

Social Report

Relationship with Customers

Approach and Basic Stance

We understand that customer trust is the foundation of our business, and we always work to identify approaches that will truly satisfy our customers. 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

We strive to understand the customer's needs quickly, propose the best solution for each customer, and provide more-than-satisfactory services. We also work to provide customers with complete, appropriate explanations.

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.

When selling Impact Investment products that help resolve social issues, such as Vaccine Bonds and Water Bonds, Daiwa Securities explains how customers will be contributing to a society by investing in these products, in order to deepen their understanding of these.

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 constantly works to reinforce its relationship of trust with the customer by giving attentive explanations and relevant proposals that succeed in alleviating this dissatisfaction and concern.

● Providing information in seminars and on our website

In addition to the investor seminars that Daiwa Securities holds on the 5th of every month, and the information on overseas and Japanese markets it provides on an ongoing basis, Daiwa Securities holds impromptu follow-up seminars when the market fluctuates sharply, as when the yen appreciated significantly. Over 940 follow-up seminars on investment trusts and foreign currency markets were held between October 2011 and March 2012 across all branches and were attended by over 18,000 people. The "notice box" for users of the online trading section of the Daiwa website presents trends and forecasts for trust funds and exchange rates in a graphic format. In January 2012, Daiwa Securities held its New Spring Investment Forum 2012, with about 6,330 customers attending.

● 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.

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.

● 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. Daiwa Securities launched a donation program for the Great East Japan Earthquake using points awarded through the Daiwa Point Program on March 18, 2011. Their donations were provided in full to those who suffered from the earthquake through the NGO Japan Platform.

Improving customer service quality at sales branches

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.

At Daiwa Securities, our goal is to provide a level of customer service that surpasses ordinary hospitality standards. 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 also conduct on-site checks every six months and provide guidance to promote even higher quality.

Initiatives Make Use of Customer Views

Call Center initiative

Daiwa Securities' Call Center is staffed by 480 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.

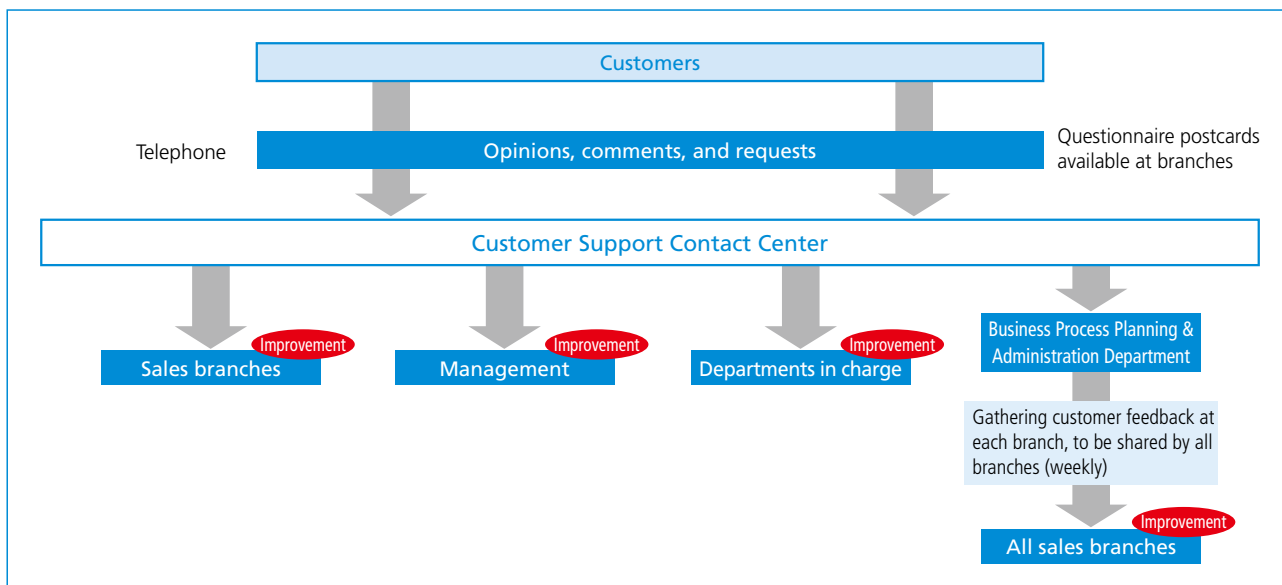
* TSR (Telephone Service Representative) is the name typically used in Europe and the US to refer to telephone operators with specialized knowledge.

Strengthening BCP at our Call Center

Up until August 2011, all of our call center functions were based at a single site (Koto Ward, Tokyo). We have now transferred some of the functions to our Osaka branch building. This means that we now have 480 telephone service points, with 450 in Tokyo and 30 in Osaka.

We are now able to accept emergency orders at sales branches as well as at the new Osaka call center. Having our call center functions split across multiple sites in this way means that we have been able to manage operational risk. We also anticipate that the Osaka call center will serve as a backup during electricity shortages in the Tokyo area.

Daiwa Securities' System for Utilizing Customer Feedback

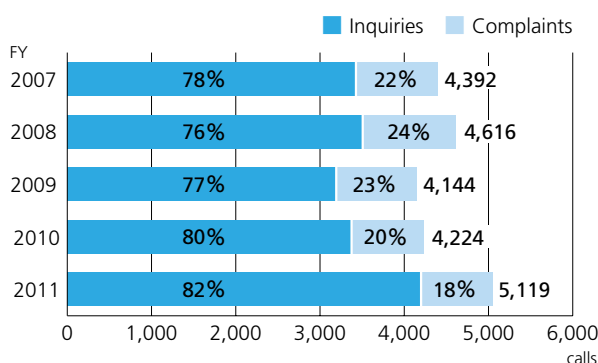


Calls received at the Customer Support Contact Center

Daiwa Securities' Customer Support Contact Center also directly handles customer feedback. The Center shares the customer feedback it receives with Daiwa Securities' sales branches and head office and responds promptly and appropriately.

During fiscal 2011, the Center received 5,119 calls, which represents a higher volume than usual. We have attributed this increase to the additional calls received in relation to the opening of Daiwa Next Bank in May 2011. A total of 552 calls were received concerning Daiwa Next Bank in fiscal 2011, 92% of which were queries and 8%, complaints. The Center takes customer feedback seriously and will continue to work to improve customer service.

Calls Received at the Customer Support Contact Center



Social Report

Relationship with Shareholders and Other Investors

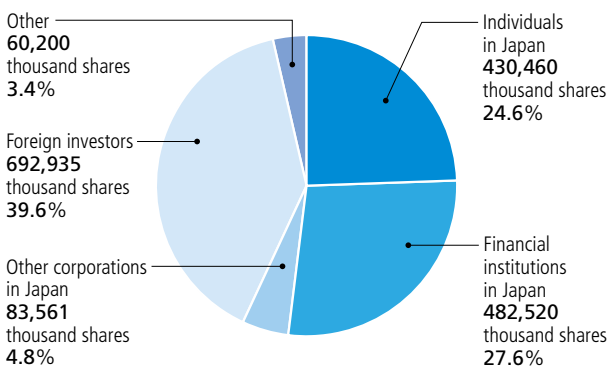
Approach and Basic Stance

The Daiwa Securities Group works hard to stay in good communication with shareholders and other investors. Under a sluggish trend of the “from saving to investment” policy in Japan, we believe that increasing the number of retail investors is part of the Daiwa Securities Group’s social responsibility. Accordingly, we work to provide all investors with helpful information that is easy to understand.

