

35	Special Interview
38	Top Management
40	Corporate Governance Committee System
41	Corporate Governance
43	Compliance
44	Disclosure
45	IT Strategy and Information Security
46	Risk Management
49	CSR Initiatives

## Management Systems

## Special Interview

# The Daiwa Securities Group Leverages the Talents of Female Employees

As an important corporate policy, the Daiwa Securities Group is seeking ways to create a work environment that is more appealing to female employees in order to better leverage the capabilities of working women. As of April 1, 2014, Daiwa Securities had 18 women serving in such advanced managerial positions as Branch Manager or Sales Office Manager, accounting for 14% of the total. The Group expects this figure to continue to grow, as demonstrated by the selection of Nobuko Matsubara as one of the Group's outside directors and this year's appointment of Keiko Tashiro as a Board member.

### Nobuko Matsubara

Outside Director  
Daiwa Securities Group Inc.

Joined the Ministry of Labour in 1964; Appointed as a leader of the committee preparing legislation which was introduced as the Equal Employment Opportunity Law of Japan in 1986; Became the first woman to hold the post of Vice Minister in the Japanese Government (1997); Served as Ambassador to Italy; Appointed in 2008 as an outside director of the Daiwa Securities Group.



### Keiko Tashiro

Member of the Board and Executive Managing Director  
Daiwa Securities Group Inc.

Joined Daiwa Securities Group in 1986 as a management career-track employee; Served as Head of Investor Relations Office and Head of Daiwa Direct Planning Department among other positions; Appointed Senior Managing Director of Daiwa Securities Co. Ltd. in 2009 and Executive Managing Director responsible for Group US operations in 2013; Appointed to the Board of Directors at the company's Ordinary General Meeting of Shareholders in June 2014.



**“Equal employment opportunity” is a commonly used phrase, but in your view, how “equal” are current employment conditions in Japan?**

**Matsubara:** Japan’s Equal Employment Opportunity Law has been in force for 28 years now. Before it was first enacted, it was far more difficult for women with four-year university degrees to find a job with favorable working conditions, good training, and opportunities for career advancement than it was for similarly-qualified men. I feel deeply grateful that the Equal Employment Opportunity Law has made it possible for women such as Ms. Tashiro to enter a company like Daiwa Securities and advance to a top executive position.

**Tashiro:** I started job hunting shortly before the Equal Employment Opportunity Law went into effect. At that time there was a profound disparity in the stance that companies took towards hiring women. Although many companies were prepared to hire women for general, career-track positions, I received a clear impression that Daiwa Securities truly valued its female employees, and had a long-term vision of how they could benefit the company. I think this is a reflection of the company’s core values – even before the Equal Employment Opportunity Law was enacted, Daiwa Securities saw women as an important part of their business strategy and was not limiting them to traditionally female roles. There was no need to make major changes in response to the law; Daiwa Securities simply continued the policies that have been a unique part of its business philosophy over the long term. And these policies have borne fruit over the years.

**Matsubara:** I agree. Although it has become common, in recent years, for companies to discuss the importance of appointing women to management positions, their commitment to equal employment opportunity cannot be measured simply with numerical targets for the percentage of women in the work force or the percentage of management positions held by female employees. The truly critical issue is whether or not companies make a genuine commitment to female employees, helping them to develop their capabilities and unleashing their full potential to contribute to the company’s success. If both men and women are given the same training, evaluations, experiences, support and exposure to management ideas, women will exercise their initiative and rise into the executive ranks as part of a natural process. I think that process is very valuable.

For example, the Daiwa Securities Group introduced a “Regional Career-Track Employee” system that allows employees to transfer through several different divisions and jobs without the need to move to a new home. For women, family responsibilities make it much more difficult to relocate, but this system allows them to acquire all the necessary experience and skills a career-track employee needs in order to rise through the management ranks. This “Regional Career-Track Employee” system is a well-designed program that facilitates the growth of management candidates. The track record of this program, including the specific example of a woman from Daiwa Securities who became a Senior Managing Director, proves that it is an effective way to unleash the potential of employees with the desire for excellence. By implementing policies such as these, the Daiwa Securities Group has steadily cultivated talented women like Ms. Tashiro over the 28 years since the Equal Employment Opportunity Law was enacted. Today they are seeing the benefits of these efforts.

**What other measures are needed in the workplace to cultivate and leverage the potential of female employees?**

**Tashiro:** The most important thing is to cultivate “yarigai” – a Japanese word that can be translated into English as “initiative,” but encompasses other meanings including pride in one’s work and the inspiration or desire to do a job. Employees of both sexes experience yarigai when their jobs include a sense of responsibility. It is very difficult to balance work and family responsibilities; so if a woman does not feel yarigai about her job, she is likely to give it up. The Daiwa Securities Group offers generous maternity and child care leave, but this alone is not sufficient. If a woman’s job responsibilities and duties are scaled back as part of a company’s maternity



and child care system, this is bound to erode her yarigai. Women who work for the Daiwa Securities Group do not join the Group because they expect to have an easy time of it. On the contrary, the stimulating, challenging jobs that the Group offers inspire women to work harder, so they can excel in their jobs as well as care for their family.

In the past, Japan’s employment legislation set particularly strict limits on overtime work for women. However, for career-track women this was a source of frustration. They wondered: “Why am I not allowed to work as hard for the company as my male colleagues do?” I was fortunate that my division was always quite busy, but I am also thankful for the effort the Daiwa Securities Group makes to ensure that all employees feel motivated. The Group’s

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**I am thankful for the effort the Daiwa Securities Group makes to ensure that all employees feel motivated.**

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corporate culture makes no distinction between the sexes, encouraging every employee to give a 100% effort for the Group.

**Matsubara:** When I was young, my boss at the time was not used to working with a female career-track employee, and he did not assign me enough work to really keep me busy. A demanding job may be hard work, but it also gives us valuable experience. One of the things I most admire about the Daiwa Securities Group is the clear mandate management has adopted to maximize the contributions of female employees. This lets employees know that their efforts are valued. As a member of the Audit Committee, I have visited a number of branch offices of Daiwa Securities. Wherever I go, the female employees always seem to be in the thick of the action, working with a diligence that



clearly expresses the high motivation they feel towards their jobs.

A system of maternity and child care leave is essential. It provides a safety net for women who otherwise would find it difficult to continue in their jobs, and its objective is to ensure that employees are able to make a smooth transition when they return to work. It is also important for management to send the message that it values employees' contributions, and wants them to return from maternity or child care leave quickly and smoothly. In turn, female employees sense that their contributions are valued. This makes them eager to continue in their jobs, and return to work with renewed motivation. In this way, I think the Daiwa Securities Group is effectively leveraging the abilities of their female employees.

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**One of the things I most admire about the Daiwa Securities Group is the clear mandate management has set to maximize the contributions of female employees. This lets employees know that their efforts are valued.”**

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### **What are your views on the Daiwa Securities Group's efforts to promote “Work-Life Balance”?**

**Matsubara:** The tendency of Japanese employees to work long hours is a real social problem for Japan. The unspoken assumption is that an employee who works long hours will be rewarded. This view prevails among employees as much as it does among the companies they work for. This can be a real barrier to advancement for women. That is why I think it is outstanding that the Daiwa Securities Group adopted the policy of having employees, particularly in the Retail Division, leave the office by 7:00PM. Still, long hours are occasionally unavoidable, even for a well-organized and efficient worker. Therefore, it is better for female employees to prepare for such situations and find alternative ways to organize work that allow them to care for their families and also handle demanding jobs. Furthermore, Japan's aging population is creating new needs, which may require both female and male employees to care for sick or aging parents. This is an issue which affects the whole of society, and more flexible approaches to human resource management will be needed in order to accommodate such developments.

