

Management Report

CSR Management

At the Daiwa Securities Group, the goal of CSR management is to improve understanding of CSR not only among employees, but also in the broader society, while constantly working to expand constructive communication with stakeholders.



Approach and Basic Stance

The Daiwa Securities Group has four corporate principles: building customer trust, valuing human resources, contributing to society and earning sound profits. To live up to these principles, the Group strives to encourage a rich awareness of CSR among executives and employees. This is the key to ensuring that everyone at Daiwa acts in line with the greater good in all of their daily work. The Group is also proactive in holding dialogues with external stakeholders, and reflects their feedback in its activities.

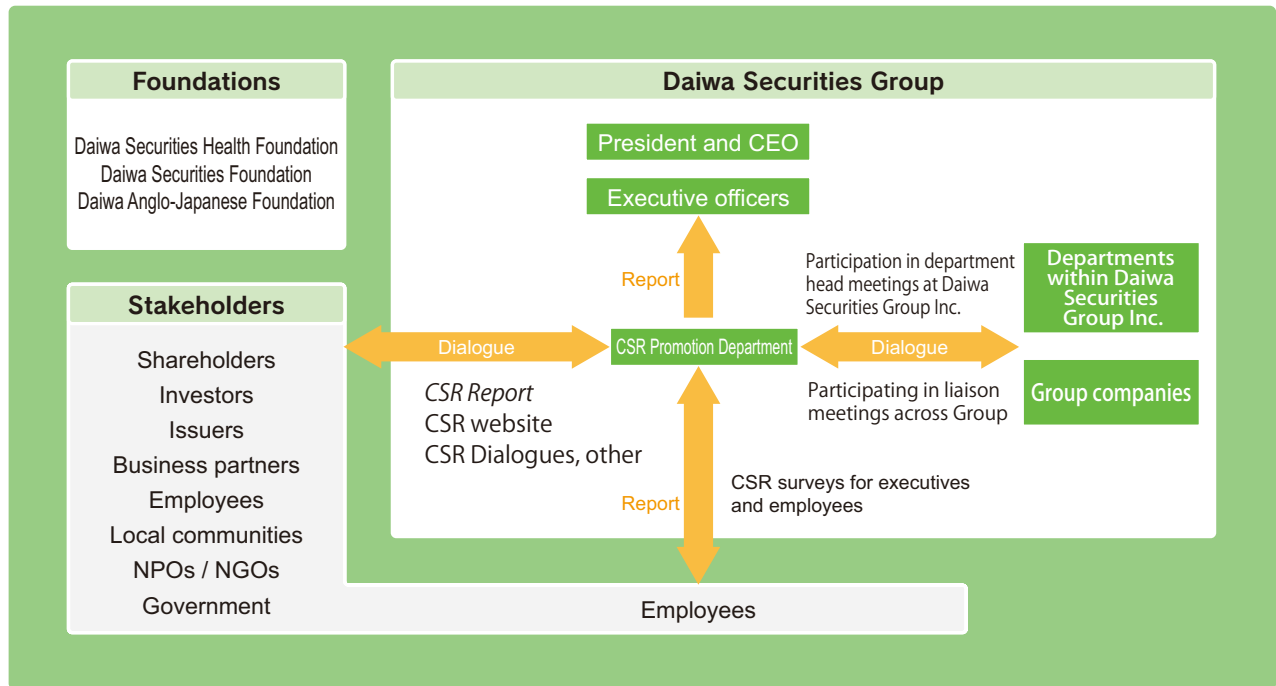
CSR Promotion System

The CSR Promotion Department established at Daiwa Securities Group Inc. compiles information in external meetings and actively holds dialogues to ensure that feedback from a wide range of stakeholders is reflected in the Group's activities. The department shares this information in department head meetings and departmental liaison meetings at Daiwa Securities Group Inc. and throughout the Group, and also treats CSR-related issues as business issues requiring solutions. The department also provides lectures on CSR

for the Group's new hires, who gather from all over Japan for joint CSR seminars, strives to increase awareness of CSR, and shares information on CSR activities with branches throughout Japan and major overseas sites. The dialogues with opinion leaders in the broader society are released on the CSR website of Daiwa Securities Group Inc. as "CSR Dialogues" (available only in Japanese).

