers who will assume leadership roles in the Japanese financial industry (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Introduced volunteer work through in-house magazines.</li> <li>Joined the "Chiyoda Volunteer Club" to facilitate participation in volunteer activities.</li> </ul>	○	<ul style="list-style-type: none"> <li>Collaborate with external NPOs to provide richer information internally and increase opportunities for action, with the aim of allowing more executives and employees to participate in corporate citizenship activities.</li> </ul>
<ul style="list-style-type: none"> <li>Plan to report 2009 environmental performance data (CO<sub>2</sub> emissions, energy use) on the Daiwa Securities Group website.</li> </ul>	—	<ul style="list-style-type: none"> <li>Establish system to increase green purchases. Promote efforts internally and work with suppliers.</li> <li>Establish system for efficiently gathering environmental impact data.</li> </ul>