**Tashiro:** That's right. The idea of maintaining balance between work and private life by no means suggests that a person should not “work hard.” Even the policy of having people leave the office before 7:00PM is intended as a message to employees, encouraging them to work more efficiently. This is an important message regardless of gender.

In the US – where I work – employment laws and norms offer far more flexibility on many issues, such as the use of temporary staff, than is possible in Japan. The important point is that a company has an effective system of covering for workers who are absent for certain periods of time, whether

for maternity leave, nursing care, or some other reason. If these systems are properly implemented, far more employees will feel free to take such leave and then return to work. When employees remain at a company for the long term, it ends up boosting the structural strength and competitiveness of the company.

### **In closing, could you offer your insights on the role of women in top management positions?**

**Tashiro:** I do not see any need to differentiate between men and women in the workplace. Regardless of gender, the critical skills of a good manager are to have a diversity of experience and a broad perspective, to identify the varied skills and strengths of each employee, and to assign tasks in ways that will improve the composite competitiveness of the company. Looking at young women entering the company, it is apparent that some hope to rise into positions of management, while others do not. My advice to all women, even those without management ambition, is to always look for opportunities to develop skills, to enhance their contributions to the team, and prepare for advancement to the next level. If you keep your options open, opportunities may come your way.

**Matsubara:** In the past, it was difficult to find good role models of women who reached management positions in Japanese private corporations. However, the Daiwa Securities Group is playing an important role by fostering the advancement of women executives. This will not only have positive repercussions for the Group's own growth strategy; it can benefit Japan as a whole, at a time when the country is looking to women to play a more central role. I want to congratulate Ms. Tashiro for her appointment to the Board of Directors this year, and I hope she can serve as a leading example to women in the years ahead.

# Top Management

## Directors

(Members of the Board)

### Chairman of the Board

Shigeharu Suzuki

### Directors

Takashi Hibino

Nobuyuki Iwamoto

Akio Takahashi

Yoriyuki Kusaki

Hiroshi Nakamura

Keiko Tashiro

Masaru Shirataki

Ryuji Yasuda

Nobuko Matsubara

Keiichi Tadaki

Hiroki Tsuda

Tadashi Onodera

## Corporate Executive Officers



**Takashi Hibino**

**President and CEO**  
**President, Daiwa Securities Co. Ltd.**

1979 Joined Daiwa Securities Co. Ltd.  
2002 Head of Corporate Planning Dept., Daiwa Securities Group Inc. Senior Managing Director, Daiwa Securities SMBC Co. Ltd.  
2004 Member of the Board and Executive Managing Director, Daiwa Securities Group Inc.  
2007 Senior Executive Managing Director  
2008 Senior Executive Managing Director, Daiwa Securities SMBC Co. Ltd.  
2009 Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities SMBC Co. Ltd.  
2011 President and CEO, Daiwa Securities Group Inc. President, Daiwa Securities Co. Ltd. President, Daiwa Securities Capital Markets Co. Ltd.  
2012 President and CEO, Daiwa Securities Group Inc. President, Daiwa Securities Co. Ltd.



**Nobuyuki Iwamoto**

**Deputy President and COO**  
**Head of Overseas Operations**  
**Deputy President, Daiwa Securities Co. Ltd.**

1980 Joined Daiwa Securities Co. Ltd.  
2001 Head of International Finance Dept., Daiwa Securities SMBC Co. Ltd.  
2005 Senior Managing Director, Daiwa Securities Group Inc.  
2006 Member of the Board and Senior Managing Director  
2008 Executive Managing Director  
2009 Senior Executive Managing Director  
2011 Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities Capital Markets Co. Ltd.  
2012 Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities Co. Ltd.



**Akio Takahashi**

**Deputy President**  
**Head of Wholesale**  
**Deputy President, Daiwa Securities Co. Ltd.**

1978 Joined Daiwa Securities Co. Ltd.  
2003 Head of Equity Capital Markets Dept., Daiwa Securities SMBC Co. Ltd.  
2004 Senior Managing Director  
2007 Executive Managing Director  
2008 Member of the Board and Executive Managing Director  
2009 Senior Executive Managing Director  
2011 Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities Capital Markets Co. Ltd.  
2012 Member of the Board and Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities Co. Ltd.



**Yoriyuki Kusaki**

**Deputy President**  
**Head of Retail**  
**Deputy President, Daiwa Securities Co. Ltd.**

1980 Joined Daiwa Securities Co. Ltd.  
2002 Head of Corporate Clients Banking Dept. (III), Daiwa Securities SMBC Co. Ltd.  
2004 Senior Managing Director  
2007 Executive Managing Director  
2009 Member of the Board and Senior Executive Managing Director, Daiwa Securities Co. Ltd.  
2012 Member of the Board and Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities Co. Ltd.



**Hiroshi Nakamura**

**Deputy President**  
**Deputy Head of Wholesale**  
**Deputy President, Daiwa Securities Co. Ltd.**

1980 Joined Daiwa Securities Co. Ltd.  
2001 Head of FICC Dept., Daiwa Securities SMBC Co. Ltd.  
2005 Senior Managing Director, Daiwa Securities Co. Ltd.  
2008 Executive Managing Director  
2010 Member of the Board and Executive Managing Director  
2011 Senior Executive Managing Director  
2012 Senior Executive Managing Director, Daiwa Securities Group Inc. Senior Executive Managing Director, Daiwa Securities Co. Ltd.  
2013 Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities Co. Ltd.  
2014 Member of the Board and Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities Co. Ltd.



**Makoto Shirakawa**

**Deputy President**  
**Head of Asset Management**  
**President, Daiwa Asset Management Co. Ltd.**

1978 Joined Daiwa Securities Co. Ltd.  
2003 Head of Financial Institutions Dept. (I), Daiwa Securities SMBC Co. Ltd.  
2004 Senior Managing Director, Daiwa Securities Co. Ltd.  
2006 Member of the Board and Executive Managing Director  
2007 Senior Executive Managing Director  
2009 Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities Co. Ltd.  
2010 Member of the Board and Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities Co. Ltd.  
2012 Deputy President, Daiwa Securities Group Inc. President, Daiwa Asset Management Co. Ltd.



Takashi Fukai

Deputy President  
Head of Think Tank  
President, Daiwa Institute of Research Holdings Ltd.  
President, Daiwa Institute of Research Business Innovation Ltd.

- 1978 Joined Daiwa Securities Co. Ltd.
- 2001 Head of Kobe Branch
- 2002 Senior Managing Director
- 2005 Member of the Board and Executive Managing Director
- 2007 Senior Executive Managing Director
- 2009 Member of the Board and Deputy President, Daiwa Securities Group Inc. Deputy President, Daiwa Securities Co. Ltd.
- 2010 Deputy President, Daiwa Securities Group Inc. President, Daiwa Institute of Research Holdings Ltd. President, Daiwa Institute of Research Ltd. President, Daiwa Institute of Research Business Innovation Ltd.



Toshihiro Matsui

Senior Executive Managing Director  
Corporate Planning Officer  
Human Resources Officer  
Senior Executive Managing Director, Daiwa Securities Co. Ltd.

- 1985 Joined Daiwa Securities Co. Ltd.
- 2008 Head of Corporate Planning Dept., Daiwa Securities Group Inc.
- 2009 Senior Managing Director
- 2011 Executive Managing Director Senior Managing Director, Daiwa Securities Co. Ltd.
- 2012 Executive Managing Director, Daiwa Securities Group Inc. Executive Managing Director, Daiwa Securities Co. Ltd.
- 2014 Senior Executive Managing Director, Daiwa Securities Group Inc. Senior Executive Managing Director, Daiwa Securities Co. Ltd.



Keiko Tashiro

Executive Managing Director  
Deputy Head of Overseas Operations (Head of Americas)  
Chairwoman of the Board, Daiwa Capital Markets America Holdings Inc.