Breakdown of Shareholder

As of March 31, 2012, 39.6% of the shareholders of Daiwa Securities Group Inc. were foreign investors, down 0.9 points from the end of the previous fiscal year. The share of Japanese investors increased 1.1 points to 24.6%. This increase was likely due to the augmentation of the shareholder reward program carried out at the end of September 2010.

Breakdown by investor type (as of March 31, 2012)



[Web](#) Stock information

Dividend Policy

Daiwa Securities Group Inc. aims to continue improving value for shareholders, which includes distribution of profit. In principle, dividends are paid semiannually at a pay-out ratio of approximately 30% based on consolidated financial performance. Daiwa Securities Group Inc. also looks for ways to increase returns to its shareholders in various ways, including share buybacks when it has sufficient accumulated capital to pursue further growth.

Communication with Shareholders

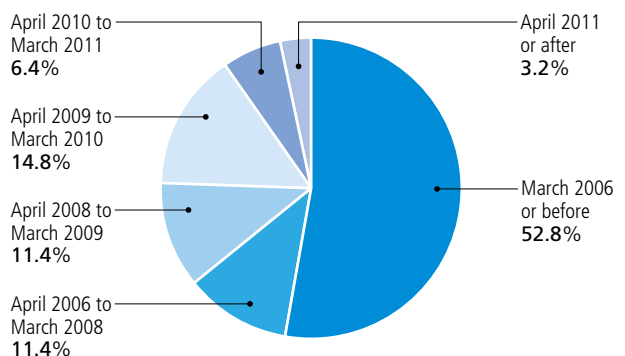
The general meeting of shareholders is an opportunity for direct communication with shareholders. We encourage as many of our shareholders to attend as possible. A total of 1,838 shareholders attended the 75th regular general meeting of shareholders held on June 27, 2012. We have also been trying to increase communication opportunities through measures such as telephone conferences on the same day that we announce the quarterly earnings, spring and fall management strategy briefing sessions, one-on-one meetings with analysts and institutional investors, and paying visits to overseas institutional investors. In addition to this, we have also been enhancing information disclosure on our IR pages and releasing the highlights of our annual and business reports in booklet form for shareholders. Daiwa Securities Group Inc. will continue to strive to make its communications even more accessible and more precise for shareholders.

Questionnaire for Shareholders

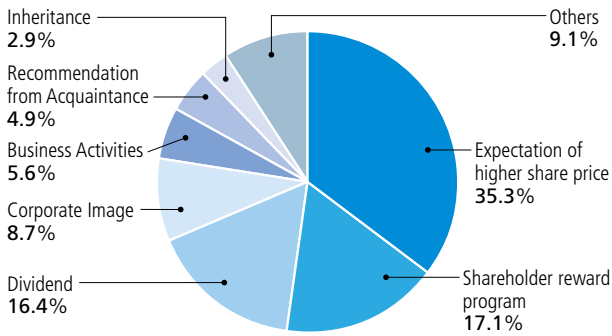
The Daiwa Securities Group regularly gives a questionnaire to shareholders at the end of September with a view to reflecting their opinions in management and IR activities. We utilize the results to good advantage in business activities, leading to improvements such as higher satisfaction with the shareholder reward program.

Results of a questionnaire to shareholders in September 2011

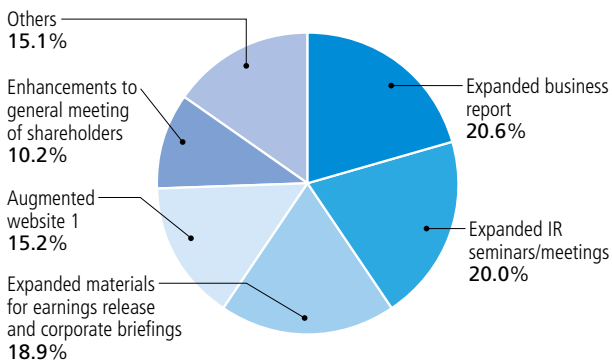
Q When did you become a shareholder for the first time?



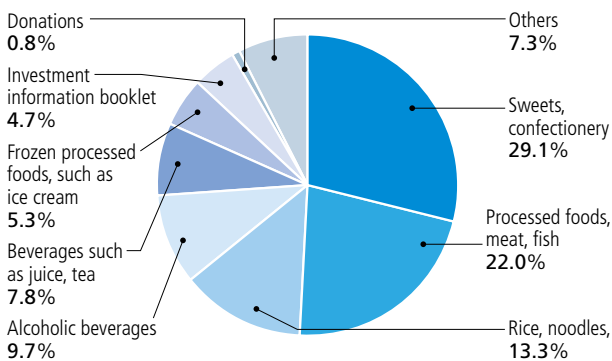
Q Why did you acquire shares in Daiwa Securities Group Inc.? (Multiple answers allowed)



Q How would you like to see information disclosure and communication augmented in the future? (Multiple answers allowed)



Q Which items would you like to see in the next shareholder Reward Program? (Multiple answers allowed)



Web Investor Relations

Shareholder Reward Program

Beginning at the end of September 2010, we enhanced our shareholder reward program while continuing our reward program catalogue. Shareholders qualifying for rewards at the end of March and September are now able to choose to make a charitable donation, as well as opt for our quarterly journal or the Daiwa points program—as well as the traditional local and regional specialties. At the end of March, we will offer shareholders a complementary calendar.



Hometown and regional specialties (Graphics are images)

Social Report

Relationship with Executives and Employees

Approach and Basic Stance

The Daiwa Securities Group believes that maximizing the motivation of every executive and employee will improve customer satisfaction and consequently enhance shareholder value. We take a range of measures to ensure that all of our executives and employees feel a sense of job satisfaction and that their families and friends share in their pride to be part of the Group.

The Group issues “Daiwa Spirit,” a booklet about what it means to be a Daiwa professional. This was developed based on our corporate principles and expresses the basic philosophy and mindset valued by the corporate culture since the foundation of the Group. We hope that Daiwa Spirit will enhance employees’ sense of unity and togetherness and thus the Group’s overall cohesiveness.

Companies covered by data

Consolidated: Entire Group

Group of 11 companies: Daiwa Securities Group Inc., Daiwa Securities Co., Ltd., Daiwa Securities Capital Markets, Daiwa Asset Management Co., Ltd., Daiwa Institute of Research Holdings Ltd., Daiwa Institute of Research Ltd., Daiwa Institute of Research Business Innovation Ltd., Daiwa SB Investments Ltd., Daiwa Securities Business Center Co., Ltd., Daiwa Property Co., Ltd., and Daiwa Corporate Investment Co., Ltd.

Group of three companies: Daiwa Securities Group Inc., Daiwa Securities Co., Ltd., and Daiwa Securities Capital Markets.