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

CSR Promotion System



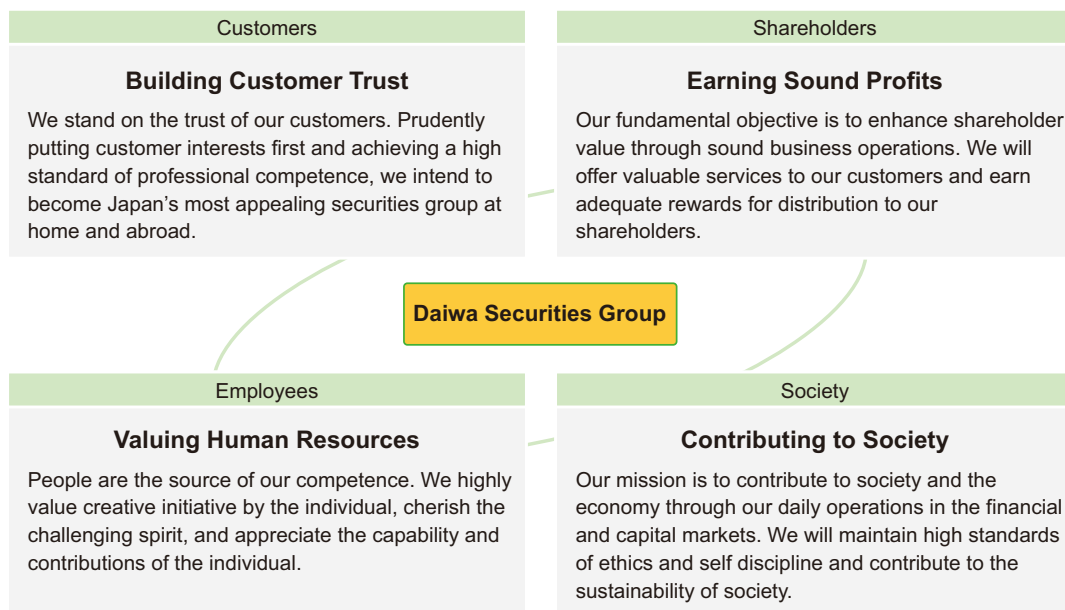
Abstract of the Daiwa Securities Group's Medium-Term Management Plan "Passion for the Best 2011"

■ Corporate Mission and Principles

The Daiwa Securities Group's mission is to contribute to the development of society and the economy through daily business operations, including wealth management and supporting

corporate clients' activities. The strong trust of stakeholders, including customers, shareholders, employees and the society, is essential to the accomplishment of our mission and sustainable growth.

Corporate Principles and Stakeholders



■ Management Vision

An Outstanding Company Trusted by Stakeholders and Representing Japan

Based on its established business foundation, the Daiwa Securities Group will materialize its vision and corporate principles in order to achieve higher goals.

The Daiwa Securities Group aims to become an "Outstanding Company Trusted by Stakeholders and Representing Japan" by maximizing stakeholder trust and contributing to the ongoing prosperity of society to ensure sustainable growth.

CSR Promotion Activities

In becoming a signatory to the United Nations Environmental Programme Finance Initiative (UNEP FI), the Carbon Disclosure Project (CDP) and the United Nations Global Compact (UNGC), the Daiwa Securities Group made a clear global declaration that it would carry out corporate activities with respect for CSR as a financial institution and a good corporate citizen. The Group seeks to address key issues that it has identified as particularly important, which sharpens the effectiveness of its CSR activities in building a sustainable society.

Going forward, the Daiwa Securities Group will strengthen affiliations across the Group to pursue the development of Impact Investment products in the investment trust category, as well as bonds. In addition, the Group will strengthen its initiatives

seeking to incorporate ESG* perspectives in its various financial operations, including the research function, while collaborating with departments throughout the Group.

In educating Group employees and disseminating information to the broader society, the Daiwa Securities Group hopes to introduce a unique financial philosophy that is currently missing from Japan's economics and financial education and thereby to contribute to the development of a healthier economy and financial market.

The Group is also working to increase opportunities for external and internal communication, to hold substantive dialogues, and to reflect this feedback in its activities.

* "ESG" refers to environmental, social, and governance.

CSR Surveys for Executives and Employees

The Daiwa Securities Group gave a questionnaire on CSR to all 16,761 executives and employees (including temporary employees, part-time employees, and Group executives and overseas employees) in January 2010. The questionnaire response rate was an average of 65.1% for the

Group overall, which was about the same as in fiscal 2008.