- 1986 Joined Daiwa Securities Co. Ltd.
- 2005 Head of Daiwa Direct Planning Dept., Daiwa Securities Co. Ltd.
- 2009 Senior Managing Director
- 2011 Senior Managing Director, Daiwa Securities Capital Markets Co. Ltd.
- 2012 Senior Managing Director, Daiwa Securities Co. Ltd.
- 2013 Executive Managing Director, Daiwa Securities Group Inc. Chairwoman of the Board, Daiwa Capital Markets America Holdings Inc.
- 2014 Member of the Board and Executive Managing Director, Daiwa Securities Group Inc. Chairwoman of the Board, Daiwa Capital Markets America Holdings Inc.



Toshihiko Onishi

Executive Managing Director  
Internal Audit Officer  
Executive Managing Director, Daiwa Securities Co. Ltd.

- 1984 Joined Daiwa Securities Co. Ltd.
- 2007 Managing Director and Assistant to Head of Corporate Planning, Daiwa Securities SMBC Co. Ltd. Seconded to Daiwa Securities SMBC Principal Investments Co. Ltd. (currently, Daiwa PI Partners Co. Ltd.) Member of the Board and Executive Managing Director, Daiwa Securities SMBC Principal Investments Co. Ltd.
- 2008 Senior Managing Director, Daiwa Securities SMBC Co. Ltd.
- 2011 Member of the Board, Daiwa Securities Group Inc.
- 2013 Executive Managing Director, Daiwa Securities Group Inc. Executive Managing Director, Daiwa Securities Co. Ltd.



Mikita Komatsu

Executive Managing Director and CFO  
Deputy Corporate Planning Officer  
Deputy Head of Overseas Operations  
Executive Managing Director, Daiwa Securities Co. Ltd.

- 1985 Joined Daiwa Securities Co. Ltd.
- 2008 Daiwa Securities SMBC Co. Ltd. (President, Daiwa Securities SMBC Europe Limited)
- 2010 Senior Managing Director, Daiwa Securities Capital Markets Co. Ltd.
- 2011 Senior Managing Director, Daiwa Securities Group Inc. Senior Managing Director, Daiwa Securities Co. Ltd. Senior Managing Director, Daiwa Securities Capital Markets Co. Ltd.
- 2012 Senior Managing Director, Daiwa Securities Group Inc. Senior Managing Director, Daiwa Securities Co. Ltd.
- 2013 Executive Managing Director, Daiwa Securities Group Inc. Executive Managing Director, Daiwa Securities Co. Ltd.



Hiroyuki Inose

Senior Managing Director and CRO  
Member of the Board, Daiwa Securities Co. Ltd.

- 1984 Joined Daiwa Securities Co. Ltd.
- 2010 Head of Group Risk Management Dept., Daiwa Securities Group Inc.
- 2011 Senior Managing Director, Daiwa Securities Group Inc. Senior Managing Director, Daiwa Securities Co. Ltd. Senior Managing Director, Daiwa Securities Capital Markets Co. Ltd.
- 2012 Senior Managing Director, Daiwa Securities Group Inc. Senior Managing Director, Daiwa Securities Co. Ltd.
- 2014 Senior Managing Director, Daiwa Securities Group Inc. Member of the Board, Daiwa Securities Co. Ltd.



Shigeharu Suzuki

Senior Managing Director  
Chairman of the Board, Daiwa Securities Co. Ltd.

- 1971 Joined Daiwa Securities Co. Ltd.
- 1997 Member of the Board, Head of Corporate Clients Banking Division
- 1998 Executive Managing Director
- 2001 Senior Executive Managing Director
- 2002 Senior Executive Managing Director, Daiwa Securities SMBC Co. Ltd.
- 2003 Representative Director and Senior Executive Managing Director
- 2004 Member of the Board, President and CEO, Daiwa Securities Group Inc. President, Daiwa Securities Co. Ltd.
- 2011 Chairman of the Board and Senior Managing Director, Daiwa Securities Group Inc. Chairman of the Board, Daiwa Securities Co. Ltd.

# Corporate Governance Committee System

In 1999, Daiwa Securities Group Inc. became the first listed company in Japan to adopt a holding company structure. In 2004, the Group introduced a Committee System of corporate governance with three major committees that report to the Board—the Nominating Committee, the Audit Committee, and the Compensation Committee. The Group also established a clear separation between the oversight functions of the Board and the execution functions of corporate executive officers.

Note: A Company with Committees since May 2006

## Committee Members

### Nominating Committee

Shigeharu Suzuki  
(Chairman)

Takashi Hibino

Ryuji Yasuda

Nobuko Matsubara

Keiichi Tadaki

Tadashi Onodera

### Audit Committee

Keiichi Tadaki  
(Chairman)

Masaru Shirataki

Nobuko Matsubara

Hiroki Tsuda

### Compensation Committee

Ryuji Yasuda  
(Chairman)

Shigeharu Suzuki

Takashi Hibino

Hiroki Tsuda

Tadashi Onodera

**Masaru Shirataki**  
Member of the Board



1985 Joined Daiwa Securities Co. Ltd.  
2011 Head of Group Internal Audit Dept., Daiwa Securities Group Inc.  
Head of Internal Audit Dept., Daiwa Securities Co. Ltd.  
Head of Internal Audit Dept., Daiwa Securities Capital Markets Co. Ltd.  
2013 Member of the Board, Daiwa Securities Group Inc.

**Ryuji Yasuda**  
Outside Director  
(Member of the Board)



1976 Joined Morgan Guaranty Trust Company of New York (currently JPMorgan Chase & Co.) as Investment Research Officer  
1979 Joined McKinsey & Company  
1996 Managing Director, Asia Pacific, Member of the Board of Management, A.T. Kearney, Inc.  
2002 Chairman of A.T. Kearney, Far East Asia Visiting Professor, Hitotsubashi University, Graduate School of International Corporate Strategy  
2003 Stepped down as Chairman of A.T. Kearney, Far East Asia  
Chairman of the Board, J-Will Partners Co., Ltd.  
Outside Director (Member of the Board), Daiwa Securities Group Inc.  
2004 Professor, Hitotsubashi University, Graduate School of International Corporate Strategy  
2006 Stepped down as Chairman of the Board, J-Will Partners Co., Ltd.

Ryuji Yasuda is currently a Professor of Hitotsubashi University's Graduate School of International Corporate Strategy. Before that, he was a partner at various prominent consulting firms. The Company has drawn on Mr. Yasuda's specialized knowledge and experience in management strategy nurtured throughout his career for management advice. His term as a director of the Board is 11 years.

**Nobuko Matsubara**  
Outside Director  
(Member of the Board)



1964 Entered Ministry of Labor  
1987 Director of International Labor Division  
1991 Director-General of Women's Bureau  
1997 Vice Minister  
1999 President of Japan Association for Employment of Persons with Disabilities  
2002 Ambassador of Japan to Italy  
Ambassador of Japan to Albania  
Ambassador of Japan to San Marino  
Ambassador of Japan to Malta  
2006 Chairwoman, Japan Institute of Workers' Evolution  
2008 Outside Director (Member of the Board), Daiwa Securities Group Inc.  
2012 Honorary Chairwoman, Japan Institute of Workers' Evolution  
Nobuko Matsubara is currently the Chairwoman of the Japan Institute of Workers' Evolution. Before that, she was the Vice Minister of Labor, and served as the Ambassador of Japan to Italy, among other posts. The Company has drawn on Ms. Matsubara's specialized knowledge and broad experience nurtured throughout her career for management advice. Her term as a director of the Board is six years.

**Keiichi Tadaki**  
Outside Director  
(Member of the Board)



1969 Public Prosecutor of the Tokyo District Public Prosecutors Office  
1996 Chief Prosecutor of the Oita District Public Prosecutors Office  
1997 Public Prosecutor of the Supreme Public Prosecutors Office  
Deputy Vice Minister of Justice  
2002 Vice Minister  
2004 Superintending Prosecutor of the Tokyo High Public Prosecutors Office  
2006 Prosecutor General  
2008 Stepped down as Prosecutor General  
Attorney at law  
2009 Outside Director (Member of the Board), Daiwa Securities Group Inc.

