

Social Report

Relationship with Society

As a good corporate citizen, the Daiwa Securities Group supports social welfare projects, provides incentives for executives and employees to do volunteer work, supports culture and the arts, and gives grants to foundations and NPOs working for the benefit of the international community.

Approach and Basic Stance

At the Daiwa Securities Group, good corporate citizenship means working together with the local community and engaging in consistent collaboration with NPOs and NGOs to foster sustainable development. We carry out diverse corporate citizenship initiatives in and outside Japan, under the following four key categories.

1. Education and research activities in the fields of economics and finance
2. Encouraging volunteerism among executives and employees
3. Support for culture and the arts
4. Assistance to communities on both the local and the international level through foundations and NPOs

Corporate Citizenship Initiatives and Expenditures

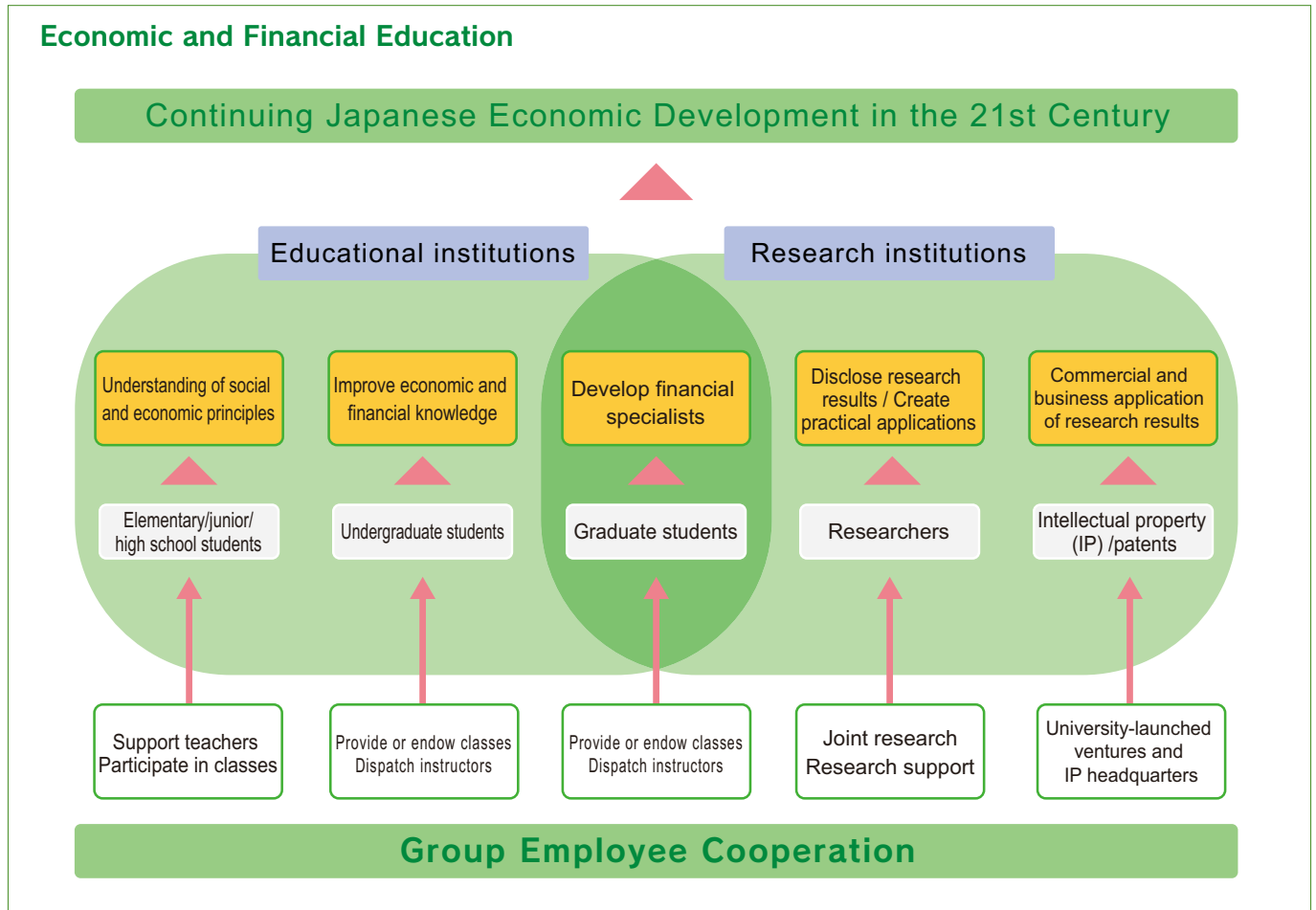
	Type of Activity		Main Activities in FY2009	Expenditure (Unit: ¥1,000)		
				FY2007	FY2008	FY2009
1. Education and research activities in the fields of economics and finance	Initiatives for elementary, junior and senior high school students		Student Company Program (SCP), Finance Park, etc.	225,524	214,283	163,767
	Academia-business cooperation and initiatives for universities, graduate schools and the public		Endowed lectures, co-sponsorship of symposiums and forums			
2. Encouraging volunteerism among executives and employees	Self-planned programs		Hands-on environmental experience on Mount Takao, sign language course, etc.	6,471	6,475	4,962
	Joint programs		Administration of events such as environmental lectures			
3. Support for culture and the arts	Support for culture and the arts		Support for special events, such as the Daiwa Securities Cup, an Internet tournament for <i>shogi</i> and <i>go</i> , and "Daiwa Securities Group presents Tomomi Nishimoto conducting Mahler's Fifth Symphony with the Royal Philharmonic Orchestra"	560,000	530,000	313,500
4. Assistance to communities on both the local and the international level through foundations and NPOs*	Foundations	Daiwa Securities Foundation	Support for volunteer activities in the fields of stay-at-home seniors, people with disabilities, children's issues, etc.	357,655	324,424	246,685
		Daiwa Securities Health Foundation	Health, medical care and welfare-related aid			
		Daiwa Anglo-Japanese Foundation (UK)	Promotion of mutual understanding between Britain and Japan, acceptance of foreign students			
	Assistance Programs	The Daiwa Securities Group Tsunami Reconstruction Fund	Ongoing reconstruction support for disaster-affected areas caused by the December 2004 Sumatra Earthquake and Indian Ocean Tsunami			
		Daiwa SRI Fund Financial Assistance Program	Aid for personnel costs and staff education costs at NPOs which provide support in fields involving human life			
		Daiwa Eco Fund Financial Assistance Program	Daiwa JFS Sustainability College, Daiwa CI Biodiversity Conservation Fund			
Disaster relief, sponsorship fees, etc.		Memberships for various member groups				
Total				1,149,650	1,075,182	728,914

