

## CSR Issues: Performance and Targets

This section reports the fiscal 2010 results and fiscal 2011 targets for the wide range of initiatives conducted to help build a more sustainable society.

		Targets for Fiscal 2010
<b>Key Issue 1 Leveraging Financial Capabilities to Contribute to a Sustainable Society</b>		<ul style="list-style-type: none"> <li>● Arrange and distribute at least ¥100 billion in impact investment bonds</li> <li>● Consider other impact investment products such as investment trusts</li> </ul>
<b>Key Issue 2 Developing Sound Financial and Capital Markets for the Next Generation</b>		<ul style="list-style-type: none"> <li>● Strengthen ties with domestic and overseas universities and also monitor and further promote the performance of these relationships</li> <li>● Provide employees with training in financial philosophy (ethics as financial supporter)</li> <li>● Pursue wide distribution of the "Life is a Series of Choices" text to teachers</li> <li>● Hold study sessions for students on the topic of social business</li> <li>● Communicate more information about environmental issues (continued)</li> <li>● Enhance information dissemination through Daiwa Securities Information TV and website</li> </ul>
<b>Corporate Governance</b>		<ul style="list-style-type: none"> <li>● Establish a firmer global internal control scheme to further strengthen the trust of stakeholders and thus ensure sustained growth</li> <li>● Establish groupwide BCP scheme</li> </ul>
<b>CSR Management</b>		<ul style="list-style-type: none"> <li>● Hold dialogues with experts at least once a month to improve executive and employee awareness, and promote internal and external communication through the dissemination of information</li> </ul>
<b>Compliance</b>	<b>Entire Group</b>	<ul style="list-style-type: none"> <li>● Further ensure thorough awareness of corporate ethics and compliance</li> <li>● Strengthen efforts to eradicate organized crime and block relationships with any such elements</li> </ul>
	<b>Daiwa Securities</b>	<ul style="list-style-type: none"> <li>● Make ongoing improvements to operating quality (continued)</li> <li>● Revise internal rules, operating procedures, and other guidelines</li> <li>● Strengthen scheme to eliminate unfair trade</li> <li>● Support branch efforts to beef up internal controls</li> </ul>
	<b>Daiwa Securities Capital Markets</b>	<ul style="list-style-type: none"> <li>● Take actions to address amendments to the Financial Instruments and Exchange Law</li> <li>● Step up related initiatives, including actions against organized crime</li> </ul>
<b>Information Disclosure</b>		<ul style="list-style-type: none"> <li>● Actively disclose information, including non-financial content, demonstrating the unique or differentiating features of the Group (continued)</li> <li>● Carry out efficient IR activities (continued)</li> <li>● Improve and make effective use of IR channels (continued)</li> </ul>
<b>Relationship with Shareholders and Other Investors</b>		<ul style="list-style-type: none"> <li>● Take actions to expand shareholder reward program (continued)</li> </ul>
<b>Relationship with Customers</b>		<ul style="list-style-type: none"> <li>● Actively pursue post-sales follow-up (continued)</li> <li>● Improve customer-interface skills of branch counter staff (continued)</li> <li>● Develop professional workforce that combines expertise and loyalty (continued)</li> </ul>
<b>Relationship with Executives and Employees</b>		<ul style="list-style-type: none"> <li>● Achieve a far-reaching work-life balance program (continued)</li> <li>● Accelerate appointment of female managers who will assume leadership roles in the Japanese financial industry (continued)</li> </ul>
<b>Relationship with Society</b>		<ul style="list-style-type: none"> <li>● Collaborate with external NPOs to provide richer information internally and increase opportunities for action, with the aim of allowing more executives and employees to participate in corporate citizenship activities</li> </ul>
<b>Environmental Initiatives</b>		<ul style="list-style-type: none"> <li>● Establish system to increase green purchases. Promote efforts internally and work with suppliers</li> <li>● Establish system for efficiently gathering environmental impact data</li> </ul>

Rating indicates self-evaluation of fiscal 2010 results: ◎ = success (significant), ○ = success (moderate), △ = additional effort needed, × = not achieved.