Keiichi Tadaki is currently an attorney at law. Before that, he was the Vice Minister of Justice, and served as the Superintending Prosecutor of the Tokyo High Public Prosecutors Office and the Prosecutor General. The Company has drawn on Mr. Tadaki's wealth of experience and specialized knowledge on legal and compliance issues nurtured throughout his career for management advice. His term as a director of the Board is five years.

**Hiroki Tsuda**  
Outside Director  
(Member of the Board)



1972 Entered Ministry of Finance  
2002 Director-General of Tokyo Customs, Ministry of Finance  
2003 Deputy Vice Minister for Policy Planning and Co-ordination  
2004 Deputy Vice Minister of Finance  
2006 Director-General of the Budget Bureau  
2007 Administrative Vice Minister  
2008 Professor of Waseda University, Graduate School of Faculty of Political Science and Economics  
2013 Outside Director (Member of the Board), Daiwa Securities Group Inc.  
Retired as Professor of Waseda University, Graduate School of Faculty of Political Science and Economics

Hiroki Tsuda has previously served as the Director-General and the Vice Finance Minister at the Ministry of Finance. Management believes his specialized knowledge and extensive career experience will be of enormous value to the Company. His term as a director of the Board is one year.

**Tadashi Onodera**  
Outside Director  
(Member of the Board)



1989 Director of DDI Corporation (currently, KDDI Corporation)  
1995 Associate Senior Vice President, Director  
1997 Executive Vice President, Director  
2001 President of KDDI Corporation  
2005 President and Chairman  
2010 Chairman  
2014 Outside Director (Member of the Board), Daiwa Securities Group Inc.

Tadashi Onodera is currently Chairman of KDDI Corporation. Mr. Onodera was newly appointed as an outside director at the Company's 2014 Ordinary General Meeting of Shareholders to provide management advice based on his wealth of management experience and insight nurtured throughout his career at KDDI.

# Corporate Governance

The Daiwa Securities Group clearly separates the supervisory and executive functions of management to create a highly transparent and objective corporate governance system. The Group is pursuing a management structure that improves the efficiency of head office operations and maximizes synergies between Group companies. Under this structure, employees responsible for head office functions also perform similar roles for securities subsidiaries, in addition to the corporate executive officers of Daiwa Securities Group Inc.

## Features of the Corporate Governance System

In 1999, the Daiwa Securities Group became the first listed Japanese company to adopt a holding company structure. Since then, we have been pursuing a highly transparent and objective corporate governance system that maximizes synergies between Group companies while showcasing the independence and unique expertise of each Group member.

In June 2004, Daiwa Securities Group Inc. made the transition to a “Committee System” of corporate governance and accelerated the decision-making process by transferring a substantial portion of authority from the Board of Directors to corporate executive officers. In addition, we strengthened the supervisory functions of management by increasing the number of outside directors and establishing the Nominating Committee, Audit Committee, and Compensation Committee. The representative directors of major Group companies also serve as corporate executive officers of the holding company, thereby allowing them to efficiently implement individual business strategies based on Group strategies.

The Nominating Committee met three times in FY2013 to discuss the composition of the Board of Directors and its effect on corporate governance, the basic policy for nominating candidates for directorships, and the selection of these candidates. The Nominating Committee selects candidates for directorships in light of the Group’s selection standards for the appointment of directors. These standards include criteria that ensure the independence of outside directors.

The Audit Committee met 12 times in FY2013. The committee evaluated the activities of directors and corporate executive officers, audited documentation including financial statements and business reports, and prepared an audit report for the period under review.

The Compensation Committee met five times in FY2013 to discuss the compensation policy and determine the compensation of each director, and also studied a Group-wide incentive plan aimed at improving consolidated earnings results.

The Board of Directors met 10 times in FY2013, and outside directors had a 100% record of attendance.

Corporate Governance System at Daiwa Securities Group



## Executive Compensation More Closely Linked to Performance

Compensation for directors and corporate executive officers is determined by the Compensation Committee. It generally has three components: basic compensation, performance-based compensation, and stock-price-linked compensation.

Comprehensive criteria used in calculating performance-based compensation include consolidated ordinary income and ROE, as well as other factors including which of the management goals outlined in the Medium-Term Management Plan have been met.

### Compensation Paid to Directors and Corporate Executive Officers of Daiwa Securities Group Inc. in FY2013

	Directors		Corporate Executive Officers		Total	
	Recipients	Amount	Recipients	Amount	Recipients	Amount
Amounts based on resolution of the Compensation Committee	8 persons	¥113 million	14 persons	¥1,159 million	<b>22 persons</b>	<b>¥1,273 million</b>

Notes: 1. The above amounts include performance-based compensation paid in this fiscal year.

2. The above compensation amounts include a total of ¥95 million in stock acquisition rights granted as stock options to directors and corporate executive officers.

3. Compensation paid to the six outside directors totaled ¥85 million.

4. Seven directors also served as corporate executive officers; their total compensation is included in the "Corporate Executive Officers" category.

## Internal Control System and Internal Audit

In recognition that management is responsible for maintaining an effective internal control system to ensure the sound and proper execution of business, the Group, under the main initiative of Daiwa Securities Group Inc., has established a system for managing the Group's major business risks. The Group also maintains this internal control system for ensuring "business effectiveness and efficiency," "reliable financial reporting," "compliance with laws related to business activities," and "asset preservation."

The Internal Audit Department verifies the internal control system. This department, established independently from all other departments and reporting to a dedicated corporate executive officer, ensures internal audits to act as an important function of raising Group value through the creation of sound and efficient internal controls. The department's internal auditing plans and the results of internal audits are reported to and approved by the Group Internal Audit Committee, which is directly under the control of the CEO of Daiwa Securities Group Inc. Plans and results are also reported to the Audit Committee.

Daiwa Securities Group Inc. seeks to raise corporate value by effectively conducting internal audits, and implements risk-based internal audits primarily through its Internal Audit Department.

The Internal Audit Department pays special attention to certain aspects of Group internal auditing activities, including the internal control systems at Daiwa Securities Co. Ltd. and the Group's overseas business offices as a global financial instruments firm, the internal control systems at Daiwa Next Bank, Ltd. as a bank, the status of Group-related businesses, and the status of controls over Group companies at the parent company.

The Internal Audit Department collaborates with the internal auditing section of each Group company within the context of holding periodic meetings, monitoring activities, and performing audits. It also formulates policies that apply to all Group internal audits, plans risk-based audits, and monitors these activities.

The Internal Audit Department maintains communications with the Audit Committee and accounting auditor, making any necessary adjustments to ensure that audits are performed efficiently. The Audit Committee on occasion asks the Internal Audit Department to conduct an audit.

# Compliance

The Daiwa Securities Group has set the four corporate principles of “building trust,” “placing importance on personnel,” “contributing to society,” and “maintaining sound profits.” We believe that compliance is necessary for implementing these principles. The goal of the Group’s compliance activities is not merely to “comply with laws and regulations,” but to earn the trust of customers, the market, society and stakeholders.

## The Daiwa Securities Group’s Approach to Compliance

The Daiwa Securities Group is constantly taking steps to educate and train executives and employees to uphold external regulations, exercise self-discipline and appropriate conduct, and thereby maintain high ethical standards to fulfill its role in society. We aggressively conduct compliance training programs for our employees. These programs commence as soon as employees join the Group and continue through regularly scheduled training sessions throughout their careers, thus ensuring that every employee is aware of, and thoroughly understands, compliance issues. As the Group pursues new business ventures in areas where the regulatory structure is still incomplete, employees are trained to approach all matters with strong self-discipline and legal awareness, refer to existing legal precedents whenever possible, and always adhere to accepted social norms of proper behavior.