Employees at the Daiwa Securities Group (Consolidated)

(persons)

		As of March 31, 2010			As of March 31, 2011			As of March 31, 2012		
		Employees	FA* ¹	Temporary employees* ²	Employees	FA* ¹	Temporary employees* ¹	Employees	FA* ¹	Temporary employees* ²
Japan	Male	8,212	124	–	7,940	98	–	7,662	81	–
	(Career track* ³)	7,535	–	–	7,337	–	–	7,076	–	–
	(Managers)	3,872	–	–	3,760	–	–	3,754	–	–
	Female	4,838	303	–	4,608	222	–	4,348	166	–
	(Career track* ³)	2,412	–	–	2,541	–	–	2,374	–	–
	(Managers)	159	–	–	162	–	–	170	–	–
	Japan total	13,050	427	765	12,548	320	634	12,010	247	471
Overseas	1,973	–	127	2,442	–	192	2,175	–	157	
Total	15,023	427	892	14,990	320	826	14,185	247	628	

*1 Financial advisors

*2 Temporary employees are part-time hires; the figure shown here is the average number of such employees over the year. Most temporary employees are women, but this figure includes some men as well.

*3 Includes regional career-track employees and specialist positions.

Hiring Initiatives

Hiring approaches and trends

The Daiwa Securities Group would like all of its employees to be highly motivated and to stay with the Group from hiring to retirement. All new college graduates recruited by the Group, including those with disabilities, are brought on as full, regular employees. This helps to encourage new hires to feel a sense of trust and pride in the company and a sense of solidarity with their colleagues. In April 2012, the Group hired 354 new employees.

Our approach to retaining talented people is simply to

provide an environment in which diverse individuals can perform to their full potential. In line with the Group’s strategy to strengthen our business in Asia, we endeavor to secure personnel who will be able to perform on the global stage.

Number of New Graduates Recruited by the Daiwa Securities Group

(people)

		April 2008	April 2009	April 2010	April 2011	April 2012
Career-track employees/regional career-track employees	Male	551	388	159	245	186
	Female	471	328	173	200	166
Operations personnel (or staff)	Male	1	7	4	0	0
	Female	241	110	1	1	2
Total		1,264	833	337	446	354

* This data pertains to nine group companies: Daiwa Securities Group Inc., Daiwa Securities Co., Ltd., Daiwa Securities Capital Markets, Daiwa Asset Management Co., Ltd., Daiwa Institute of Research Ltd., Daiwa Institute of Research Business Innovation Ltd., Daiwa SB Investments Ltd., Daiwa Securities Business Center Co., Ltd., and Daiwa Corporate Investment Co., Ltd.

Workforce Statistics

	As of March 31, 2008	As of March 31, 2009	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012
Average annual salary *	10.32 million	7.06 million	7.47 million	8.50 million	8.11 million
Average age	37.7	37.1	36.4	37.1	39.9
Average number of years of service	11.2	10.7	11.0	12.2	13.7

* This data pertains to Daiwa Securities Group Inc. only.

※ Average annual salary includes bonuses and other remuneration.

Recruitment of previous years' graduates

In fiscal 2011, we began hiring university graduates who had graduated up to three years earlier. We hope to secure diverse personnel by recruiting year-round so that such graduates can be employed soon after receiving tentative job offers, regardless of whether they have prior work experience. These recruits receive the same level of training as new graduates. In fiscal 2011, the number of all new college graduates recruited by the Group was 17.

Support for the success of veteran employees

The Daiwa Securities Group offers the Daiwa Master Program to actively support the success of highly motivated and skilled employees, regardless of their age. This system enables veteran employees nearing the mandatory retirement age of 60 who meet certain criteria to continue their employment until they are 65 years of age. We revised the system in 2009 to refine the criteria even further.

Re-employment under the Daiwa Master System

(persons)

	FY2007	FY2008	FY2009	FY2010	FY2011
No. of employees hired under the Daiwa Master System	14	36	53	58	63

* This data pertains to three Group companies.

Recruitment of people with disabilities

The Daiwa Securities Group has around 185 employees with disabilities working in a wide range of roles at its headquarters, in sales branches, and in call centers. The group started recruiting new graduates with disabilities as regular employees (general office staff) in fiscal 2008 and in fiscal 2011, broadened recruitment into the career-track employee, regional career track employee, and customer service employment streams. We actively increased recruitment opportunities, holding briefings about the company for new graduates, participating in career expos, and implementing job placement support programs for disabled university students. Once people with disabilities are hired, we provide support for career advancement, for example creating opportunities for them to enter the

career-track and regional career-track employment streams. The Daiwa Securities Group began hiring new graduates with disabilities as regular employees beginning in fiscal 2008. We hired 7 new graduates with disabilities in April 2008, 15 in April 2009 and 5 in April 2010. We seek to hire talented people, regardless of whether they have disabilities or not. Beginning with our 2011 new hires, we will hire persons with disabilities for career-track positions, regional career-track positions and customer service positions. The goal is to hire high-caliber employees, not just to meet Japan's legally mandated employment rate for persons with disabilities, thus providing a bigger stage on which persons with disabilities can advance their careers, take advantage of opportunities and stay highly motivated to succeed.

Employment Rate for Persons with Disabilities (as of Each Fiscal Year-end)

(%)

	FY2007	FY2008	FY2009	FY2010	FY2011
Employment Rate for Persons with Disabilities	1.87	1.87	2.01	2.07	2.09

* This data pertains to 11 Group companies.

Human Resources Development and Skill Development

Employee training approach and trends

The Daiwa Securities Group focuses on human resource development with the aim of creating a professional cadre that can ensure the Group remains Japan's most impressive securities firm. In particular, we believe that the first two years after joining the Group—when new graduates are just getting their start as full members of society and Group employees—is a critical period for a solid basic education. We offer extensive training programs during this period. Our varied training options ensure not only that employees acquire the fundamental skills needed for their jobs, but also that they learn about the Group's corporate philosophy and commitment to CSR.

Of course, we also believe that our employees must have a firm understanding of corporate ethics and compliance in order to ensure the development of sound financial and capital markets—a key issue for the Daiwa Securities Group. Accordingly, we offer regular training on information management and compliance.

Education and training system

The Daiwa Securities Group educates employees by providing training tailored to each position, based on the Group's shared policies. Each company provides its own training in light of the different skills required depending on the company's focus. However, the Group also strives to foster crosscutting ties and a feeling of solidarity by increasing the number of joint training sessions for the Group and opportunities for employees from Group companies to gather together while also raising the effectiveness of the training. For example, the Group offers management training for selected managers through programs such as the Daiwa Management Academy and Daiwa Leadership Program,

and also provides joint training for mid-level employees to acquire business skills with programs designed to enhance their skills in the areas of presentation, coaching, negotiation, communication, logical thinking and facilitation.

Daiwa Securities launched the Daiwa Mentoring Program in July 2009, a two-year intensive basic educational program for new hires. The company has introduced a tutor system in which each new hire is assigned to another employee who will be in charge of their education for the first year of their employment. The new hires are given focused education and training so that they can become independent in their first two years.