The Group takes the survey results seriously and will continue to utilize them to improve dissemination of CSR information and promote its CSR activities.

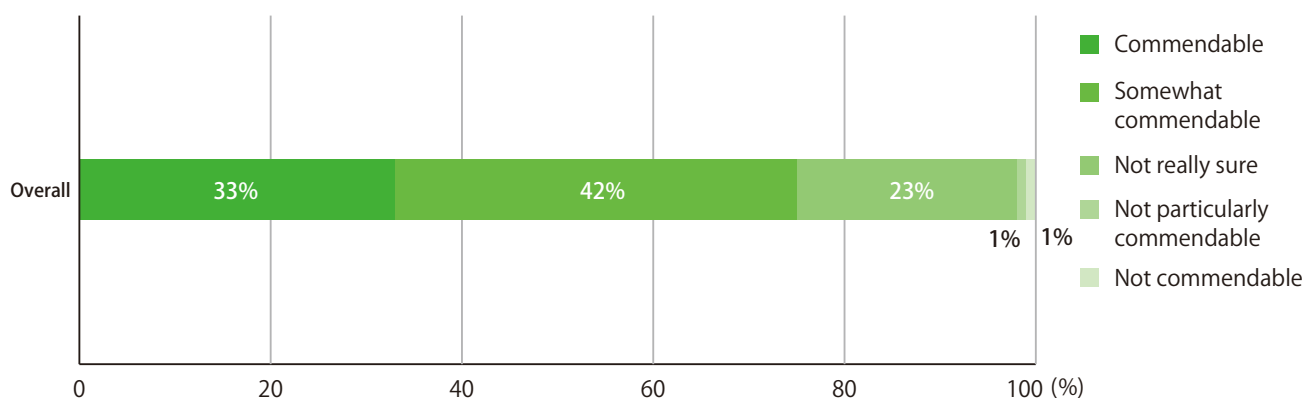
70% of respondents praise Daiwa's CSR activities

In response to the question, "How would you assess the Daiwa Securities Group's CSR activities," about 70% of respondents both in and outside Japan stated that they were "commendable" or "somewhat commendable." Many of those who responded that they were "not commendable" gave as their reasons, "I do not participate myself" or "I am not familiar with the situation in other companies." Those respondents with more information about CSR activities tended to state that the Group's CSR activities are "commendable."

In the comment section, many people who assessed the Group's CSR activities as "commendable" also referred to specific activities, such as the development of products such as Vaccine Bonds, work-life balance, and external evaluations. This demonstrated that CSR initiatives have achieved good penetration throughout the Group.

The Group realizes that it must do more to educate the approximately 30% of employees not yet reached by its CSR message.

How would you assess the Daiwa Securities Group's CSR activities? (choose one answer)



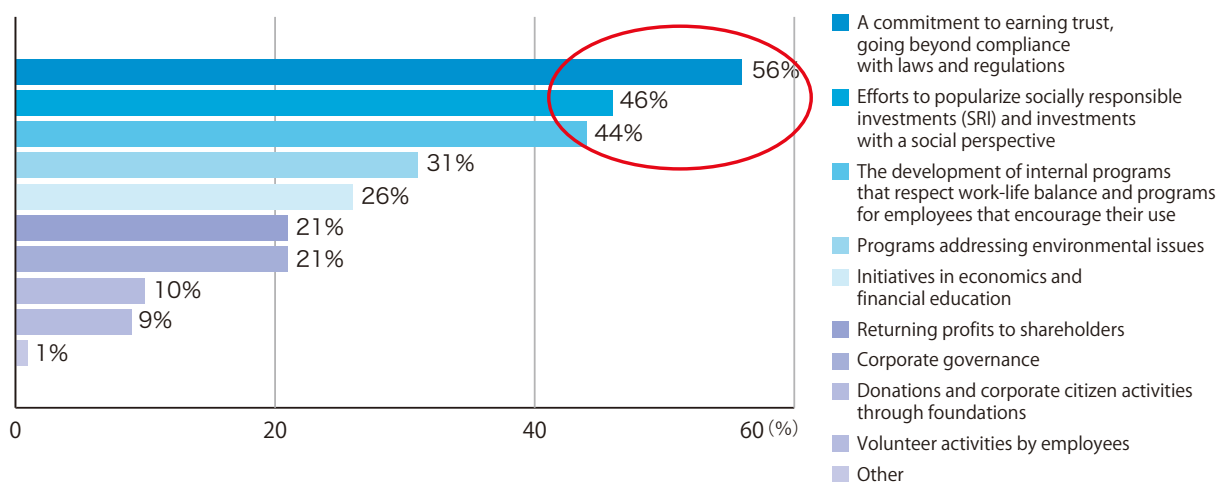
CSR should emphasize a commitment to earning trust, going beyond compliance with laws and regulations

