

Daiwa Securities Group CSR

Key Issue 2

Developing Sound Financial and Capital Markets for the Next Generation



Approach and Basic Stance

Financial and capital markets are indispensable parts of the social infrastructure. At the Daiwa Securities Group, we consider the ongoing development of fair and transparent markets to be the core social mission of financial institutions.

To foster a strong sense of professional ethics, we require that executives and employees comply fully with laws and internal regulations, and have set a goal of all Daiwa Securities employees gaining specialist financial planner qualifications by the end of FY2010. We run Daiwa Securities Information TV,* Japan's only channel dedicated to financial markets and the economy. With the goal of providing high-quality information on financial and capital markets to a wide audience, it broadcasts not only analyst research, but also a wide variety of business and economic news pertinent to daily life.

At the Daiwa Securities Group, we recognize that improving the level of financial literacy, especially among young people, is crucial in order to develop sound financial markets. Toward this end, we continue to participate in corporate training programs, build academic-industrial alliances, and work in cooperation with Junior Achievement (JA), the world's largest non-profit organization promoting economic educational activities for youth.

* Daiwa Securities Information TV offers economic and financial programs centered on market news. It airs on Sky PerfecTV channel 766 and some cable TV channels from 7 a.m. to 2 a.m. For more information (in Japanese only), please see <http://daiwa766.jp/>

Initiatives to Develop Sound Financial and Capital Markets

Commitment to compliance

→ Please see the "Compliance" section in the Management Report.

Initiatives for Economic and Financial Education

→ Please see "Education and Research Activities in the Fields of Economics and Finance" in the "Relationship with Society" section of the Social Report.

Information Dissemination to Realize a Sustainable Society

Daiwa Securities Information TV

Daiwa Securities Media Networks runs Japan's only channel dedicated to securities and economic information, Daiwa Securities Information TV. This

channel utilizes the Daiwa Securities Group's own information capacity and analytical strengths to extend knowledge about securities and the

economy to a wider audience.

Programs that accurately and rapidly convey reliable securities information are produced with the motto "making securities and economics completely understandable." Daiwa Securities Information TV aims to provide programs with a varied lineup ranging from up-to-date and

exhaustive market information to programs on economic trends and lectures on securities basics that make it fun to learn. The goal is to satisfy everyone, regardless of their experience with securities investment.

Daiwa Securities Information TV (available only in Japanese): <http://daiwa766.jp/>

Providing information on the web

Our website includes information for all stakeholders—not only customers and investors, but also for the children representing the future.

Daiwa Securities introduces background information behind its new products and bonds on its special report website, such as special reports on Microfinance Bonds and Water Bonds. By publishing information on social issues such as environmental problems to a wide audience, the company provides opportunities for people to consider its products' significance and necessity.

In addition, the "CSR Dialogues" posted by Daiwa Securities Group Inc., provide a transcript of dialogues between Mariko Kawaguchi, General Manager of the CSR Promotion Department at Daiwa Securities Group Inc., and experts active on the frontlines of CSR.

Contributions to society through investment:

Impact Investment (available only in Japanese): <http://www.daiwa.jp/impact/index.html>

CSR Dialogues (available only in Japanese): <http://www.daiwa-grp.jp/branding/dialogue/>

The Daiwa Institute of Research, which provides research and consulting services, launched the environment-related IT site "Green Innovation" in April 2009. This site consolidates and organizes research on the environment that the Daiwa Institute of Research had built up thus far to provide information on legislation, industry, environmental management, green IT, emissions trading credits, and overseas trades. This supports corporate management by clarifying issues and assessing and introducing available IT.

"Green Innovation" (available only in Japanese): <http://www.dir.co.jp/souken/green/>

Disseminating information on the environmental sector

In order to encourage investment in companies with impressive environmental technologies, it is crucial to make available up-to-date information on trends among individual companies and the impact of policies so that investors—including retail investors—can easily access it.

The Daiwa Institute of Research understands that the environmental sector is a growth sector not limited to CSR and SRI issues, and accordingly appoints strategists specializing in the environmental sector in its Investment Strategy Department.

In fiscal 2009, the Institute collaborated with analysts covering specific companies to issue many environment-related reports on environmental

policy and environmental investing.

"Green Innovation" (available only in Japanese): <http://www.dir.co.jp/souken/green/>

These reports can be used not only by institutional investors, but also retail investors, via Daiwa Direct.*

In addition, the Daiwa Institute of Research proactively holds seminars on environmental issues, such as the "Daiwa Water Forum" and "Society, Economy and Corporate Management in Low Carbon Era—How to Face the Change on a Global Scale," in light of investors' growing interest in environmental problems.

* Daiwa Direct is an online trading service provided by Daiwa Securities.

Information dissemination at international conferences, etc. (policy proposals)

■ Participation in Microfinance Investment in Asia

Satoru Yamamoto, Deputy General Manager, Product Planning Department, Daiwa Securities, attended Microfinance Investment in Asia, an international conference on microfinance held in Singapore on January 26-27, 2010. He made recommendations on opportunities for investment using microfinance in Asia and ways to promote

this, and exchanged views with representatives from international institutions and microfinance organizations in Asia. We hope to have more opportunities in the future to make policy recommendations by sharing our knowledge and expertise in forums bringing together representatives from central banks and other organizations.

■ Participation in the TBLI Conference

The TBLI Conference, which Daiwa Asset Management sponsors, was held on May 27-28 in Tokyo. Mariko Kawaguchi, General Manager of the CSR Promotion Department at Daiwa Securities Group Inc., and Satoru Yamamoto, Deputy General Manager, Product Planning Department, Daiwa Securities, participated in the panel discussion.

This international SRI conference attracted approximately 300 participants from financial institutions, pension funds, public organizations and NPOs in Europe, the US and Asia. A broad range of issues were discussed at this conference, including trends in the SRI market, environmental issues such as climate change and investment, information disclosure and governance in emerging markets, alternative investing, SRI surveys, and microfinance. Ms. Kawaguchi gave a presentation on trends in Japan's SRI market, making the case for the high potential of Japan's SRI and

Impact Investment market. Mr. Yamamoto gave an overview of the Daiwa Securities Group's Impact Investment initiatives.