Supporting employees trying to earn credentials

In light of continuing globalization and corporate strategies emphasizing Asia, the Daiwa Securities Group strives to improve employees' communication skills. We help employees raise their TOEIC scores and offer a test support system, such as e-learning, that is accessible to all employees. In addition, we offer more practical conversation classes and recommend e-learning opportunities and English conversation and language schools to intermediate-level learners. Staff members across the Group are offered the chance to take the TOEIC exam every month. In fiscal 2011, 1,418 Group employees decided to take the test. In addition, Daiwa Securities sees financial planner credentials (AFP and CFP) and securities analyst qualifications as core qualifications for the securities sector. The Group aims to have all employees acquire at least one of these certifications and is particularly keen to have the highest number of employees in the industry with the Certified Financial Planner (CFP) certification, the level above Affiliated Financial Planner (AFP). The company provides generous support by, for example, subsidizing certification costs so that employees can enhance their specialized skills and become professionals.

Achievements of Selected Participants in Management Training

(persons)

Eligibility for Daiwa Management Academy: Department managers	FY2007	FY2008	FY2009	FY2010	FY2011
Number finishing program (cumulative)	190	210	228	248	269
Eligibility for Daiwa Leadership Program: Deputy general managers	FY2007	FY2008	FY2009	FY2010	FY2011
Number finishing program (cumulative)	473	507	537	568	599

* This data pertains to 11 Group companies.

Achievements of Participants in Business Skill Training

(persons)

	FY2007	FY2008	FY2009	FY2010	FY2011
Number finishing program (cumulative)	440	1,013	1,348	1,916	2,469

* This data pertains to 3 Group companies.

* The number of people completing presentation training, coaching training, negotiation skills training, communication training, logical thinking training, and facilitation training.

Persons Earning Credentials

(persons)

Period tabulated	As of the end of FY2007	As of the end of FY2008	As of the end of FY2009	As of the end of FY2010	As of the end of FY2011
Credentials	No. of persons obtaining	No. of persons obtaining	No. of persons obtaining	No. of persons obtaining	No. of persons obtaining
Associated Financial Planner (AFP)	2,725	2,997	3,739	4,981	5,255
Certified Financial Planner (CFP)	263	279	309	360	452
Security Analyst	1,347	1,372	1,345	1,414	1,440
Chartered Financial Analyst (USA credential)	42	47	45	43	41
Licensed Tax Accountant	17	20	19	22	22
IT Passport	–	–	202	381	590
Project Manager	–	–	142	159	173
Overseas MBA program graduate, etc.	168	176	169	165	158

* This data pertains to 11 Group companies.

Internal (intra-group) job postings and new career path examinations

The Daiwa Securities Group also has an internal recruiting system to open up new career opportunities to skilled employees interested in self-development. There have been 904 applicants since 2000 and 146 successful transfers. We have now put in place a transfer system for those in

non-career-track jobs who wish to move into career track or regional career-track jobs. Since fiscal 2009, 659 non-career-track employees from three Group companies have moved to career-track and regional career-track positions.

Successful Applicants in Internal Recruiting System

(persons)

Held	Positions offered	No. of applicants	No. of successful applicants
Cumulative from FY 2000	M&A, SMA consultants, Analysts, internal wholesalers, Compliance, dealers, derivatives, traders, fund managers, principal finance specialists, venture capitalists, money managers, research, underwriting, sale, product development, proposals and planning, investment advisors, investment information, pension consultants, etc.	904	146

* This data pertains to 11 Group companies.

Evaluation system

At the Daiwa Securities Group, we believe that a fair and well-accepted evaluation system is crucial in keeping all employees highly motivated in their jobs. As part of this, we implement a multifaceted evaluation system for managers. This involves subordinates and related departments assessing their manager's job performance in the course of daily operations and the results being fed back to the manager. It is intended to improve managerial skills and improve the Group's overall productivity. This comprehensive system also takes compliance-related performances into account. In fiscal 2009, we revised the Group's human resources system. Our objective is to provide an incentive program that motivates employees at all stages of their careers, from entry and mid-level to veteran employees, to reach the next stage and attain positions with greater responsibilities. We will continue working to ensure that our personnel evaluation system is equitable by clarifying the expected responsibilities for every position. In fiscal 2011, we began to introduce a new system to better enable job performance and responsibilities to be reflected in evaluations.

Initiative to create a pleasant working environment

Encouraging Work-Life Balance

One of the Daiwa Securities Group's CSR targets is to promote an advanced level of work-life balance. The Group is committed to pursuing working styles that enable employees to achieve a balance between their private and professional lives, and makes efforts to create an environment in which both men and women can work in a variety of ways. Not only do we seek to establish systems that enable diverse work styles, but we also work to change employee awareness by ensuring employees leave work before 7 p.m., by encouraging them to take all their paid holidays and by welcoming family visits to the workplace. In February 2012, we revamped the content of the Daiwa WLB Station on the intranet, which attracted a great increase in visitors. We will continue promoting initiatives designed to attract the kind of high-caliber employees who build an enterprise that achieves great performance.

Encouraging women to succeed

We are trying to appeal more to women's individual interests, by introducing thriving female employees as role models in internal publications and providing opportunities for cross-company communication, in order to increase the number of women in management positions. These efforts have resulted in five female directors joining the board and women heading up about 10% of branches since fiscal 2009. The number of women transferring to the career-track employee and regional career-track employee streams has

also increased significantly.

In recent years, there has been a sharp increase in female employees aspiring to advance their careers by switching to career-track and regional career-track positions. From FY 2009 to FY2011, 659 female employees converted to career-track positions.

We will continue to expand the ranks of female managers, aiming to develop female leaders who will drive the future of Japan's financial industry.

Working Hours and Paid Vacation Usage Rate

	FY2007	FY2008	FY2009	FY2010	FY2011
Annual regular working hours (hours)	1837.5	1837.5	1830.0	1837.5	1822.5
Average monthly overtime hours (hours)*1	25.2	21.3	22.1	24.0	25.1
Paid vacation usage rate (%)	37	57	56	54	49
Paid vacation usage rate (%) (including special summer vacation)*2	47	64	60	58	54

* This data pertains to three Group companies.

*1 Figures indicate employees at the three companies who are members of the Daiwa Securities Group Employees' Union.

*2 In addition to annual paid vacation, the Daiwa Securities Group offers three days of special summer vacation. These figures show 54% usage rate for annual paid vacation when special summer vacation is included in FY2011.

Employee Welfare System Usage

(persons)

		FY2007	FY2008	FY2009	FY2010	FY2011
Number of employees taking childcare leave**	Female	209	245	304	326	396
	Male	4	14	16	26	12
Number of employees taking nursing care leave	Female	6	2	5	5	8
	Male	3	1	0	1	0

* This data pertains to all consolidated Group companies.

** Employees eligible for childcare leave include non-regular employees (contract workers, part-timers, etc.).

Main Initiatives for Work-Life Balance and Female Employee Support Plan

Program name	Program description
Professional Return Plan (rehiring of sales staff)	Offers opportunities for re-employment to former full-time employees who left their jobs after marriage or childbirth.
Job Location Change System*	Offers a position in a new location when an employee must relocate after marriage or spouse's job transfer.
Childcare leave	Employees can take childcare leave until their child's third birthday.
Exemption from or restricted overtime work	Employees can apply for an exemption from overtime work until their child completes the third grade of elementary school. Employees can also apply for restricted overtime work until their child completes elementary school.
Daycare subsidy	The company offers subsidies for daycare expenses until the employee's child begins elementary school.
Expanded leave system	The company encourages employees to take paid vacation and has introduced leave for marriage preparations or "family day" leave to give employees a chance to spend quality time with their families.
Follow-up on program use	The Personnel Department keeps track of individual employees' childcare-related schedules and notifies them of programs available at the appropriate time.
Support after returning to work	Enables employees to return to work after a period of childcare leave. The return to work guidelines were revised in fiscal 2011. Daiwa WLB Station, a work-life balance promotion website that focuses on various support systems related to childrearing and nursing care, provides information for employees on childcare leave and helps facilitate their smooth return to the workplace.