In response to the question, "What do you think is the most important aspect of the Daiwa Securities Group's CSR," 56% responded, "a commitment to earning trust, going beyond compliance with laws and regulations," making this the most common response. The second most common response, at 46% of respondents, was "efforts to popularize socially responsible investments (SRI)

and investments with a social perspective." These responses will lead to these issues gaining greater importance.

In addition, 44% of respondents cited "the development of internal programs that respect work-life balance and programs for employees that encourage their use" as the most important aspect, indicating high expectations for these programs.

What do you think is the most important aspect of the Daiwa Securities Group's CSR? (choose up to three answers)



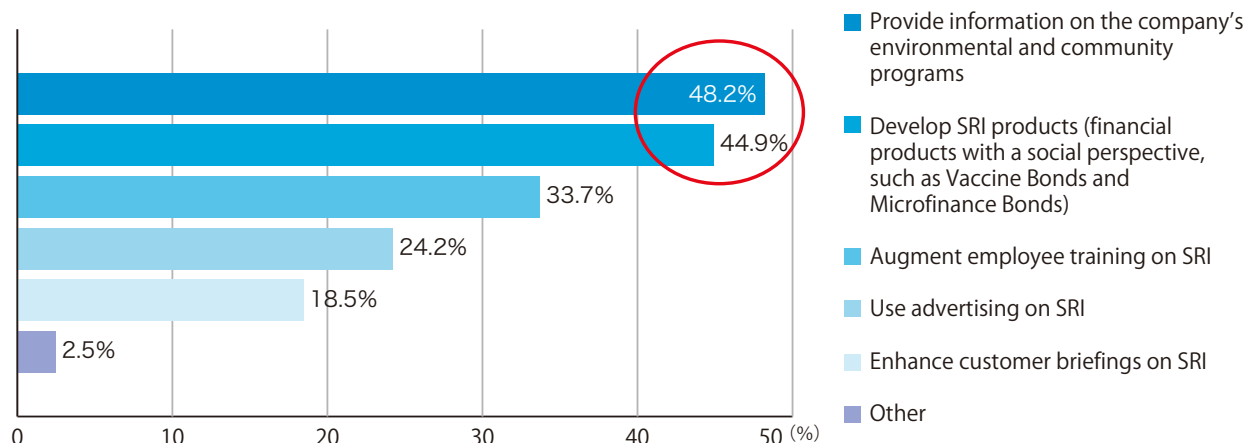
Providing information on environmental and community programs is the most important factor in mainstreaming SRI

In response to the question, "What do you think would be the most effective way to mainstream SRI further in Japan," the most popular answer was "provide information on the company's environmental and community programs." "Develop SRI products" attracted the second highest number of responses. These results were consistent with

the programs carried out under the Group's two key CSR issues, and indicate that employees are very familiar with and interested in SRI and the key CSR issues.

The Daiwa Securities Group will seek to further familiarize employees with key CSR issues and strengthen our initiatives.

What do you think would be the most effective way to popularize SRI further in Japan? (choose up to two answers)



Important to address environmental issues through mainstream business

In response to the question, "What do you think would be the most effective way for the Daiwa Securities Group to address environmental issues," the most common responses in the fiscal 2008 survey involved saving energy in office facilities, such as "reduce the environmental impact of offices by saving paper and controlling air conditioners" and "reduce the environmental impact of operations by using paperless forms and investing in energy conservation." In contrast, in fiscal 2009 these responses were the third and fourth most common, with "invest in companies

with technology solving environmental issues and offer them financial support" as the most common response and "develop and sell financial products such as investment trusts with an environmental focus" as the second most common response. These results demonstrate that the Group has succeeded in fostering a desire among employees to address environmental issues through its mainstream business in financial services. Going forward, the Group must work harder to make the results of its programs more visible.