In FY2013, Group companies continued to implement training and spread knowledge about insider trading as a part of efforts to prevent insider trading.

Initiatives the Group took to eliminate any and all relations with corporate racketeers and other antisocial groups involved collecting information on their increasingly sophisticated methods by working in close contact with mainly police organizations and legal experts, and enhancing the Group’s various outward procedures for scrupulously severing contact with such undesirable groups. In addition, Group companies shared this information and took other unified steps to eliminate any and all relations with antisocial groups.

In order to fulfill its social responsibility as an active participant in the financial and capital markets, as well as gain the trust of customers, the Group has adopted a full spectrum of information security policies at companies throughout the Group to ensure that important personal information received from customers and all other information resources are managed in a secure and appropriate manner.

The Security Group Minimum Standard is a basic policy for information security Group-wide. Following this basic policy, Group companies maintain related rules for information security. These rules about information security are made available on the corporate intranet to ensure all employees and executives adhere to the rules. Using e-learning and other resources, training, education and testing about information security are implemented on a periodic basis.

# Disclosure

The Daiwa Securities Group works proactively to provide fair, prompt, and appropriate information to customers, shareholders, investors, local communities, executives, and employees in order to ensure that all of these stakeholders receive a clear understanding and proper evaluation of the Group's business activities.

## Disclosure System

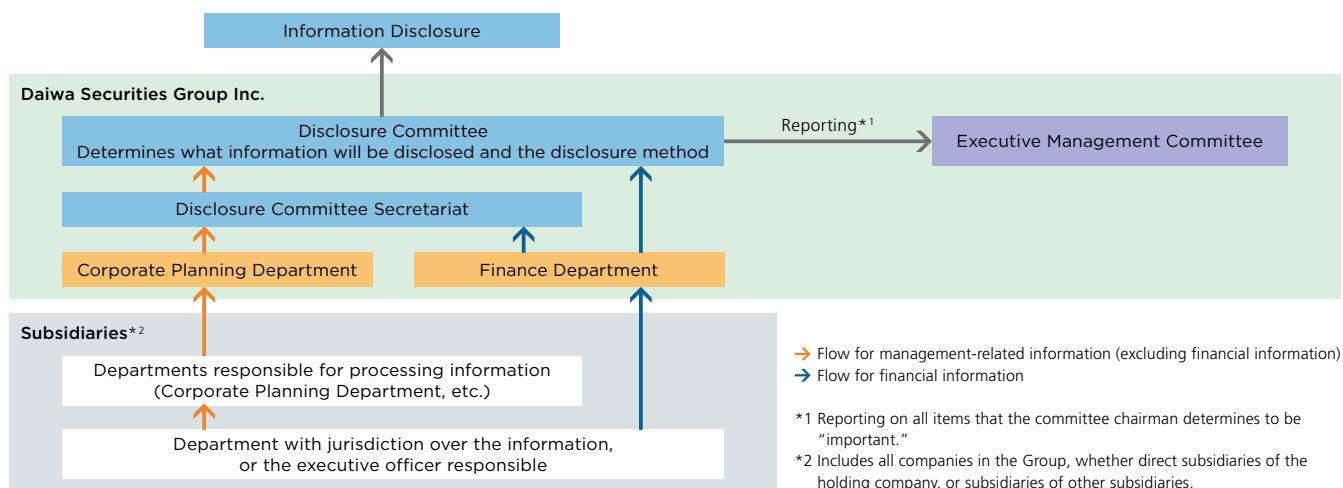
The Daiwa Securities Group has formulated the Disclosure Policy, which outlines the Group's basic approach to information disclosure and strives to provide information that is fair, prompt, and appropriate.

In addition, Daiwa Securities Group Inc. has established the Disclosure Committee—a sub-committee of the Executive Management Committee—as stipulated in the Group's Disclosure Regulations, which was established in order to ensure concrete implementation of the spirit of the Disclosure Policy. The committee is responsible for making final decisions regarding the disclosure of information. Major Group companies have also established their own regulations, or Management-related Information, which govern the

appropriate collection of information and presentation of reports to Daiwa Securities Group Inc.

The responsibilities for disclosure are clearly allocated, based on the intended recipient of the information. The Investor Relations Office handles disclosure to shareholders, investors, and analysts. The Corporate Communication Department is responsible for communications with the mass media and local communities. Information is released through a variety of media, including via the Internet and in print. In addition, representatives from disclosure-related divisions of all Group companies take part in the Group PR/IR Meeting, which convenes once a month, to discuss the issues that affect disclosure activities for the Daiwa Securities Group as a whole.

Flowchart of the Daiwa Securities Group's Disclosure Activities



## Daiwa Securities Group Disclosure Policy

- The Daiwa Securities Group will disclose important financial, social, and environmental information about the Group ("Management-related Information") in a prompt, fair, and appropriate manner, so that our stakeholders (including shareholders, investors, and the communities we operate in) may understand and maintain realistic expectations of the Daiwa Securities Group.
- The Group will comply with the Financial Instruments and Exchange Act and other laws and ordinances related to securities transactions and the various rules of the financial instruments exchanges on which our stock is listed.
- The Group will strive to disclose information fairly, in terms of both content and timing.
- The Group will utilize various communication channels including presentations, telephone conferences, the Internet, and printed materials to disclose information in a manner that is easy for investors to comprehend.
- The Group will keep in mind its responsibility to set an example for other listed corporations, in terms of disclosure, and will strive to promote healthy markets.
- To ensure that these policies are implemented properly, the Group has established "Disclosure Regulations" which include guidelines for disclosing Management-related Information and standards for establishing a "Disclosure Committee."

# IT Strategy and Information Security

The Daiwa Securities Group aims to provide customers with high-value-added products and services quickly, precisely, and at a reasonable price. To this end, it uses IT strategically. As an active participant in the financial and capital markets, the Group possesses information resources, including personal information. In order to protect these information resources from outside threats, the Group is working to maintain and improve the level of its information security.

## IT Governance System

The Group has established the Group IT Strategy Committee as a subcommittee of the Executive Management Committee. This committee deliberates and makes decisions on such issues as budgets for IT investment and the allocation of IT functions. IT investment budgets are drawn up in accordance with management strategies while weighing the importance of unifying IT strategies, and funds are prioritized for investment budgets that contribute to the achievement of Group management targets and business strategies.

The Group IT Management Committee, which serves as a prior consultation mechanism for the Group IT Strategy Committee, was established as a venue for executive officers to discuss investment themes common to all Group companies.

## IT Strategy

With the aim of achieving sustainable growth, the Daiwa Securities Group has been promoting the two IT strategies (basic IT policies) of “rebuilding business infrastructure” and “strengthening IT governance” under its Medium-Term Management Plan, “Passion for the Best” 2014, which commenced in FY2012.

The Group plans and implements medium- and long-term IT strategies on a global basis based on its business strategy. The Group provides its customers with reliable services by developing rock-solid systems in a timely manner in order to support marketing staff on all fronts, from both quantitative and qualitative standpoints.

In FY2013, the Group offered services related to the Nippon Individual Savings Accounts (NISA) with a broad lineup of products launched at the same time the system started. Daiwa Securities focused on improving customer service and increasing the efficiency of marketing activities by reinforcing associated functions at marketing branches and contact centers.

In FY2014, while responding to the global trend toward tighter financial regulations, the Group is working to improve efficiency and quality in NISA offerings and overall marketing,

and concentrating resources in fields that enhance customer convenience. In this way, the Group is creating a platform from which the Group can play a leadership role in the shift “from savings to investment” in Japan.

## Measures for Maintaining Information Security

The Daiwa Securities Group is proactively strengthening information security measures and pursuing measures to protect information assets, including personal customer information, from a variety of threats while keeping pace with the latest technological trends.