* Number of employees using the program at Daiwa Securities Group Inc.: 82 (cumulative)

Female Employees and Managers at the Daiwa Securities Group

(%)

	As of the end of FY2007	As of the end of FY2008	As of the end of FY2009	As of the end of FY2010	As of the end of FY2011
Percent of employees who are female	36.0	36.8	37.1	36.7	36.2
Percent of managers who are female	3.1	3.4	3.9	4.1	4.3

* This data pertains to all consolidated Group companies.

Initiatives to improve employee health

The Daiwa Securities Group believes that employee health is an indispensable asset for both the company and society. Accordingly, the Personnel Departments, General Health Development Centers and health insurance associations work closely together to improve employee health. The Group has set up a system that enables employees to confirm the results and analysis of their regular health checkups and full medical checkups online. The Group also uses in-house magazines and the intranet to provide employees with health information. Moreover, it also offers a walking program, a program encouraging employees to undergo cancer exams, and a smoking cessation program, and encourages female employees to have breast cancer and uterine, ovarian, and cervical cancer exams, and to get the cervical cancer vaccination. Beginning in fiscal 2009, employees whose health checks found problems receive a follow-up confirmation form (known as a "yellow paper") enclosed with the results of the regular health checkup. Those employees are required to visit a medical facility within two weeks and submit this form to a General Health Development Center with the doctor's comments. As a result, the majority of such employees now visit medical facilities.

The Daiwa Securities Group has set up General Health Development Centers at the main Group offices. At the centers, in-house doctors provide medical services, while industrial physicians and health nurses provide consultations on general health. Psychiatrists and clinical psychotherapists offer consultations on mental health issues.

As a result of these efforts, employees' health awareness is high, and 99% of employees receive regular health checkups. We gave presentations on these results at symposiums held by the Ministry of the Economy, Trade and Industry and the Tokyo Metropolitan Government. Other companies were interested in our approach.

Mental Health

In August 2006, Daiwa Securities Group Inc. established the Health Support Promotion Department to help employees maintain their mental and physical health. The Health Support Promotion Department is staffed with two certified clinical psychologists who are available to provide consultations to support Group executives and employees, and their families. Moreover, we maintain arrangements with outside specialists so that Group personnel and their families can receive prompt attention anywhere in Japan.

We also support employees' mental health by arranging talks in all branches and departments to broaden awareness of mental health issues.

Communication

Communication with executives and employees

At the Daiwa Securities Group, we believe that communication with executives and employees is vital in maintaining a healthy workplace environment. Communication takes place through interviews with the Personnel Department and a semi-annual self-assessment questionnaire. In addition to the union member questionnaire given by the Employees' Union, we conducted a questionnaire on work-life balance periodically. We provide opportunities for employees to share their views, and then reflect these findings when reviewing the adequacy of current programs

and revising programs in the future.

Communication between employees

In October 2007, we introduced a "club activity support program." This program was intended to help employees enjoy their time off, deepen their friendships with colleagues and give them more opportunities to share a sense of solidarity, as well as to provide work-life balance support and facilitate a full social life for employees. In fiscal 2009, we augmented this program. Groups that meet certain conditions are recognized as Daiwa Clubs and Daiwa Circles and receive subsidies covering some of their activity costs. As of March 2012, 17 clubs and 5 circles are active in the Group.

Relationships with employees union

The questionnaires conducted by the employees union among its members have given the Group greater opportunities to learn about the opinions of its employees and also improve communications. Employees union membership in 2011 was 6,907.

Number of Employees' Union Members (as of the End of Each Fiscal Year)

(persons)

	As of the end of FY2007	As of the end of FY2008	As of the end of FY2009	As of the end of FY2010	As of the end of FY2011
Employees' union membership	6,969	7,666	7,915	7,590	6,907

* Of the 9 Group companies (this does not include Daiwa Asset Management Co. Ltd., which has its own employees' union, and Daiwa Property Co. Ltd., which has no employee union).

Initiatives for families

We take a range of measures to ensure that families also share in our executives' and employees' pride to be part of the Group.

Since fiscal 2008, we have been welcoming family visits to the workplace so that family members can get a better understanding of the company and the employee's job. In fiscal 2011, 3,868 family members participated in this program.

We have also created systems such as "family day" leave and have ensured that employees' families are also eligible for mental health support.

Social Report

Human Rights Initiative

Approach and Basic Stance

In light of our Corporate Principles and the United Nations Global Compact, we aspire to further improve our corporate culture, which emphasizes respect for human rights in our basic principles, and improve human rights awareness activities. We will continue to implement initiatives relating to recruitment, human resources, and the workforce to ensure that our systems are fair and free from discrimination or prejudice.

Basic Policy for Initiative addressing Human Rights and Social integration Issues

- (1) The Daiwa Securities Group supports and complies with the protection of human rights as advocated internationally and does not infringe on human rights within the limits of its influence.
- (2) The Daiwa Securities Group educates and instructs Group employees with accurate information on human rights and social integration issues.
- (3) At the same time, the Group views human rights and social integration issues as our own problem, not somebody else's problem, and fosters a sensitivity that enables empathy with the pain of others.
- (4) We provide an equitable working environment free of discrimination that values people.
- (5) Each employee is a member of society unburdened by prejudice.

Revised in May 2011

Human Rights Awareness

In 1984, Daiwa Securities Group Inc. set up a Human Rights Awareness Promotion Committee with the objective of ensuring accurate understanding of human rights issues and deepening awareness. In 2011, this committee (eight members, chaired by head office director in charge of HR, with head of HR as deputy chair) was instrumental in revising the Group's basic strategy on human rights initiatives. The Group carries out internal human rights initiatives and training based on the committee's annual plan. New hires' and management training also incorporate human rights awareness so as to ensure that employees have an accurate understanding of this issue.

Toward the goal of further increasing awareness, we solicited human rights slogans from all Group employees and their families. Group employees are also given the opportunity to consider human rights from a wide range of perspectives by watching a video on this subject and then splitting off into their divisions to discuss what they had seen. In fiscal 2011, 12,300 employees were able to watch this video, with 10,482 going on to participate in the follow-up discussions. The video was about human rights and diversity at the workplace and focused on appreciating individual experiences and feelings. The discussions that followed confirmed the importance of communication in creating an open and pleasant working environment and also demonstrated that promoting diversity can revitalize an organization and help to achieve results that exceed expectations.

Social Report

Relationship with Society

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 under the following four key categories.

