

Social Report

Relationship with Customers

To earn customers' trust and their long-term loyalty, the Daiwa Securities Group constantly endeavors to provide even deeper satisfaction by transforming service opportunities into true hospitality.

Approach and Basic Stance

"Building Customer Trust" is the first of the Daiwa Securities Group's corporate principles. We understand that customer trust is the foundation of our business, and we always work to identify approaches that will truly satisfy our customers. We pursue customer interactions that aim not only to satisfy, but to turn even first time customers into fans who will come back again and again. At the Daiwa Securities Group, we have built the concept of hospitality into our understanding of service to give new life to customer relations. Our goal is nothing less than having the most satisfied customers in the financial services industry.

Building Even Deeper Trust in Relationships with Customers

Accountability to customers

With "for the customer" informing every action at the Daiwa Securities Group, we strive to understand the customer's needs quickly, propose the best solution for each customer and to provide more-than-satisfactory services. We also work to provide customers with honest, appropriate explanations so that they feel reassured in all their dealings with Daiwa.

Japan's Financial Instruments and Exchange Law, which went into effect in September 2007, prohibits "solicitation that is improper in light of the customers' knowledge, experience, financial

situation and objective." This law forms the basis of Daiwa Securities' approach, but the company also provides explanations that go beyond the legal requirements to demonstrate true hospitality in its product descriptions, and also takes into account service after purchase.

When selling Impact Investment products that help resolve social issues, such as Vaccine Bonds and Water Bonds, Daiwa Securities explains how the customer will be contributing to society by buying the product, in order to deepen their understanding of social contributions.

Active post-sales follow up

A securities company's true relationship with the customer begins after a product has been sold. Follow-up is essential in maintaining and strengthening the trusting relationships formed with the customer. In particular, customers are dissatisfied and apprehensive when the value of a product that they have purchased goes down. Daiwa Securities can reinforce its relationship

of trust with the customer by giving attentive explanations and relevant proposals that succeed in alleviating this dissatisfaction and concern.

The company strives to ensure that extensive follow-up services are provided by giving sales staff and branch staff various training programs and impressing upon them the importance of follow-up services.

■ **Providing information in seminars and on the web**

In addition to seminars for customers, such as the investor seminars that Daiwa Securities holds every month at branches and the seminars held live on the Internet, customers can read reports released periodically by investment firms on Daiwa Securities' website. The company has also set up a "notification box" and "recommendation box" on its Japanese-language website to help provide timely information.

■ **Follow-up services for Impact Investment products**

Daiwa Securities provides customers who buy Vaccine Bonds with the activity reports released by IFFIm, the issuer of these bonds. The company

believes that it is also important to provide information on how the money invested in Impact Investment products, which enable customers to give back to society through their investments, is used to solve social problems.

■ **Initiatives in fiscal 2010**

Beginning in fiscal 2010, the organization of sales branches was changed, and some employees responsible for customer interaction at retail sites were assigned to follow-up services for the customers handled by the sales staff. This system increases contact with customers. Daiwa Securities strives to provide customers with fine-tuned services.

Services accessible to diverse customers

When Daiwa Securities renovates sales branches nationwide or plans new branches, it takes steps to ensure that its branches can be used by a wide range of customers, such as eliminating steps up and down on the floor and installing wide counters.

In addition, the company explains services using written communication and introduces its Internet banking services to deaf customers. It also provides sign language interpretation at the Daiwa New Spring Investment Forum.

■ **Daiwa's Point Program**

Daiwa's Point Program awards customers with points based on their transactions, which can be exchanged for products and cash vouchers or used to make donations to NPOs. In 2010, Daiwa Securities completely overhauled its product lineup to offer products that customers had particularly requested. To satisfy the growing interest in programs that contribute to society, customers can now make donations, not only to the Japan Committee for UNICEF, but also to Medecins Sans Frontieres Japan and the World Wildlife Fund (WWF) Japan.



Employee Education

Daiwa Securities is strengthening its employee education to further enhance its customer service. In October 2007, the company integrated the Personnel Department's Training Section and the Branch Education Support Department's Education Promotion Section to form the Education and Training Department.

All of its employees, including those responsible for back office operations, are asked to acquire the

Associate Financial Planner (AFP) certification, and the company encourages employees to go on to earn the Certified Financial Planner (CFP) certification, the highest level of financial planner certification. This ensures that its employees can support customers in all their financial issues, and are not limited to knowledge of financial products but can also advise clients on tax implications and future plans to match the customer's overall life plan.

Training for sales employees

Daiwa Securities provides its sales employees with a range of training in line with their careers. The company now provides even more opportunities than before for new employees to acquire specialized product knowledge during the three month-long group training stage by assigning product specialists as instructors in addition to regular instructors.

The company also provides more practical training for young sales staff, particularly role playing exercises to practice specific cases. Selective

training is regularly offered, such as presentation skill enhancement training and negotiation skills training for mid-career and young employees and coaching training for managers. The company uses satellite broadcasts and video-conference systems efficiently for study sessions and to disseminate information on training.