*Data for previous fiscal years has been revised to include financial support given for the Daiwa Anglo-Japanese Foundation's assistance programs.

1. Education and Research Activities in the Fields of Economics and Finance

The Daiwa Securities Group makes the most of the knowledge and expertise in economics and finance which it has accumulated in the course of its business. We are engaged in business-academia collaboration, and also support economic education

programs in junior and senior high schools. Our vision is that economic and financial education would help young people gain the capacity to shape the future.



Primary joint programs with Junior Achievement Japan, an NPO that provides economic education for youth

(1) Finance Park (Experiential Life Planning Program)

Junior Achievement Japan was established in Shinagawa, Tokyo in June 2005 with the aim of helping junior and senior high school students develop life-planning skills. Daiwa provides funds to open facilities and set up simulated shops, and it also provides personnel. In January 2007, Junior Achievement Japan opened an office in Kyoto. As of March 31, 2009, a total of 18,721 students had taken part in action programs that teach students how to think for themselves and make solid decisions.



(2) Student Company Program (Experiential Company Management Program)

In this six-month hands-on corporate management program, high school students set up a "company" in their schools and operate it through all phases, from raising capital to recruiting personnel and handling the accounting, manufacturing and sales. The Daiwa Securities Group has been collaborating with the Student Company Program (SCP) at Ritsumeikan Senior High School since fiscal 2003. By fiscal 2009, Daiwa had dispatched 17 employees on over 70 occasions as outside directors to offer advice on the preparation of financial data and on company management. Thus far, 151 students have acquired the basic skills needed to earn a living by learning about corporate management, how the world works, the difficulties of decision making, the pressure of bottom line accountability, and the importance of leadership and teamwork.



