

CSR Initiatives

Daiwa Securities Group Stakeholders

| Securities markets | Shareholders | Investors | Issuers |
|---|--|--|---|
| The Group cooperates with all those who operate or participate in the securities markets, to promote the development of healthy and reliable markets. | The Group provides shareholders with clear information in order to earn trust and loyalty, and makes a constant effort to meet their expectations by creating and enhancing value. | The Group is constantly developing products and services that can address the needs of both individual and institutional investors, as well as potential investors who are considering future investments, in an effort to steadily enhance customer satisfaction. | The Group supports the efforts of corporations and public organizations to procure capital by issuing stocks and bonds. |

We believe that the Daiwa Securities Group has a corporate social responsibility (CSR) to contribute to society through our core businesses. It is important that each and every employee is always aware of social issues in his or her everyday work. We actively promote CSR awareness among all employees and publicize our CSR activities to our stakeholders to increase awareness of these efforts within the community.

Group Initiatives to Foster a Sustainable Society

Corporations play a vitally important role in the effort to build a sustainable society, and financial institutions, through their core business activities, control the flow of financial capital which serves as the lifeblood of a healthy society. The Daiwa Securities Group not only does its best to promote and sustain fair and vibrant markets, but tries to play a positive role in developing a sustainable society by actively working to channel capital into socially beneficial ventures. To fulfill that role as a responsible member of society, the Daiwa Securities Group participates in the United Nations Environment Programme Finance Initiative (UNEP FI)^{*1} and is a signatory to the Principles for Responsible Investment (PRI)^{*2} and the Carbon Disclosure Project (CDP).^{*3}

^{*1} UNEP FI: This initiative has been in operation since 1992 with the aim of identifying, promoting and realizing the adoption of best environmental and sustainability practices based on partnerships between the United Nations Environment Programme and financial institutions in various countries.

^{*2} PRI: Investment principles published in April 2006 by the UNEP FI and the United Nations Global Compact, which aim to incorporate environmental, social and governance considerations into the investment decision-making process.

^{*3} CDP: An alliance of institutional investors concerned about climate change, this project asks other investors and corporate leaders to disclose information regarding their stance on environmental issues and measures to protect the environment.

Important Challenges for the Daiwa Securities Group

The Daiwa Securities Group is re-evaluating its approach to CSR activities, reaffirming the importance of the Group's efforts to fulfill its social responsibility, while looking for ways to contribute through CSR activities that are more immediately feasible and which address important social issues. In the past our CSR activities focused on the following four themes: (1) Adding a social perspective to investment, (2) Commitment to the development of a sound securities market, (3) Contribution to the global environment and (4) Providing information for a sustainable society. The focus has now been revised to encompass just two themes.

1. Leverage financial capabilities to contribute to a sustainable society
2. Develop sound financial and capital markets for the next generation

1. LEVERAGE FINANCIAL CAPABILITIES TO CONTRIBUTE TO A SUSTAINABLE SOCIETY

—Developing and Selling Financial Products That Contribute to a Sustainable Society

In February 2009, the Daiwa Securities Group began marketing its second "Vaccine Bond" issue.* In addition, Daiwa Securities SMBC worked jointly with the World Bank to create and issue the so-called "World CO2L™ Bond," which makes active use of the market for greenhouse gas emissions credits. These bonds were introduced in June 2008. Through these and other activities, the Daiwa Securities Group is trying to leverage its well-developed capabilities in the financial sector to make a sustainable and meaningful contribution to society.

* Vaccine bonds: Bonds which provide funds to organizations such as the International Finance Facility for Immunisation (IFFIm), which are then used to provide medical and vaccination services to children in developing countries. The funds raised through these bonds are used to provide such services through the GAVI Alliance.

—Taking Steps to Address Environmental Issues

The Daiwa Securities Group has established and operates SRI (socially responsible investment) funds and investment funds that select stocks from companies that are developing technologies to alleviate environmental problems, reduce energy consumption, or have some other "socially responsible" benefits.