Cyber-attacks and other external threats have become more serious over the past few years, making it more important than ever to detect and defend against these attacks. The Group makes every effort to ensure security and data accuracy by rapidly deploying appropriate information security measures from both a technological and physical perspective.

The Group aims to improve the sophistication of its information asset management by preventing problematic behavior before it occurs and quickly detecting it when it does occur, through systematic monitoring and management of information system user IDs and access privileges.

## Malfunction Countermeasures

The Daiwa Securities Group appropriately monitors information systems in terms of their operational status, capacity, and malfunctions. Data about malfunctions is shared among Group companies to be used as references in the creation of measures to prevent reoccurrences and to prevent new problems from arising.

In order to shorten recovery times, the Group creates procedures and automates processes for recovering from system malfunctions, by analyzing patterns in previous malfunctions.

# Risk Management

While the Daiwa Securities Group pursues profitability and growth, it also recognizes the importance of accurately identifying, evaluating, and effectively controlling the various risks associated with its business operations. Our objective is to steadily improve corporate value by maintaining a sound financial base and profit structure by properly balancing risks and returns and by implementing effective risk control and management.

## Risk Management Policy

Daiwa Securities Group Inc. has established “The Rules of Risk Management” governing all activities by Group companies to manage risk in order to ensure that they conform to the following basic policies:

- ① Management’s proactive involvement in risk management.
- ② Implementing a risk management system commensurate with the nature of such risks in the Group’s management.
- ③ Understanding comprehensive risk based on integrated risk management and strengthening capital.
- ④ Clarifying the risk management process.

Limits are set for each type of risk so as to control risk within an amount suitable for the management strength of the Group.

## Types of Risks

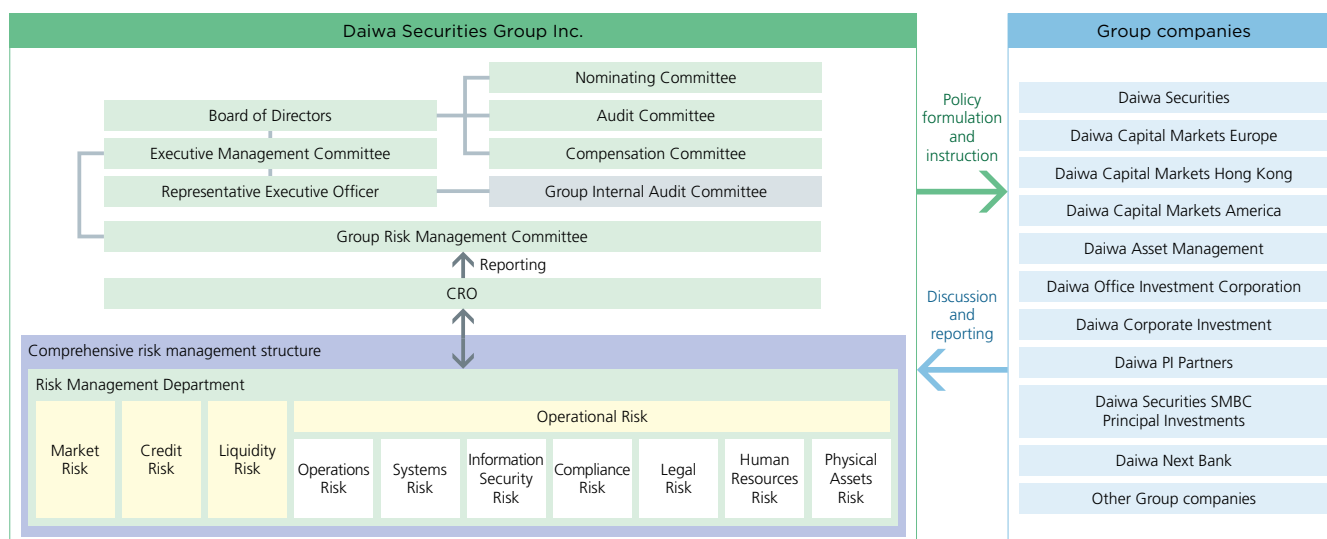
The Daiwa Securities Group faces various risks in the course of its business activities. The Group therefore believes that it is important to properly identify, evaluate, and manage these risks in order to maintain healthy financial and earnings structures. Daiwa Securities Group Inc. engages in risk management to

clearly identify risks based on the respective Group company’s business characteristics and risk profile. The types of risks that have been deemed important to manage include market risk, credit risk, liquidity risk, operational risk, and reputational risk.

## Risk Management System

The Board of Directors of Daiwa Securities Group Inc. has approved “The Rules of Risk Management.” These rules define basic policies related to risk management, the types of risks that are necessary to be managed, and the executive and department for each major risk. Each subsidiary conducts risk management suitable for the risk profile and size of each business in accordance with these basic policies related to risk management. Daiwa Securities Group Inc. monitors the system and situation of its subsidiaries’ risk management. Also, the Group Risk Management Committee, as a sub-committee of the Executive Management Committee of Daiwa Securities Group Inc., receives reports about risk exposures obtained via the aforementioned monitoring of subsidiaries and themes concerning their risk management system and discusses and

### Risk Management System



resolves those issues. In addition, major Group companies regularly hold risk management committee meetings in order to strengthen their risk management.

## Major Risks and Methods of Management

### Market Risk Management

Market risk refers to the risk of incurring losses due to market fluctuations, which affect the value of stock prices, interest rates, foreign exchange rates, and commodity prices.

In terms of the Group's trading business, the Group sets limits on Value at Risk (VaR)\*, position, and sensitivity, with consideration given to the financial status of the Group and the business plans and budgets of each division running the trading books. The Risk Management Department monitors market risk for the Group as a whole as well as for each division and reports daily on the status of market risk to management. In addition, in order to complement VaR, which is calculated based on statistical hypotheses with empirical data for a set period of time, the Group performs stress tests using historical scenarios and hypothetical scenarios.

\* Value at Risk (VaR) represents the maximum possible loss of a given trading portfolio with a given probability over a given time horizon.

### Credit Risk Management

Credit risk refers to the risk of any losses caused when a client to which the Group extended credit suffers a deterioration in financial conditions, a valuation loss on assets (including off-balance-sheet assets), or for some other reason is unable to repay its debt.

Before the Group can take on a transaction involving credit risk in its trading business, the Group assigns a line of credit to the counterparty mainly based on its credit rating. Subsequently, the Group carefully monitors the degree to which this line of credit is observed.

In particular, in businesses such as the Wholesale business, where the exposure to credit risk is comparatively high, the Group determines the credit standing of each counterparty by conducting quantitative and qualitative evaluations based on a credit evaluation model. The Group then assigns a line of credit to each counterparty, taking into account various transaction conditions such as the credit period and availability and appropriateness of collateral. In addition, the Group measures credit VaR and also periodically monitors the effects of large exposure to a single counterparty.

### Management of Market Risk and Credit Risk Unrelated to the Trading Business

Besides the trading business, the Group also owns operational investment securities related to the investment business; loans and marketable securities related to the banking business; and investment securities that are held for the purpose of maintaining business relationships. Although such assets are also exposed to market and credit risks, the risk management of such assets is conducted in accordance with the risk characteristics unique to each line of business.