1. Education and research activities in the fields of economics and finance
2. Providing ESG/CSR topics and 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

Expenditure (Unit: ¥1,000)

Type of Activity		FY2007	FY2008	FY2009	FY2010	FY2011
1. Education and research activities in the fields of economics and finance						
Initiatives for elementary, junior and senior high school students		225,524	214,283	163,767	49,849	40,835
Academia-business cooperation and initiatives for universities, graduate schools and the public						
2. Providing ESG/CSR topics and Encouraging volunteerism among executives and employees						
Information dissemination		6,471	6,475	4,962	7,464	31,053
Volunteer promotion						
3. Support for culture and the arts						
Support for culture and the arts		560,000	530,000	313,500	410,132	269,869
4. Assistance to communities on both the local and the international level through foundations and NPOs*						
Foundations	Daiwa Securities Foundation	357,655	324,424	84,569	184,807	133,457
	Daiwa Securities Health Foundation					
Assistance Programs	The Daiwa Securities Group Tsunami Reconstruction Fund					
	SRI funds donation program					
Disaster relief, sponsorship fees, etc.						
Total		1,149,650	1,075,182	566,798	652,252	475,214

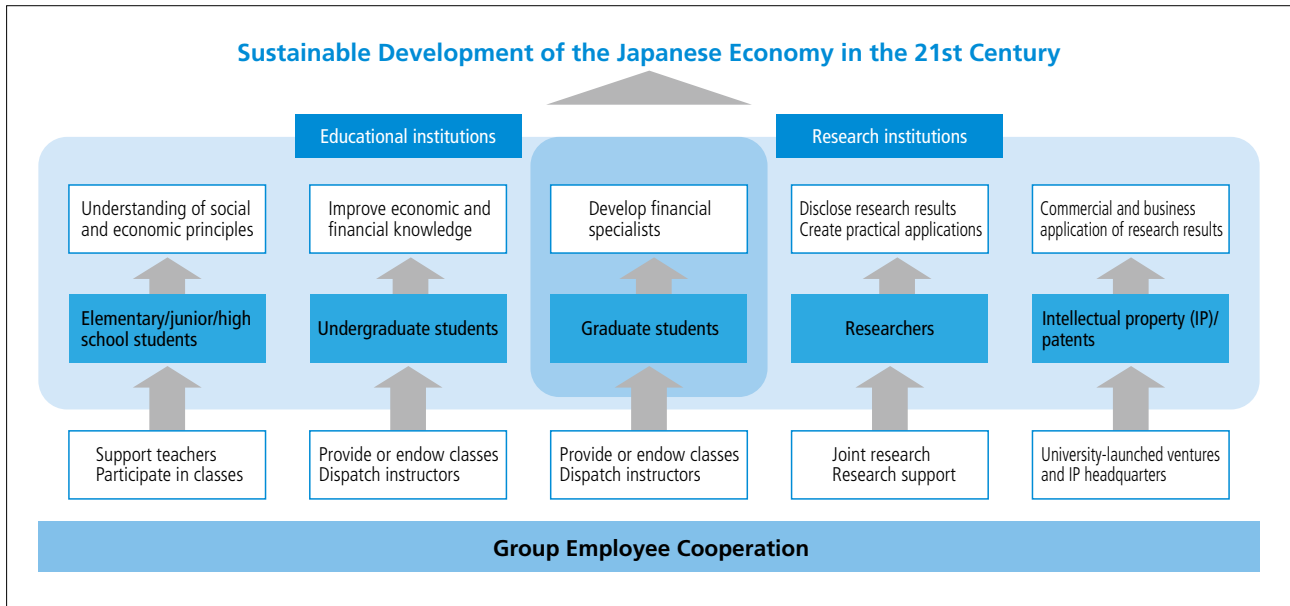
* By subtracting the Daiwa Anglo-Japanese Foundation grant, the previous years data were adjusted in prior years.

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 school students as well as teachers. Our vision is that economic and financial education would help young people gain the capacity to shape the future.

Economic and Financial Education



Joint programs with Junior Achievement Japan

(1) Finance Park

Junior Achievement Japan established Finance Park in Shinagawa, Tokyo, in June 2005 with the goal of providing a space where junior and senior high school students could develop life-planning skills. Daiwa provides funds for it to set up simulated shops and offices, and it also provides personnel support.

In January 2007, Junior Achievement Japan opened an office in Kyoto. As of March 31, 2011, 31,464 students had taken part in action programs that teach students how to make solid decisions in personal finance or life planning. During fiscal 2011, 2,208 students took part in programs at the Tokyo offices, and 5,587 students participated in programs held at the Kyoto branch.



Finance Park

(2) Global Leadership Forum for elementary and junior and senior high school teachers

This annual training program organized by Junior Achievement Japan for elementary and junior and senior high school teachers started in 2001. 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 holding a wide range of perspectives and 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 2010, 3,182 teachers had participated in the forum. This program was not held in fiscal 2011 due to the Great East Japan Earthquake.

(3) Council for Economic Education Japan (CEE-Japan)

CEE-Japan was established in January 2009 with the goal of providing economic education training programs for schoolteachers. The Daiwa Securities Group is CEE-Japan's main sponsor, providing not only the inaugural funds but also ongoing support, together with seven other influential companies. In February 2012, the Group supported an event organized by CEE-Japan, where Northern Michigan University's Professor Ferrarini delivered a workshop on economic education for schoolteachers. This workshop used our economics and finance textbook, *Life is a Series of Choices*, and encouraged teachers to consider how they could best teach pupils to understand and think about economy. The venue was provided by Daiwa's Tama training center and was attended by 45 teachers. By the end of March 2012, 1,220 teachers had participated in workshops and forums, including those that the trial took place in 2009.



Economic education workshop delivered by Professor Ferrarini

Results in Economic and Financial Education

Program	Description	Duration	Participants
Support for Finance Park	Personal finance planning workshop to teach students about society and economics by managing household finances	June 2005–March 2012	31,464
Support for Japan Council for Economic Education (CEE-Japan)	Producing hands-on economics education textbook— <i>Life is a Series of Choices for teachers</i> —and organizing workshops	January 2009–March 2012	1,220
Sponsorship of JA's mainstay Global Leadership Forum for elementary and junior and senior high school teachers	Case studies on recent developments in the global economy	July 2001–March 2011	3,182
Support for the Student Company Program (SCP)	A program that gives senior high school students hands-on experiences with corporate management by simulating real-world business conditions	September 2003–March 2011	174

● Describing how money relates to daily life, and the philosophy of finance

Finance is closely intertwined with our daily lives. We come into contact with it every day, for example, through banks, securities companies, insurance companies, and state pensions. Despite this, there are likely few people concerned about the ways money entrusted to financial institutions (deposits, insurance, pension reserves, and so on) is used. We undertake various educational activities to make investors and depositors aware of how they can use their money to move society and companies to action. We use lectures at high schools and universities, as well as various organizations' spaces for communicating with the public, to develop financial literacy and the philosophy of finance, broadening understanding of SRI.

On November 17, 2011, we organized a seminar together with Japan International Cooperation Agency (JICA) and the Nikkei Shimbun's Cross-Media Sales Bureau on the current state of the global economy, looking at what kind of global-scale social contribution is required. This seminar was held prior to JICA's first issuance of Fiscal Investment and Loan program (FILP) agency bonds to individual investors for the first time. Such bonds are issued in order to procure funds necessary for JICA to provide loan assistance to developing countries.