## by the Daiwa Securities Group

Results for Fiscal 2010	Rating	Targets for Fiscal 2011
<ul style="list-style-type: none"> <li>● Distributed around ¥334.4 billion in impact investment bonds</li> <li>● Arranged and distributed Daiwa Microfinance Fund</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Expand design and sales of impact investment products relating to earthquakes, the environment, poverty, and other issues in Japan and abroad</li> <li>● Enhance disclosure of environment and CSR information to investors</li> </ul>
<ul style="list-style-type: none"> <li>● Offered course endowments, dispatched group employees as lecturers, and engaged in university venture support and other industry-education collaborations</li> <li>● Social Business College (3 lectures since October 2010, with 286 participants)</li> <li>13 lectures at universities and other institutions</li> </ul>	○	<ul style="list-style-type: none"> <li>● Continue alliances with Japanese and foreign universities and continue the Social Business College (participation target of 80 people per lecture)</li> </ul>
<ul style="list-style-type: none"> <li>● Established ESG Research Section (6 people) at Daiwa Institute of Research. Improved provision of environmental and CSR information to investors and general public</li> </ul>	○	<ul style="list-style-type: none"> <li>● Bolster environment and CSR research conducted by group research departments (at Daiwa Securities, Daiwa Securities Capital Markets, and two asset management firms)</li> </ul>
<ul style="list-style-type: none"> <li>● Broadcast footage of microfinance and Africa education forums on Daiwa Internet TV and published ESG reports written by the ESG Research Section on company website. Published proceedings and case studies of Social Business College lectures</li> </ul>	○	<ul style="list-style-type: none"> <li>● Hold seminars and forums for ordinary customers (at least 3)</li> <li>● Reorganize presentation of group environment, CSR, and SRI information on website and increase quality and volume of information</li> </ul>
<ul style="list-style-type: none"> <li>● Revised risk rules in internal control system to match global standards</li> </ul>	○	<ul style="list-style-type: none"> <li>● Maintain healthy business by disclosing adequacy of capital</li> </ul>
<ul style="list-style-type: none"> <li>● Two group companies began using Tama Training Center as back-up office</li> <li>● Improved methods for checking employee safety during disasters</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Increase awareness of crisis management system for disasters</li> <li>● Reduce group-wide power consumption by 15% in response to power shortage this summer</li> </ul>
<ul style="list-style-type: none"> <li>● Held 14 dialogues with experts on specific CSR themes (Exploring CSR Through Dialogues)</li> <li>● Established group policy banning investment in cluster munitions producers</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Maintain dialogues with specialists in specific themes and strengthen relationships with departments and sections responsible within group (target of at least 12 dialogues)</li> </ul>
<ul style="list-style-type: none"> <li>● Established internal rules regarding prohibition of insider trading and conducted training</li> <li>● Conducted compliance training through e-learning</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Ensure thorough awareness of corporate ethics and compliance (continued)</li> </ul>
<ul style="list-style-type: none"> <li>● Established rules on avoiding all contact with organized criminal elements</li> <li>● Assessed situation by exchanging information with public bodies</li> <li>● Increased effectiveness by gathering data and using systems</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Further coordinate group measures to avoid contact with organized criminal elements</li> </ul>
<ul style="list-style-type: none"> <li>● Used PDCA cycle to improve quality of operations</li> <li>● Improved system of checking by superiors</li> <li>● Provided support tools for branch counter staff themselves to review transactions</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Further strengthen self-monitoring of ethics at branches</li> </ul>
<ul style="list-style-type: none"> <li>● Overhauled internal rules</li> <li>● Changed rules for dealing with customer information</li> <li>● Revised sales branches' data management methods</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Strengthen commitment to internal control in all headquarter departments and sections</li> </ul>
<ul style="list-style-type: none"> <li>● Strengthened unfair trading monitoring systems</li> <li>● Beefed up training opportunities and contents of programs such as training on insider trading regulations</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Strengthen commitment to preventing unfair trading</li> </ul>