(3) Global Leadership Forum for Junior and Senior High School Teachers

This is a training program sponsored by Junior Achievement Japan for junior and senior high

school teachers. At this forum, teachers discuss the state of the global economy and brainstorm about how education should develop in the 21st century, stimulated by lectures given by guests from a wide range of perspectives, panel discussions, and case studies. The Daiwa Securities Group sponsored the forum from 2003 to 2007, and has cooperated continuously in related events. By fiscal 2009, a total of 2,732 teachers had participated in the forum.

(4) Japan Council for Economic Education (JCEE)

The JCEE was established in January 2009 with the goal of providing economic education programs for school teachers. The Daiwa Securities Group is the JCEE's main sponsor, and provides support including the basic foundational funds, together with seven other influential companies. Under a partnership between Junior Achievement Japan and the National Council on Economic Education (NCEE), we seek to implement programs tailored for the schools of Japan.

In fiscal 2009, we worked with high school teachers and volunteers to plan and compile the real life-oriented economy and finance text, *Life is a Series of Choices*.

We will also provide support to disseminate this text nationwide.

→ Please also refer to Fiscal 2010 Highlights under Key Issue 2, "Developing Sound Financial and Capital Markets for the Next Generation."

Daiwa JFS Youth Sustainability College

We hold a series of endowed lectures for students in a partnership with NPO Japan For Sustainability (JFS), contributing funds based on earnings from the sale and investment of the Daiwa Eco Fund.

Visit online: <http://www.japanfs.org/en/pages/022654.html>

A subject is chosen as the theme for each year's lectures, with the four-year program giving the participant an overall picture of sustainability. In the monthly lectures, people active on the cutting-edge of their field, including university professors, researchers, corporate managers, businesspeople, NPO/NGO leaders and government administrators, present the concepts and practice of sustainability

to students in a succinct and clear manner. The lectures are translated into English and distributed to 191 countries and regions around the world through the JFS website.

After the lecture, participants enjoy an introduction to "sustainable mail order and online purchasing practices" with an opportunity to sample fair trade products and sweets made at social welfare facilities. The four-year program concluded in September 2010, but we hope to start new programs for students who will be working in the financial and capital markets.

Main activities in fiscal 2009

- **Participated in planning and compilation of the real life-oriented economy and finance text, *Life is a Series of Choices*.**

The Daiwa Securities Group is the main sponsor of the Japan Council for Economic Education (JCEE), and provided support for the planning and compilation of the real life-oriented economy and finance text, *Life is a Series of Choices*.

→ Please also refer to Fiscal 2010 Highlights under Key Issue 2, "Developing Sound Financial and Capital Markets for the Next Generation."

- **Co-sponsored symposium with the University of Tokyo**

We co-sponsored a symposium held on October 26, 2009 at the University of Tokyo's Yasuda Auditorium (Bunkyo-ku, Tokyo) as part of our academia-business collaborations. The symposium, themed "Perspectives on the Asian Economy after the Global Financial Crisis," was hosted by the Center for International Research on the Japanese Economy in the Faculty of Economics

at the University of Tokyo's Graduate School of Economics. At the symposium, authorities in the field of economics gave lectures, and a panel discussion on the effect of the global financial crisis on Asian economies and the Japanese economy was held with the participation of Toshiro Muto, Chairman of the Daiwa Institute of Research.

- **Co-sponsored Entrepreneur Training Program at the University of Tokyo and Exchange Program at Beijing University**
The Entrepreneur Training Program at the University of Tokyo provides aid and support for university-initiated venture company entrepreneurs. The Daiwa Institute of Research has helped to run this program since fiscal 2004.

In January 2010, we co-sponsored an exchange program with Beijing University. The teams from both universities that won a business plan contest gave workshops and presentations, and the venture companies launched at the University of Tokyo were introduced.