In addition, the Group is taking various steps to try to encourage investment in companies that have developed superior environmental technology. For example, Daiwa Institute of Research has assigned strategists who collaborate with equity analysts covering environment-related companies, and write research reports on environmental issues.

Customers

The Group strives to maintain equitable relationships with all business partners, while working to promote a sustainable society.

Government

In addition to its normal tax contributions, the Group seeks to contribute to a better society by providing advice and support to the Government on policy matters.

NPOs/NGOs

The Group cooperates with various organizations through training in economic and financial matters, support during disasters, and active communication that helps the Group incorporate a social commitment and concern into its basic management activities.

Local communities

The branch offices and overseas subsidiaries of the Daiwa Securities Group are integral members of the local communities in which they operate, and work constantly to establish strong, friendly ties to the community.

Employees and their families

Employees are essential to the Group's effort to provide value to its other stakeholders; therefore, the Group strives to provide them with a rewarding work environment that allows them to utilize their abilities and realize their goals. Family members are also important stakeholders since they support and motivate the employees.

Daiwa Securities' SRI Funds and Funds That Focus on Companies With Environment-Related Businesses

| Fund Name | (As of March 31, 2009) | |
|--|------------------------|--|
| | Net Assets (¥ billion) | |
| Russell Global Environmental Technology Fund | 20.2 | |
| Daiwa Eco Fund | 17.5 | |
| Daiwa Energy Technology Fund | 16.1 | |
| Daiwa SRI Fund | 3.3 | |
| Next-Generation Environmental Business Fund | 2.7 | |
| Total | 59.8 | |

SRI Funds Launched in FY 2008



"Daiwa Energy Technology Fund"



"Next-Generation Environmental Business Fund"

2. DEVELOP SOUND FINANCIAL AND CAPITAL MARKETS FOR THE NEXT GENERATION

—Efforts to Cultivate Healthy Financial and Capital Markets That Investors Can Participate in With Confidence

The Daiwa Securities Group works to bring investors together with securities issuers, and also acts as an intermediary in an effort to promote greater liquidity in financial and capital markets. In this way, we are fulfilling our responsibility to help maintain and continuously develop capital and financial markets—important elements of society's basic infrastructure—by pursuing highly effective systems of compliance and internal control.

—Providing Information and Education to Promote a Sustainable Society

The Daiwa Securities Group does its best to pass on its extensive knowledge and experience in economic and financial fields to the next generation, supporting various ongoing education and research activities which seek to promote a more sustainable society.

For example, a part of the profits earned from the sale and management of "Daiwa Eco Fund" are donated to Japan for Sustainability (JFS), a non-profit organization with which the Daiwa Securities Group has cooperative ties. The money is used to sponsor a series of lectures for students. We also provide support to industrial-academic collaborations and various types of economic education programs.

Corporate Citizenship Activities

The Daiwa Securities Group takes part in various community-oriented activities with the aim of supporting environmental protection efforts, volunteer work, and the local communities where the Group operates. These activities help raise awareness of good corporate citizenship activities among employees of the Group.

We also engage in activities that support regional and international communities through Group foundations. "Daiwa Securities Health Foundation" supports research aimed at preventing and treating lifestyle diseases, and works to increase awareness of health maintenance and improvement. "Daiwa Securities Foundation" supports a wide variety of volunteer activities associated with social welfare and medical treatment. "The Daiwa Anglo-Japanese Foundation" promotes mutual understanding and friendship between Japan and the UK, and each year invites "Daiwa Scholars" from the UK to visit Japan. We also cooperate with specialist non-profit organizations to support other types of benevolent activities and disaster relief operations.

Inclusion in SRI Indices

The Daiwa Securities Group has been selected for the Dow Jones Sustainability World Index (DJSI World) for the tenth consecutive year. DJSI World is an SRI stock index devised by Dow Jones Indexes (US) and SAM Group (Switzerland), which assesses corporate sustainability. In addition, since September 2006 the Group has been selected as a component of the FTSE4Good Index, a socially responsible investment index operated by the Financial Times Stock Exchange (FTSE).