#### The Daiwa Securities Group (Consolidated) Value at Risk

Range and Assumption of VaR • Scope: Trading accounts • Confidence level: 99% (one-side test) Holding period: 1 day  
• Adjusted for price correlation between products

	(Billions of yen)							
	6/12	9/12	12/12	3/13	6/13	9/13	12/13	3/14
<b>VaR (Month-end)</b>	<b>1.74</b>	<b>1.55</b>	<b>1.77</b>	<b>1.63</b>	<b>1.96</b>	<b>1.30</b>	<b>1.41</b>	<b>1.48</b>
Quarterly								
High	2.15	2.29	2.02	2.43	2.41	2.95	2.47	2.33
Low	1.38	1.29	1.20	1.16	1.31	1.09	1.21	1.09
Average	1.71	1.77	1.54	1.61	1.84	1.57	1.65	1.52
<b>By Risk Factor (Month-end)</b>								
Equity	0.68	0.48	0.95	0.56	1.11	0.81	0.64	0.82
Interest	1.48	1.32	1.67	1.52	1.33	1.28	1.35	1.36
Currency	0.60	0.47	0.50	0.96	0.65	0.22	0.19	0.20
Commodities	0.01	—	—	—	—	—	0.01	—

### Liquidity Risk Management

Liquidity risk refers to the risk of suffering losses due to cash management difficulties or becoming subject to financing at markedly higher costs than usual as a result of an abrupt change in market conditions or a worsening of the Group's finances. The Group, while employing a variety of financial assets and liabilities, conducts its business with a focus on securities-related operations as its core business. Accordingly, it procures funds based on the policy of efficiently and periodically ensuring ample liquidity necessary for the continuation of its business.

In order to prevent fluctuations in the market from affecting the continuation of our business activities, the Group is constantly striving to secure the stability of fund procurement. Particularly in recent years, the Group has been accumulating liquidity through such means as fund procurement through the market as well as loans from financial institutions, in preparation for unforeseen events such as those caused by global financial crises or credit crunches. Additionally, as it can be anticipated that such crises may make it difficult to procure new funds and reacquire existing funds, the repayment periods of procured capital are staggered with funds procured from diverse sources.

The Group is establishing a liquidity management system based on the Liquidity Coverage Ratio as a reference by the Basel Committee on Banking Supervision. Under this system, daily checks are performed to ascertain that liquidity portfolios are sufficient to cover both unsecured short-term funds procured falling due within a fixed time period and the estimated outflow of funds in the event of a number of envisioned stress scenarios in that same period. This system makes it possible for the Group to continue operations even in the event that procuring funds without collateral for one whole year became an impossibility.

### Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

As the Group's business becomes more sophisticated, diversified, and systemized, the accompanying risks become more varied, and, as a result, the need to manage such operational risk grows each year.

Major Group companies conduct risk control self-assessments (RCSAs) and control their operational risks properly in other ways in accordance with a set of rules Daiwa Securities Group Inc. has set forth on operational risk management. In addition, the Group has taken other necessary measures, such as the implementation of rigid rules concerning authority, the automation of office operations for reducing human errors and the preparation of procedural manuals. Each Group company strives to reduce operational risk according to the nature of its own business.

### Reputational Risk Management

Reputational risk refers to the possibility of the Group sustaining unforeseen losses and the Group's counterparties being adversely affected due to a deterioration of its reliability and reputation, caused by the spread of rumors or erroneous information. There are no uniform procedures for managing reputational risk because it can emanate from a variety of sources.

The Group has established various regulations under its Disclosure Policy, with particular emphasis on the management and provision of information. It has also set up the Disclosure Committee within Daiwa Securities Group Inc.

Each Group company is in charge of the task of reporting information on reputational risk to the Disclosure Committee. Information is obtained and centrally managed at Daiwa Securities Group Inc., which disseminates it in a prompt and accurate manner according to the decisions of the Disclosure Committee.

The Group works hard to keep abreast of problems and occurrences that may affect its reputation so that if and when such problems occur, their impact on the Group can be minimized. It also acts to ensure that erroneous and inaccurate information is properly corrected, and responds appropriately to libel and other issues. The Group has public relations and investor relations systems in place to prevent and minimize risks regarding its reputation.

## CSR Initiatives

The Daiwa Securities Group believes that our business activities like providing financial advice and investment banking play important functions in social and economic development and regard them as our mission.

To continue to fulfill our mission whilst expanding our business, we trust that it is essential to maintain close ties with our stakeholders.

## Corporate Principles of the Daiwa Securities Group

## Building trust

The trust and approval of customers form the very foundation of the Daiwa Securities Group. The Group will always place the needs of customers first, and strive to develop the advanced, specialized skills to offer them the most-attractive products and services of any securities group.

## Placing importance on personnel

The source of the Group's competitiveness lies in the capabilities of its employees. The Group will promote the creativity of employees by offering them a challenging and self-directed working environment that encourages their abilities and appropriately rewards their contributions.

## Contributing to society

The Daiwa Securities Group will seek to benefit the economy and society through the development of healthy financial markets. In addition to scrupulously observing both regulations and internal policies, the Group will strive to maintain a high sense of morality and duty, endeavoring to continue contributing to the sustainable growth of the societies in which we operate.

## Maintaining healthy earnings results

The Group will always seek to develop healthy business operations and to increase corporate value for the benefit of shareholders. By providing customers with attractive products and services, the Daiwa Securities Group will seek to generate strong profits and healthy returns for shareholders.

## Key CSR Issues for the Daiwa Securities Group

To achieve our corporate principles and realize a sustainable society, based on the requests and opinions we have received from our stakeholders thus far, we have addressed the following key issues:

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

We believe keeping each and every one of our executives and employees motivated and proud of their work is essential for tackling these key issues.

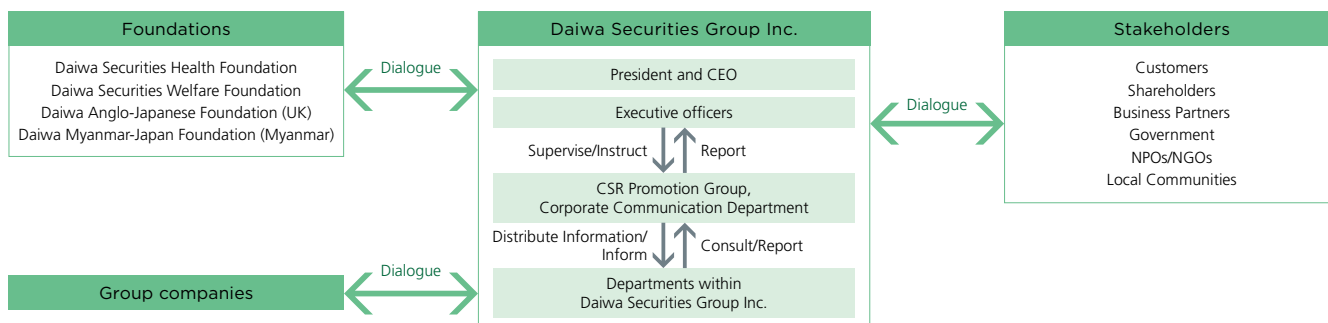
In addition to these two CSR issues, **the Group strives to create a rewarding workplace in which our executives and employees can take pride.**

To achieve its corporate principles, the Daiwa Securities Group anchors its CSR activities in these goals.

## CSR Promotion System

The CSR Group of the Corporate Communication Department at Daiwa Securities Group Inc. proactively gathers information and engages in dialog at internal and external meetings to better understand the viewpoints of stakeholders. We have put in place a cooperative structure for sharing information about CSR

activities with branch offices throughout Japan and with major bases overseas. Also, group training sessions for new employees are designed to build awareness of CSR through lectures. Outside experts are enlisted to discuss CSR issues, and details of these dialogues are published as “Thinking about CSR Together” on the CSR website of Daiwa Securities Group Inc.



## CSR through the Securities Business

The securities business, the core business of the Daiwa Securities Group, plays a key role in society, by building a bridge between the needs of investors to manage assets and the needs of private and public sectors to raise funds.

On the fund-raising side through issuing equities, bonds, and other securities products, the Group provides advice and assistance to companies in their efforts to raise money for equipment investment or R&D, as well as for national governments, local governments, international institutions, and public corporations seeking to raise funds for public works projects.

On the asset management side, the Group provides appropriate investment information and advice, as well as a comprehensive and diverse lineup of financial products and services to meet the various needs of individuals, companies, institutional investors, and pension funds.