Financial Education Activities in Fiscal 2011

Participants	Themes
Meiji Gakuin University	Given the corporate social responsibility (CSR)
Doshisha University	Contribution to a society through investments
Tohoku University	Socially Responsible Investment (SRI)
Ritsumeikan Asia Pacific University	Challenge to world issues through financial powers
Keio Business School	Strategic Management with Social Impacts

2. Providing ESG/CSR topics and Encouraging Volunteerism among Executives and Employees

At the Daiwa Securities Group, 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 Daiwa people 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.

● CSR Dialogues

Since 2004, we have been engaging in dialogues on CSR with specialists from a range of fields, with a focus on economics, finance, and ESG. We have organized more than 40 dialogues since 2004, the details of which can be found on our website. (Only selected dialogues have been translated into English). During fiscal 2011, we held five CSR Dialogues on a series of hot issues.

Dialogues in Fiscal 2011

	Themes
Number 37	Effortless energy-saving measures for the home or office
Number 38	Tsunami relief support
Number 39	Eco-communication
Number 40	Appropriate technology and support for developing countries
Number 41	CSR and consumers I: Rights and responsibilities of consumers

Web CSR Dialogue

● Volunteer awards

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

groups involved in voluntary activities providing ongoing support in their community. In the first half of fiscal 2011, the President's Award was given to an employee who—since the first days after the Great East Japan Earthquake struck—had been devoting weekends and public holidays to providing voluntary assistance in the affected areas. The award for the second half of the year was given to an employee who had provided ongoing assistance at a local nursing home and parent-child group through involvement in awareness-raising activities (i.e., Aso-ball) to promote interaction between parents and children.

● **Executives and employees involved in corporate citizenship activities, donation and recycling initiatives**

Group executives and employees participate in a wide range of corporate citizenship activities such as local, international-exchange, and charity events. They are also involved in donation and recycling initiatives. A total of 192 employees voluntarily participated in corporate citizenship activities on weekends or after work in fiscal 2011.

Recycling activities in fiscal 2011 (books, used and unused stamps, prepaid cards, partially used postcards)

Collected items	Recipient organization	Donations
Books	JEN BOOK MAGIC	31,913 yen
Used and unused stamps, prepaid cards, partially used postcards	Japan Committee Vaccines for the World's Children	177,355 yen
	Live with Friends on the Earth	186,334 yen

● **Main activities in fiscal 2011**

Sign language classes

Since 2000, the Daiwa Securities Group has held sign language classes for beginners in the Tokyo, Osaka, and Nagoya regions. These classes are intended to improve understanding of people with hearing impairments and popularize sign language. They are open to the general public as well as the Group's executives and employees. Classes were held twice a month throughout fiscal 2011 across three locations and were attended by 2,291 people. In July 2011, we organized a lecture event to commemorate 10 years of sign language classes. Sign language interpretation was provided, and speakers talked about technology for visualizing things we cannot see and what kind of financial literacy is needed by Japanese people. The lectures were attended by 75 hearing-impaired and deaf people.



Lecture event to commemorate 10th anniversary of sign language classes

City Lights Film Festival

We supported the 4th City Lights film festival that was held in June 2011. The festival was organized by City Lights, an organization that promotes barrier-free movies. The objective of this event was to provide films with audio

description so that they could also be enjoyed by people with visual impairments, thus also working toward a more barrier-free society. The three film showings and talk show were held in the theater of the Edo-Tokyo museum. A total of 817 people attended.

Connecting with people affected by the earthquake: A message card project

During one of the Group's family visits in August 2011, we carried out a message card project so as to connect with people living in the areas affected by the earthquake and tsunami. This project was carried out in association with the nonprofit organization Sweet Treat 311, which was set up to send sweets and cakes to children in the Tohoku disaster areas. We wrote messages on cards to send along with the treats as a way of offering support to the children. Employees and their families across the whole Group wrote 1,195 cards. A selected representative later took the cards to Ayukawa elementary school in Ishinomaki, Miyagi Prefecture, and made sure that each pupil received one.



Visit to Ayukawa elementary school



Some of the cards which gathered

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 on the third Friday of every month. Participants believe that keeping streets clean is a way of giving back to the community. This campaign is held from 8:00 am until 8:20 am before office hours start, and it has become a regular event 50-60 employees have participated each time. Moreover, the company participated in the first community clean-up organized by the Koto Ward Town Hall. In April 2010, the president and many other executives and employees cleaned the streets from the town hall to the Toyochō Center Building. 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.

3. Support for Culture and the Arts

The Daiwa Securities Group provides ongoing support for a wide range of cultural and artistic activities. The Group was the special sponsor of the Mainichi Shimbun Central Contest for Book Review Painting for the eighteenth year, a tradition that began with the sixth contest. This contest aims to improve children's reading skills and encourage them to read more. Elementary, and junior and senior high school students are awarded prizes by age group for drawings that express their impressions of a book they have read. Exhibits of the winning drawings for fiscal 2011 were held across 12 Daiwa Securities branches. 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 the Open and the Amateur Championship. These matches take place on the Internet year-round, where viewers can also watch the matches in real time.

“Playing for Change” television commercials

“Playing for Change” is a musical project that aims to create motivation, build connections, and bring peace in the world through music. Mark Johnson, a producer working primarily on the West Coast of the United States, launched this project in the desire to connect the world through music. Over 100 musicians from around the world who were virtually unknown at the time collaborated in this project. Part of the project’s revenue goes to the NPO The Playing For Change Foundation (PFCF), which uses the proceeds 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 concept of “building connections around the world” is consistent with its goal of providing financial services that link its customers to the world, is using footage from the project in its television commercials.

Web Daiwa Securities Group commercial (available only in Japanese)

4. Local and international financial assistance 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 2011 marked the 38th year of this program, with a cumulative total of 1,042 recipients having received ¥1.027 billion in total. In fiscal 2011, the foundation disbursed a total of ¥10 million in grant funding among 10 individuals with the goal of supporting medical activities in areas affected by the earthquake and tsunami as well as research into disaster medical care.

Web Daiwa Securities Health Foundation (available only in Japanese)

● 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 in the fields of welfare and medicine and carries out educational activities to encourage volunteering. These activities are intended to improve public welfare by fostering an environment conducive to volunteer activities. By fiscal 2011, the Foundation had given a cumulative total of ¥572 million in Volunteer Activities Grants to 2,474 organizations.

In fiscal 2011, the foundation primarily focused on organizations and groups involved in volunteer work responding to the Great East Japan Earthquake. It distributed ¥29.98 million in Disaster Volunteer Activities Grants among 64 organizations.

Web Daiwa Securities Foundation (available only in Japanese)

* On April 1, 2011, the Daiwa Securities Health Foundation and the Daiwa Securities Foundation both transformed into Public Interest Incorporated Foundations from General Incorporated Foundations.

● Daiwa Anglo-Japanese Foundation

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 working to promote ties between the UK and Japan
- (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 academicians. 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, 141 students have been accepted from the United Kingdom. In addition, the Foundation has so far provided grants for a total of 2,565 projects, with overall funding—including grants-in-aid such as awards and Japan House seminars—now totaling around ¥3,378 million (as of March 2012).

Web The Daiwa Anglo-Japanese Foundation in the UK

● 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 four fields (Mental health care for children, Utilization of microfinance, Provision of education opportunities for children, Sharing and dissemination of tsunami disaster prevention knowledge and exchange and cooperation activities among those who suffered. 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.