2. Encouraging volunteerism among executives and employees

The Daiwa Securities Group holds campaigns to encourage executives and employees to participate in volunteer activities. Executives and employees participate in volunteer programs and other community action, and these experiences broaden their perspectives and values. This, in turn, has a good influence on both their work and their lives.

Volunteer activities include both activities that the Daiwa Securities Group plans and runs on its own initiative and joint activities undertaken in cooperation with the community and NPOs. We

strive to create an environment that makes it easy for executives and employees to volunteer by setting up a recognition program for volunteers, among other incentives. Aiming to encourage as many employees as possible to participate in corporate citizenship initiatives, we will continue to collaborate with external NPOs, strengthen internal communications about volunteering, and create more opportunities for executives and employees to get involved.

Fiscal 2009 activities

- **Held sign language class**

Since 2000, the Daiwa Securities Group has held sign language classes in the Tokyo, Osaka and Nagoya regions. Initially, these classes were held for employees, but we now invite the general public as well; 2,244 people participated nationwide in 2009 on a wave of growing interest in sign language. Participants include people who are already competent but aiming to reach a higher level, for instance those preparing for the sign language proficiency exam.

- **Held "Environmental Seminar: Learning About Biodiversity from Acorns"**

The Daiwa Securities Group and six other companies co-sponsored an experience-based lecture held in three venues (August 27, 2009 in Tokyo, November 5, 2009 in Nagoya and November 6, 2009 in Osaka). Participants plant an acorn in a square box as part of a program that shows how nature itself can teach people about environmental issues. The participants, including 25 from the Group, learned about how *Satoyama* (the woodlands and hills surrounding villages) are crucial to resolving environmental problems, as well as biodiversity.

Volunteer Awards

At Daiwa Securities, outstanding activities by executives and employees are recognized with the President's Award. The company also introduced the Volunteer Award in fiscal 2007, which is given twice a year to employees and groups involved

in ongoing community volunteer activities. In the second half of fiscal 2009, Daiwa Securities Capital Markets included an award for social contribution activities in its Passion for the Best Awards.

Neighborhood clean-up events by Daiwa Securities Business Center

Under its good corporate citizenship program, the Daiwa Securities Business Center has, since 2008, carried out clean-up activities covering the area from near the headquarters building to Toyochō Station. Participants believe that keeping streets clean is a way of giving back to the community. This company-wide campaign is held about once a month from 8:00 am until

8:20 am before work starts. About 40 employees participate voluntarily in each clean-up session, and it has become a regular event. The company will continue to participate as much as possible in community clean-up activities, and will work with the communities administering these programs to help keep the streets clean.

Executives and employees involved in social contribution, donation and recycling initiatives

Group executives and employees organize sign language classes, help clean up after community events and participate in various campaigns for reusing and recycling valuable supplies. One such campaign involves collecting used and unused stamps, prepaid cards, partially used postcards and similar items to donate to NPOs. We will work even harder in the future to encourage executives and employees who are moving as a result of a job transfer to ensure their books and other items can

be recycled.

Donations from executives and employees in fiscal 2009 totaled ¥440,228, 13 % down from fiscal 2008. The number of people voluntarily taking part in sign language classes increased to 2,244 people in fiscal 2009, an 11 % year-on-year increase, while the number participating in volunteer activities on weekends or after work was unchanged over the previous year, at 315 people.

■ Results of Recycling Campaigns by Executives and Employees (Fiscal 2009)

Item	Unit/Value	Donation Recipients
Calendars	3,520	<ul style="list-style-type: none"> · Social welfare corporation: Community Chest of Miyazaki Prefecture · Foundation: Nagasaki International Association · Charity Calendar Executive Committee (Tokushima) · NPO: Nippon Volunteer Network Active in Disaster (Nishinomiya) · Sapporo Nihon University High School (JRC) · Suwa Welfare Corporation Suwa-City Social Welfare Conference, Suwa Volunteer and Civil Activity Center · Nagoya Council of Social Welfare, Volunteer Center · Shinagawa Ward Council on Social Welfare, Administration Division · Tama Ward Council of Social Welfare, Tama Volunteer Center · Kita-ku NPO/Volunteer Plaza · Shizuoka Prefecture Volunteer Association · Nagano Volunteer Center and 12 other organizations
Pocket organizers and diaries	894	
Recycled books/CDs (BOOK MAGIC)	¥38,116	NPO JEN
Used stamps (including overseas)	1,107kg	NPO Live with Friends on the Earth (LIFE)
Used cards	2,050	
Stamped post cards with errors	8,010	
Unused stamps	¥10,230	
Unused cards	26	
Cash vouchers	¥2,739	