With the advance of globalization, the company also encourages employees to earn foreign language qualifications, such as TOEIC.

Improving customer service skills of sales branch employees

Many different types of customers visit Daiwa Securities' sales branches. This means that employees interacting with customers at its sales branches must have high-caliber service skills with an emphasis on attentiveness to the customer, in addition to specialized knowledge of the market and products.

Daiwa Securities provides hospitality training when employees first enter the company to help

them learn about its hospitality standards, which go beyond simply providing service. In addition to basic training, the company gives more practical training involving role plays of various situations. In addition to group training, the company gives regular verification tests on an ongoing basis using its e-learning system. Daiwa Securities' head office staff conduct on-site checks every six months and provide guidance to achieve even higher quality.

Initiatives Make Use of Customer Views

Call Center initiatives

Daiwa Securities' Call Center is staffed by 450 telephone service representatives (TSRs)* who take orders, describe products, and handle queries about clerical procedures or requests for sales literature. The Call Center is one of the main channels supporting the company's business model, which is driven mostly by the Daiwa Consulting and Daiwa Direct transaction channels.

At the Call Center, employees have direct contact with customers, and so the Center plays a critical role in areas such as transaction channels, customer support and marketing that can lead to improved operations through customer feedback. The company implements training and regular level checks for TSRs in order to maintain and improve call center operations to meet the demand for high-

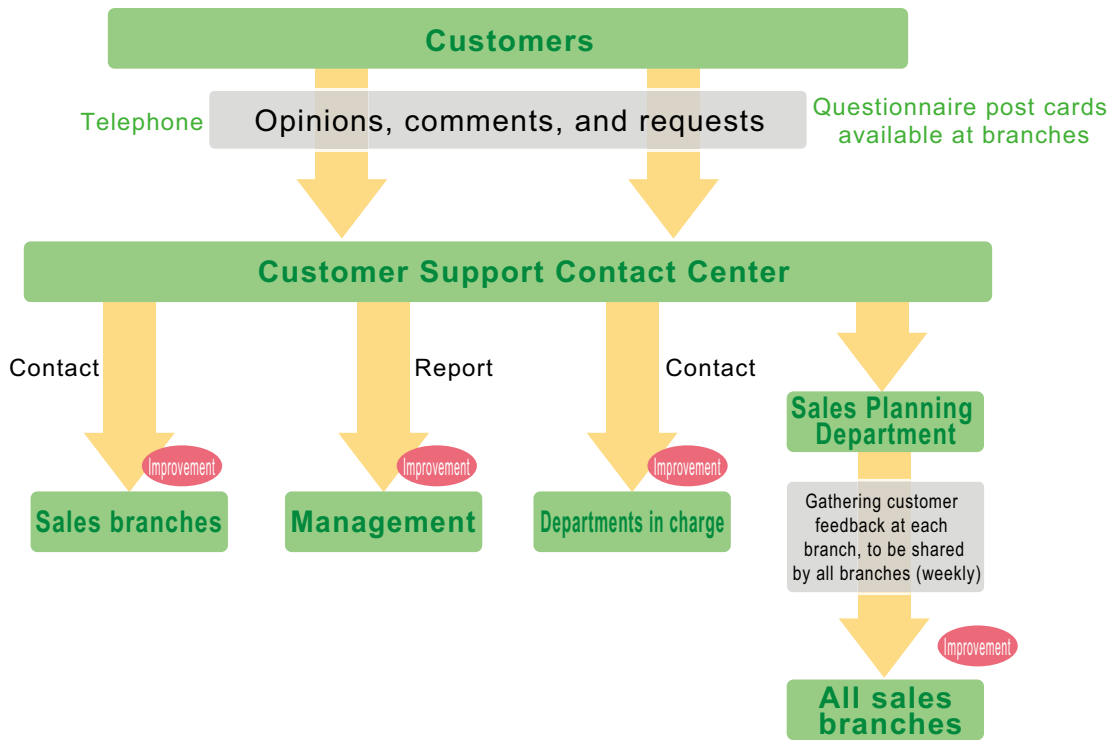
quality service.

The Center uses the customer inquiries and opinions that it receives to analyze data and identify each cause when there are problems. By providing feedback and information to Daiwa Securities' head office and sales branches, the

company seeks to improve services and customer interaction and raise customer satisfaction.

* TSR (Telephone Service Representative) is the name typically used in Europe and the US to refer to telephone operators with specialized knowledge.

Systems for Utilizing Customer Feedback



Calls received at the Customer Support Contact Center

Daiwa Securities' Customer Support Contact Center also handles customer feedback. The Center shares the customer feedback it receives with Daiwa Securities' sales branches and head office and responds promptly and appropriately. The volume of calls and complaints received at the Center in fiscal 2008 increased compared to the previous fiscal year, which was primarily attributable to the rapid deterioration of market conditions since fall 2008. However, in fiscal 2009 the volume of calls and complaints fell below levels marked prior to 2007.

The Center takes customer feedback seriously, and works with Daiwa Securities' sales branches and head office to formulate measures to address complaints and requests. The entire company works together to improve customer services.