Web Daiwa Securities Group Tsunami Reconstruction Fund (available only in Japanese)

● **Daiwa Securities Phoenix Japan Program**

In May 2012, the Group established a Great East Japan Earthquake relief assistance program. It involves donating a portion of management fees from the Daiwa Nippon Support Fund Vol. 3—Phoenix Japan—to the Japan NPO Center’s Great East Japan Earthquake Support Fund for NPOs on the ground (designated aid). The proceeds are used to support NPOs working in the affected areas and to help people reconstruct their lives.

Web Daiwa Securities Phoenix Japan Program (available only in Japanese)

● **Daiwa SRI Fund Grant Program**

The Daiwa SRI Fund Grant Program gives grants to Japanese NPOs that provide support in fields involving human life (the human security field). Rather than supporting general projects and events, the program supports the human resource development of the NPOs that administer such activities by subsidizing personnel and training program costs. It is operated in collaboration with the NPO Civil Society Initiative Fund with donations from the management fees of the Daiwa SRI Fund.

Grants awarded: twenty-six projects (sixteen new grants and ten ongoing); total of thirty-five staff across sixteen groups; cumulative total of 45.8 million yen (as of March 31, 2012).

Web Daiwa SRI Fund Financial Assistance Program (available only in Japanese)

● **Kopernik Program**

Kopernik is a US-based NPO established in 2009 with the goal of improving quality of life and reducing poverty in developing countries; it went into full operation in Japan in 2010. Kopernik has developed a program that enables contributors in developed countries to go online and donate to an NPO in a developing country/area of their choice by selecting a product that they need (simple water purifiers, solar lamps, and so on). Transparency is ensured because Kopernik discloses details of the recipient NPO’s activities that have been supported by the donation on its website. Some of the donations made by the Daiwa Eco Fund and Russell Global Environmental Technology Fund are used to cover Kopernik’s administrative costs. Products and recipients are selected to receive donations in light of their consistency with the principles of these funds. The way the donation will be used is clear, and NPOs active on the ground can be

supported directly, which means that we can support the community efficiently and accurately.

Web Kopernik Program (available only in Japanese)

● **Social Business College**

Social businesses—set up to address specific social issues and generate sustainable profits—have been attracting attention in certain spheres. Nevertheless, there is still very little awareness among the general public; it remains a business model that only very few know about. The Group believes that providing a space to discuss the nature of this sustainable business model and how its finances work is extremely worthwhile. This is why the Group set up the Social Business College. Since October 2010, lectures have been held in alternate months in association with Music Securities Inc. At the 9th lecture session, joint founder and CEO of Kopernik, Toshihiro Nakamura, was invited to speak. He gave a presentation on innovative solutions for addressing poverty in developing countries.



Social Business College

Web Social Business College

● **Support for ISEP**

The Institute for Sustainable Energy Policies (ISEP) is an independent nonprofit research organization established with the goal of realizing a sustainable energy society. The organization is involved in carrying out research and making recommendations about national and local government energy policy. Following on from last year, donations from trust fees of the Daiwa Eco Fund were used to pay for the cost of preparing the Renewables Japan Status Report 2012, published by the organization in March 2012. This report earned high praise from related government agencies, researchers, universities, and NPOs, and we are confident that supporting its ongoing publication is a very worthwhile endeavor, especially in light of the attention energy policy has received since the Great East Japan Earthquake.

Reconstruction Assistance to the Great East Japan Earthquake

We extend our deepest condolences to the victims of the earthquake and tsunami that took place on March 11, 2011, and hope that the affected areas are able to recover as soon as possible. The Daiwa Securities Group provided support in the form of donations during March 2011.

● Donations (Daiwa Securities Group)

¥100 million

Recipients: ¥30 million each to Iwate, Miyagi, and Fukushima prefectures
¥10 million to Ibaraki Prefecture

The following is a report on our other support provided during fiscal 2011.

● Grants for volunteer activities (Daiwa Securities Foundation)

¥33.98 million

- ¥4 million (¥1 million each) to disaster volunteer centers in Iwate prefecture, Sendai City, Iwaki City, and Ibaraki prefecture
- ¥29.98 million in grants to disaster volunteer action groups (maximum ¥500,000 per grant)

Recipients: Students and specialist groups and organizations engaging in activities needing specialized skills

● Grants for research into disaster medical care (Daiwa Securities Health Foundation)

¥10 million

Recipients: universities, research centers, hospitals, and other individuals and groups engaged in research into disaster medicine or medical care in the disaster-stricken areas of the Tohoku region and Ibaraki, Miyagi, and Chiba prefectures (maximum ¥1 million per grant).

● Tohoku Scholarships (Daiwa Anglo-Japanese Foundation)

£250,000 (¥33.75 million*)

A scholarship fund for students from the Tohoku region whose educational or other circumstances were affected by the earthquake. Following on from last year, we continued to accept applications during fiscal 2012.

*based on a rate of ¥135 = £1

● Daiwa Point Program: Donations through point exchange (Daiwa Securities)

Amount raised: ¥16,735,163

Participants: 23,126 (as of March 30, 2012)

Recipient: NPO Japan Platform

● Donations via shareholder program catalogue (Daiwa Securities Group)

Amount raised: ¥1,777,000

Participants: 659 (as of March 30, 2012)

Recipient: Japan Red Cross Society

● Charity collection (Daiwa Securities Group)

¥40,998,807 million raised from executives and employees in Japan and abroad (as of December 1, 2011)

Recipients: NPO Japan Platform and Japan Red Cross Society

● Policy Proposals and the like (Daiwa Institute of Research)

March 2011: Proposed the establishment of a reconstruction fund and a reconstruction solidarity tax to finance rehabilitation after the disastrous earthquake and tsunami.

May 2011: Presentation for Iwate prefecture on igniting the light of hope

May–September 2011: Dispatched specialist planning staff to planning section of Iwate prefecture's reconstruction bureau

February 2012: Sponsored the Iwate reconstruction forum on Great East Japan Earthquake and Tsunami

● Support through financial products

- Donations from government reconstruction bonds for individual investors (December 2011) (Daiwa Securities)
- Great East Japan Earthquake SME reconstruction support fund (Daiwa Corporate Investment Co., Ltd)

● Other

Donated approximately 49,000 calendars to 11 groups and organizations, including those involved in disaster relief (Daiwa Securities Group)

Other disaster relief

● Thailand flood damage (Daiwa Securities Group)

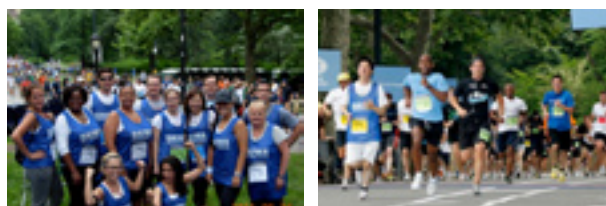
¥10 million

Recipient: Thai Red Cross Society

Overseas initiatives

● Charity run (American team)

On June 16, 2011, 40 members of Daiwa Securities America Inc. took part in a 3.5-mile charity run to raise funds to preserve Central Park. This race took place in New York's Central Park, and all profits were donated to help maintain the park.



Charity run participants