3. Support for Culture and the Arts

We co-sponsored the "Daiwa Securities Group presents Tomomi Nishimoto conducting Mahler's Fifth Symphony with the Royal Philharmonic Orchestra" in September and October 2009 in 11 cities throughout Japan. This concert featured world-renowned conductor Tomomi Nishimoto leading the Royal Philharmonic Orchestra, one of London's most prestigious orchestras, in a stirring performance that thrilled the audience. We also continued to support various arts and culture activities by co-sponsoring the Takarazuka Revue Company's Privately-booked Performance from October through December and the JAL Toshodaiji Temple Sound Stage in September.

We also support traditional Japanese cultural forms such as shogi and go. In addition to sponsoring the top title matches in shogi and go, the Meijin Title Match (shogi) and the Honinbo Tournament (go), since 2005, the Group is also the special sponsor of the Daiwa Securities Cup shogi and go Internet tournament. In shogi, we support the Saikyo Tournament and the Women's Saikyo Tournament. In go, we support four tournaments: the Open, the Ladies and Grand Champion Internet Tournament, as well as the Amateur Championship. These matches take place on the Internet year-round, and viewers can also watch the matches in real time on the Internet. The matches, which begin at 8 p.m.

on weekend evenings, attract a strong following among not only Japanese fans but also shogi and go enthusiasts in other countries. For playoff games in the various tournaments, we organize commentary sessions by professional players who use large boards to describe the game's

moves, with the games taking place at the Daiwa Conference Hall on the 18th floor of the Daiwa Securities Headquarters Building in Tokyo. We also hold award ceremonies for winning players and provide opportunities for conversations between amateurs and professional players.

■ New series of television commercials, "Playing for Change"

"Playing for Change" is a musical project that aims to create motivation, build connections and make peace in the world through music.

Mark Johnson, a producer and engineer working primarily on the West Coast of the United States, launched this project after being impressed by the singing of a street musician performing on the side of the road in Santa Monica, California. The experience inspired him to bring

musicians from around the world into this performance and connect the world through music. Over 100 musicians from around the world who were virtually unknown at the time collaborated in this project. Well-known music appealing to all generations and the project's original music were arranged to be performed together by these global musicians, resulting in a project that has moved many people.

Part of the project's revenue goes to the NPO The Playing For Change Foundation (PFCF), which uses the money to provide necessities to refugees in India and Nepal and to establish music schools and art schools in South Africa, among other projects.

The Daiwa Securities Group, recognizing that the "building connections around the world" concept advocated by this project is consistent with its goal of providing financial services that link its customers to the world, is using footage from the project in its new television commercials.

http://www.daiwatv.jp/group/cm/cm_main.html (available only in Japanese)



4. Financial Assistance to Communities on Both the Local and the International Level through Foundations and NPOs

Daiwa Securities Health Foundation

The Daiwa Securities Health Foundation was established in 1972, in commemoration of the Group's 30th anniversary, to support medical research. Since 1973, the Daiwa Securities Health Foundation has supported 30 outstanding research projects focusing on improving the health, medical care and welfare of middle-aged and older people.

It has disbursed ¥30 million in grants of ¥1 million each year. Fiscal 2009 marked the 36th year of this program, with a cumulative total of 982 recipients receiving ¥967 million in total.

