

Environmental Report

Environmental Impact

The Daiwa Securities Group is always looking for ways that the financial industry can help to resolve environmental issues and reduce society's environmental impact, while also striving to lower the environmental impact of its own operations.

Approach and Basic Stance

The natural environment is the very foundation of human life, so protecting it is essential to sustainable societies. We strive to help resolve environmental issues through our business by investing in the development of products that can reduce society's environmental impact, and also by making investments that help to make environmental technologies and infrastructure more widely available. We are working to establish a system that efficiently collects data on Daiwa's environmental impact. We are also focused on raising employees' environmental awareness to empower them to reduce environmental impact in daily business operations.

Environmental Management

All Daiwa Securities Group companies carry out environmental management. In the monthly meetings of the Environmental Management Council, the managers from each company work together by compiling data and exchanging information.

The Daiwa Institute of Research Business Innovation has earned ISO14001 certification. Initially this certification was only for the telecom business, but the scope was expanded to cover the entire

headquarters of the company beginning in April 2010.

We use forums such as councils to consider ways in which we can continue to develop group-wide environmental management systems.

We will continue to reduce energy consumption and track data on CO₂ emissions, use of copy paper and paper for forms, the amount of waste generated, and recycling amounts, and continually work to reinforce our efforts.

CO₂ Emissions

Energy consumption at the Daiwa Securities Group's domestic offices (on a CO₂ emissions basis) rose 6.5% in fiscal 2009 compared with fiscal 2008. This was primarily due to an increase in electricity consumption resulting from the

establishment of new offices with the expansion of business for the Daiwa Institute of Research and the Daiwa Institute of Research Business Innovation and the move to new offices.

■ Energy Consumption

FY	2005	2006	2007	2008	2009
Domestic offices					
Electricity (1,000 kWh)	86,320	88,728	92,659	97,722	104,750
Natural gas (1,000 m ³)	727	691	644	517	423
Gasoline (kiloliters)	1,019	1,046	1,032	1,029	1,062
Heavy oil (kiloliters)	30.2	34.1	23.7	4.3	1.4
Diesel fuel (kiloliters)	1.3	0.1	0.0	0.1	0.0
Overseas offices					
Electricity(1,000kWh)	—	—	7,718	11,640	11,130

*This data pertains to consolidated Group companies.

*At overseas offices, only electricity consumption was calculated.

*The electricity consumption of the headquarters building (Gran Tokyo North Tower) refers only to the electricity used for lighting and from outlets on each floor that Daiwa Securities Group Inc. occupies in order to ensure the continuity of the data. The data does not include electricity consumption for air conditioning, elevators and other areas of common use in the building.

*Due to changes in the scope of the data, the Group has revised electricity consumption and heavy oil usage for its domestic and overseas offices in fiscal 2008.

■ CO₂ Emissions from Energy Consumption

(Unit: 1,000 kg-CO₂)

FY	2005	2006	2007	2008	2009
Domestic offices					
Electricity	47,908	49,244	51,426	54,236	58,136
Natural gas	1,513	1,438	1,339	1,075	880
Gasoline	2,366	2,427	2,396	2,389	2,465
Heavy oil	90.0	101.6	70.6	12.8	4.1
Diesel fuel	3.3	0.2	0.0	0.3	0.0
Total for domestic offices	51,880	53,211	55,232	57,713	61,486
Overseas offices					
Electricity	—	—	4,283	6,460	6,177
Total for domestic and overseas offices	—	—	59,515	64,137	67,662

*Shows data for consumption of electricity, gas, gasoline, heavy oil and diesel fuel at domestic offices and electricity consumption at main overseas offices converted to CO₂ emissions (1,000 kg).

*For all years and regions, the emissions coefficient used for converting to CO₂ emissions is based on the ministerial ordinance related to the calculation of greenhouse gas emissions arising from the business activities of specified emitters (Ministry of Economy, Trade and Industry and Ministry of the Environment, Ordinance No. 3, March 2006).

CO₂ emissions per employee is calculated by dividing the Daiwa Securities Group's total emissions by the number of domestic employees, and increased 400kg year on year.

■ CO₂ Emissions per Employee (Domestic)

(Unit: 1,000kg-CO₂)

FY	2005	2006	2007	2008	2009
Per employee	4.6	4.5	4.3	4.2	4.6
Number of domestic employees	11,326	11,924	12,943	13,652	13,477

Other Environmental Impacts

Changes in portable water consumption

Potable water consumption in fiscal 2009 decreased 18.7% compared with the previous fiscal year.

(Unit: 1,000 kiloliters)

FY	2005	2006	2007	2008	2009
Consumption volume	325	274	268	243	198

*This data pertains to consolidated Group companies.

Volume of copy paper / forms used

We facilitated the transition to a paperless office by appointing an employee to be in charge of the paperless transition at Daiwa Securities Group Inc. and holding paperless meetings in fiscal 2009. As a result of these endeavors, the volume of copy

paper used fell about 2% from the previous fiscal year. Moreover, about 35% (based on monetary value) of the copy paper used consisted of Green Procurement Network (GPN) compatible products.