<ul style="list-style-type: none"> <li>● Provided guidance and support through personal visits to branches</li> <li>● Held group training sessions for internal control managers</li> <li>● Provided guidance and support in daily operations</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Strengthen commitment to preventing unfair trading</li> </ul>
<ul style="list-style-type: none"> <li>● Responded to amendments to the Financial Instruments and Exchange Law such as revision of disclosure rules for secondary offering of securities and rules for designating investors as professional or general investors and the creation of the alternative dispute resolution system</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Create and strengthen a global compliance system</li> <li>● Strengthen systems to eradicate organized crime</li> </ul>
<ul style="list-style-type: none"> <li>● Newly established rules on avoiding all contact with organized criminal elements and strengthened systems for identifying them</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Establish rules relating to the Financial Instruments and Exchange Law</li> </ul>
<ul style="list-style-type: none"> <li>● Actively disseminated non-financial information such as strengthening the company's Asia business, work-life balance, and social contributions in annual reports and other brochures and company briefings</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Actively disclose information, including non-financial content, demonstrating the unique or differentiating features of the Group (continued)</li> </ul>
<ul style="list-style-type: none"> <li>● Bolstered communication with Japanese and foreign investors by expanding IR site and holding company briefings</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Carry out cost-conscious, efficient IR activities (continued)</li> </ul>
<ul style="list-style-type: none"> <li>● Improved IR site, emphasizing user-friendliness</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Improve and make effective use of IR channels (continued)</li> </ul>
<ul style="list-style-type: none"> <li>● Tailored approach to shareholders, expanding shareholder reward program</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Take actions to expand shareholder reward program (continued)</li> </ul>
<ul style="list-style-type: none"> <li>● Routinely provided timely information through seminars and website</li> </ul>	○	<ul style="list-style-type: none"> <li>● Actively pursue post-sales follow-up (continued)</li> </ul>
<ul style="list-style-type: none"> <li>● Installed hospitality representatives in all 120 branches, undertaking group training and direct guidance and supervision</li> <li>● Disseminated information through intranet</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Improve customer-interface skills of branch counter staff (continued)</li> </ul>
<ul style="list-style-type: none"> <li>● Established human resource system to create a work environment creating high level of motivation among all employees</li> <li>● Introduced focus on business skill training, supported and promoted gaining of qualifications, and expanded language training</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Develop professional workforce that combines expertise and loyalty (continued)</li> </ul>
<ul style="list-style-type: none"> <li>● Encouraged change of attitude among employees by encouraging them to leave the office before 7:00 p.m. and take their annual leave, instituting family visits to the office, and encouraging men to take parental leave</li> <li>● Newly established short-time working system and expanded vacation and nursing care system, and increased awareness of these systems</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Achieve a far-reaching work-life balance program (continued)</li> </ul>
<ul style="list-style-type: none"> <li>● Increased number of women in management positions</li> <li>● Increased number of people transferring to career-track and regional career-track employment streams</li> <li>● Work-life balance promotion committee and female employee success promotion team considered additional measures</li> <li>● Started career counseling</li> </ul>	◎	<ul style="list-style-type: none"> <li>● Accelerate appointment of female managers who will assume leadership roles in the Japanese financial industry (continued)</li> </ul>
<ul style="list-style-type: none"> <li>● In FY2010, 732 employees participated in 39 volunteer and educational activities for employees</li> <li>● 71 employees attended Social Business College lectures</li> </ul>	○	<ul style="list-style-type: none"> <li>● Raise employees' interest in volunteering, including in earthquake relief efforts, and improve provision of appropriate information regarding volunteering</li> <li>● Enhance volunteering system</li> <li>● Improve coordination with employee unions</li> </ul>
<ul style="list-style-type: none"> <li>● Started considering rebuilding environment management system</li> <li>● Planned to report 2010 environmental impact data on website</li> </ul>	△	<ul style="list-style-type: none"> <li>● Introduce new environment management system</li> <li>● Enhance energy conservation efforts</li> </ul>