Daiwa Securities Health Foundation (available only in Japanese): <http://www.daiwa-grp.jp/dsh/index.html>

Daiwa Securities Foundation

The Daiwa Securities Foundation was established in 1994 in commemoration of the Group's 50th anniversary, with the mission of building a better world. The foundation provides yearly grants for volunteer activities and research in the fields

of welfare. In fiscal 2009 (its 16th year), the foundation selected the 198 most outstanding applicants out of 514 total applicants for volunteer activities, and made grants worth a total of ¥45.71 million. It also gave a total of ¥1.74

million in grants to two research projects, chosen out of 17 applicants. A new "Disaster Volunteer Activities Grant" was also created in fiscal 2004 to support the expenses of volunteers involved in disaster recovery work. Under this new grant, the foundation provided ¥2 million in aid to the NGO, Japan Platform (JPF), in support of the victims of

the Myanmar tropical cyclone that struck on May 2, 2008. The Foundation has provided grants to eight activities for a total of ¥7 million thus far, and will continue supporting activities that contribute to improving social welfare.

Daiwa Securities Foundation (available only in Japanese): <http://www.daiwa-grp.jp/dsf/index.html>

The Daiwa Anglo-Japanese Foundation in the UK

The Daiwa Anglo-Japanese Foundation is a UK charity that was established in 1988 with a generous benefaction from Daiwa Securities for the purpose of supporting a closer relationship between Britain and Japan. Principle activities include the following:

- (1) Making grants available to individuals, institutions and organizations to promote ties between the UK and Japan in all fields of activity
- (2) Enabling British and Japanese students and academics to further their education by providing opportunities for joint research and supporting exchanges and other bilateral initiatives
- (3) Awarding of Daiwa Scholarships for British graduates to study and undertake work assignments in Japan
- (4) Organizing a year-round program of events to increase the understanding of Japan in the UK

Daiwa Foundation Japan House, the London-based headquarters, acts as a center for Anglo-Japanese relations in Britain by offering a wide range of seminars, exhibitions and book launches as well as meeting rooms for Japan-related activities and facilities for visiting academics. The foundation is represented in Japan by its Tokyo Office, which provides local assistance to Daiwa Scholars (foreign students), administers grant applications from Japan and collaborates with other institutions that promote Anglo-Japanese relations. Since its inception, 128 students have been accepted from the United Kingdom. In addition, the foundation has provided grants for a total of 2,468 projects, with grant-in-aid exceeding ¥3,145 million (as of March 2010).

The Daiwa Anglo-Japanese Foundation in the UK: http://www.dajf.org.uk/index_j.asp

Daiwa Securities Group Tsunami Reconstruction Fund

We established the Daiwa Securities Group Tsunami Reconstruction Fund on March 9, 2005 to provide recovery assistance to regions damaged in the Sumatra Earthquake and Indian Ocean Tsunami which occurred on December 26, 2004. Beginning in fiscal 2005, this fund provides long-term support for recovery over a ten-year period, disbursing ¥10 million annually for a total of ¥100 million. Established within the Asian Community Trust (ACT), the Daiwa Securities Group Tsunami Reconstruction Fund provides grants to local NGOs that offer assistance in the fields of mental health care for children, utilization of microfinance and provision of education opportunities for children in Indonesia, Sri Lanka and India, the three countries hardest hit by this disaster. Leveraging expertise

in their respective areas, Asian Community Center 21 (ACC21), which functions as the executive office for ACT, undertakes program selection and activity monitoring, while the Sumitomo Trust & Banking Co., Ltd., acts as the custodian of this fund.

There are three key characteristics to this fund. First, it provides long-term recovery assistance measures rather than offering temporary donations. Second, it utilizes financial systems to provide assistance through charitable trusts, microfinance and other avenues. And finally, the monitoring done by ACC21 makes it possible to assess every detail of the activities being conducted.

The Asian Community Trust: <http://www.acc21.org/act/english/act-aen-index.html>

Daiwa SRI Fund Financial Assistance Program

The Daiwa SRI Fund Financial Assistance Program gives grants to Japanese NPOs that provide support in fields involving human life (the human

security field). The program aims to build long-term capacity of NPO staff to address daily human security issues by subsidizing personnel and

education costs. It is operated in collaboration with the NPO Civil Society Initiative with revenue generated by the sale and investment of the Daiwa SRI fund.