■ Volume of Copy Paper / Forms Purchased

(Unit: 1,000 kg)

Company	FY2007	FY2008	FY2009
Copy paper ¹			
Daiwa Securities Group Inc.	18	11	13
Daiwa Securities	532	395	400
Daiwa Securities Capital Markets	96	150	140
Daiwa Institute of Research Group	194	116	122
Daiwa Asset Management	47	49	45
Daiwa Business Center	49	39	39
Daiwa SB Investments	38	30	27
Daiwa Property	4	4	3
Daiwa Sanko	5	2	4
Daiwa Corporate Investment	13	11	9
Other	38	30	15
Copy paper total	1,033	837	818
Paper for forms ²			
Daiwa Securities	131	118	87
Daiwa Securities Capital Markets	158	123	47
Paper for forms total	289	241	134
Grand total	1,322	1,079	952

* This data pertains to consolidated Group companies.

1 The data for copy paper is calculated using data on the amounts purchased centrally for the Group companies by Daiwa Sanko. Paper purchased centrally accounts for about 90% overall.

2 The data on paper for forms reflects only the forms generated by the Group data centers and does not include forms generated by outsourcing.

Changes in waste generated and recycling volume

Amount of paper waste generated in fiscal 2009 dropped 13.3% year on year. Non-paper waste generated fell 0.5%. The recycling rate of both paper and non-paper waste was up.

Changes in Waste Generated and Recycling Volume

(Unit: 1,000 kg)

FY		2004	2005	2006	2007	2008	2009
Paper waste	Amount generated	1,552.8	1,470.3	1,451.6	1,343.4	883.6	766.5
	Recycling rate	86%	82%	83%	85%	88%	93%
Non-paper waste	Amount generated	417.5	391.8	415.8	456.38	354.4	356.1
	Recycling rate	27%	27%	21%	23%	15%	33%

*Calculated based on the Reuse Plan for Large-Scale Buildings Used for Business, as specified by each local government.

Initiatives to Reduce Environmental Impact

Upgrades to building equipment to conserve energy

When Daiwa Securities upgrades equipment such as air conditioners, power supply units, and power conversion equipment in its branches, the company requires that products meeting the highest ("top runner") standards are adopted to ensure that equipment with low environmental impact is installed. "Top runner" standards were recommended in Japan's Act on the Rational Use

of Energy, which requires that manufacturers clear benchmarks ensuring that energy-saving products are manufactured. The "top runner" concept calls for manufacturers to strive to improve their technologies and create products and equipment that surpass the energy efficiency of products and equipment currently on the market.

Green energy used for website server for Daiwa Institute of Research Group

The Daiwa Institute of Research Group will use green energy produced by wind power to run its website server (5,500 kWh) from April 1, 2010 to March 31, 2011. Green energy refers to energy from natural, renewable sources such as wind power, solar power and biomass. This kind of energy does not release CO₂ when it is generated. The green energy the group is using is generated by Japan Wind Development Co., Ltd.,

at the Rokkashomura-Futamata Wind Power Plant in Aomori Prefecture (the world's first wind power system using a storage battery system).



Daiwa Institute of Research Holdings' Green Electricity Certificate

Eco activities expanded (Daiwa Securities Business Center)

The Daiwa Securities Business Center started the Eco Promotion Committee in 2008 and began to work on eco initiatives. An internal questionnaire was given to assess environmental awareness.

Each year, the Business Center sets its own targets for reducing electricity use and paper use. It sets high targets to raise awareness among individual employees and motivate them to put

their environmental convictions into practice by creating ingenious solutions.

The Business Center makes steady, ongoing efforts such as reusing office supplies and equipment. In addition, when it is ready to discard fixtures and

equipment, it consigns them to environmentally aware recycling companies for reuse. It reports on the progress of its eco activities and each division's initiatives every month on the Intranet.

Disseminating information using e-paper

Together with NEC Corporation, Daiwa Securities has developed and launched a system to distribute information on new products and campaigns to branch customers using e-paper. Currently, the company has adopted a total of six e-paper systems (prototypes) at the main branch.

The Daiwa Securities Group has made great strides in making internal forms paperless (business forms were reduced 98.7% compared to fiscal 2005) by introducing an electronic request system, such

as digitizing administrative forms. This focused on e-paper to make customer forms paperless. This not only improved service by providing information in real-time at branches, but also encouraged the transition to more environment-friendly paperless practices and reduced costs. Going forward, we will strive to develop a mechanism that will enable customers to easily view our reports, proposals and latest information at their homes using e-paper.

Shortening work hours by encouraging executives and employees to leave before 7 p.m.

Encouraging executives and employees to leave the office before 7 p.m. in the interest of work-life balance means that lights and heating/cooling are

needed for shorter periods. This, in turn, helps to reduce environmental impact.