Fiscal 2010 recipients of the Daiwa SRI Fund Financial Assistance Programs (available only in Japanese): <http://www.civilfund.org/fund23.html>

Daiwa CI Biodiversity Conservation Fund (DCBCF)

The Daiwa CI Biodiversity Conservation Fund operates a program to carry out biodiversity conservation activities in the vicinity of World Natural Heritage sites in seven countries that have been selected from 34 areas called biodiversity hotspots.* The World Heritage Local Ecological Entrepreneurship Program (WH-LEEP) was formed as a partnership between the United Nations Development Programme (UNDP), the Global Environment Facility's (GEF) Small Grants Programme (SGP), and the United Nations Foundation (UNF), which together launched Community Management of Protected Areas for Conservation (COMPACT). COMPACT is in charge

of dispersing grants for operating businesses, while DCBCF is in charge of dispersing grants to cover such expenses as business needs surveys and skills training for people in the communities. The Daiwa CI Biodiversity Conservation Fund is operated in a partnership with the global environmental NGO Conservation International (CI) with revenues generated by the sale and investment of the Daiwa Eco Fund.

* Hotspot: Places where biodiversity is rich but greatly threatened (34 places). This term was coined by British biologist Norman Myers in 1988 to designate areas that should be given priority in conservation and preservation efforts.

Daiwa-Russell-GEF Asia Project to Support the Transfer of Environmental Technology

Daiwa, in cooperation with the Global Environmental Forum, operates a project funded by profits from sales of the Russell Global Environmental Technology Fund. The project involves the compilation and distribution of handbooks containing basic technologies from among those environmental protection technologies possessed by Japan that can be fully developed and operated using the materials and human resources of developing

countries. In fiscal 2009, the project focused on measures to resolve the pressing issue of public sanitation in Thailand, and carried out a local survey to determine the possibility of introducing Japanese technology to resolve this problem. A subsequent report will describe current water contamination and sewage measures, identify issues, and lay out the technologies that could potentially be adopted.

Initiatives Outside Japan

MBA candidates visit Daiwa Capital Markets America

On October 23, 2009, 23 MBA candidates studying at Indiana University's Kelley School of Business visited Daiwa Capital Markets America, and attended a briefing hosted by CEO Masaaki Goto.

At the briefing, Mr. Goto explained current market conditions, highlighted key points in the Daiwa Securities Group's 2009 business report, and described the company's efforts to build a global network.

Another executive gave a presentation on current market conditions and employee recruitment. An executive from Daiwa Asset Management (America)

also provided an overview of the Daiwa Group's asset management business model.

With a tour of the equity and bond trading floors and lively discussions with the guests in the final Q&A session, the program was very productive.



Food distributions to underserved families in Singapore

Daiwa Capital Markets Singapore Limited held a charity event in April 2009 to provide underserved local families with food and other necessities. In response to a request for donations, employees contributed enough to give 53 families, primarily single-parent families, a bag full of \$150 worth of rice, cooking oil, canned food, meal vouchers and other necessities. Far exceeding the company's initial target of \$100 per family, this demonstrated the strength of the employees' concern.

Many employees also joined in for the work of dividing up the food and packing and distributing the bags. Employees who usually work in different branches and their families and friends used admirable teamwork to get the job done. Hironori Oka, President of Daiwa Capital Markets Singapore, also helped to distribute the bags.



The local people who received the bags of food expressed their sincere gratitude. The employees who participated said that they would like to participate again. All in all, the program was an effective way to start off the new fiscal year, in which one of the company's goals is to increase focus on CSR activities.

Christmas party for employees' children (Europe)

In December 2009, Daiwa Capital Markets Europe Limited held a Christmas party for the children of its employees.

This party was first held in 2008 and is very popular with the guests, so signups for this year's party were filled to capacity within one hour of its announcement.

The party is held twice for 30 children and their parents. The children ranged in age from 1 to 16, and joined in activities ranging from games and dances to face painting and woodworking. Santa Claus also made an appearance to give the children letters and presents. After the party, many of the children and their parents expressed their gratitude to the staff in charge of running the party.

The donations given by people attending the party are donated through the Charity Committee to the British charity group War Child, which gives aid to children in war-affected regions, and to Demelza House, a children's hospice in the UK.