In these ways, the securities business facilitates the smooth flow of money by matching demand and supply through financial and capital markets. The Group fulfills an important role and responsibility in society by contributing to sustainable development through the channeling of funds into businesses that solve social issues and create new technologies, for example.

On investing in corporate shares, the Daiwa Securities Group promotes methods of investing that take into account a corporate social responsibility (CSR), such as its environmental and social initiatives, in addition to financial information. In recent years, the Group has concentrated on the composition and sale of financial products based on an investment strategy called "Impact Investment," where investments are directly made in organizations that use the funds to solve social problems. From its position as a financial institution, the Daiwa Securities Group is endeavoring to contribute to society by developing and marketing these products. In addition to pursuing economic gain, the Group is dedicated to resolving a host of social issues.

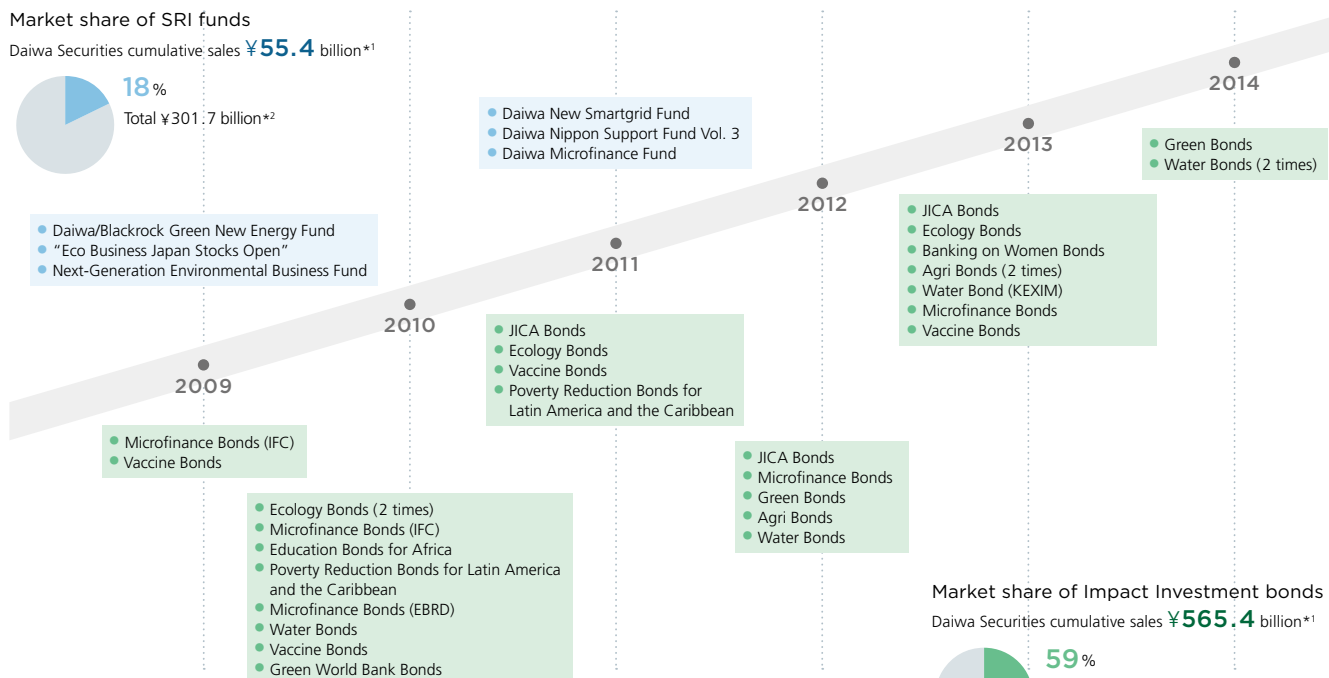
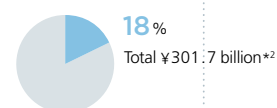
### Socially Responsible Investment (SRI) Initiative

SRI is an equity investment approach that evaluates a company's environmental and social efforts in addition to its financial information. This approach has the function of encouraging these companies to address social issues and engage in ethical behavior as a shareholder.

#### Daiwa Securities Group's History of SRI Funds and Impact Investment Bonds

##### Market share of SRI funds

Daiwa Securities cumulative sales ¥55.4 billion\*1



\*1 Source: Daiwa Securities

\*2 Source: Daiwa Fund Consulting Co. Ltd.  
(As of the end of March 2014)

The Daiwa Securities Group designs and distributes financial products that promote investment from a broader social perspective. Compared to typical forms of SRI, Impact Investment focuses more on investments that have a direct impact on society, addressing environmental destruction on a global scale, poverty in developing countries, and other issues that threaten the existence of the human race. It is a method that not only pursues economic benefits, but is also a way to allocate assets solely to activities targeted at resolving social issues, such as poverty and climate change.

As a financial institution, we have supported the resolution of problems in society by offering various types of Impact Investment bonds.

In FY2013, Daiwa Securities sold Impact Investment bonds worth ¥115.2 billion in issues for nine deals. Cumulative offerings in Japan totaled ¥957.8 billion as of March 31, 2014, of which Daiwa Securities has sold ¥565.4 billion in Impact Investment bonds, for a share of 59% (Source: Daiwa Securities).



**Lead manager for JICA Bonds sold to individual investors for three consecutive years / Joint seminars**  
Japan International Cooperation Agency (JICA) Bonds for individual investors are Impact Investment bonds available from only a few issuers in Japan. They mainly provide individual investors with an opportunity to invest in international cooperation activities undertaken by JICA.

Since December 2011, JICA has issued bonds for individual investors every year, and did so again in December 2013. Daiwa Securities has been the lead manager for JICA Bonds for three years straight, ever since the initial issuance, helping promote awareness of and the sale of the bonds.

In FY2013, the company held seminars jointly with JICA at multiple branch offices in tandem with the issuance of new JICA Bonds, giving presentations about the current status of Impact Investment bonds and JICA's activities.

### First-ever sale of IFC Banking on Women Bonds

In November 2013, Daiwa Securities arranged and sold to individual investors the Banking on Women Bonds, issued by the International Finance Corporation (IFC). Funds raised through the bonds are used by the IFC to provide financing for women entrepreneurs in emerging countries. These bonds were the first of their kind in Japan. In June 2013, before the Banking on Women Bonds were issued, the IFC, Daiwa Securities Co. Ltd. and Japan Sustainable Investment Forum (JSIF) jointly sponsored a seminar about supporting the empowerment of women in Africa and impact investment. At the seminar, panel discussions and lectures introduced examples of actual businesses in Africa and businesses managed by women that are relatively unknown in Japan.

### Establishment of Nippon Healthcare Investment Corporation, Japan's First Investment Corporation (REIT) Specializing in Healthcare Facilities

In January 2014, in response to the progressive aging of society, Daiwa Real Estate Asset Management Co., Ltd. established "Nippon Healthcare Investment Corporation" as the first REIT in Japan specializing in healthcare facilities. The advisor is AIP-Japan GK, an investment fund manager with experience in real estate investment in healthcare and nursing care facilities. The REIT's initial size of assets under management was approximately ¥9 billion, including paid retirement housing, serviced residential facilities for the elderly, hospitals and comprehensive outpatient facilities. The REIT launched operations in March 2014 and is looking to list on the Tokyo Stock Exchange.

### Daiwa Myanmar-Japan Foundation

On April 1, 2013, the Daiwa Securities Group established the Daiwa Myanmar-Japan Foundation to support human capacity building for the purpose of achieving sustainable economic growth in the country. The Foundation has been helping with the development of key personnel for cultivating capital markets in Myanmar, such as by offering scholarships to young staff working in the Myanmar government for studying abroad in Japan. On December 2, 2013, the Foundation signed a memorandum of understanding concerning cooperation in human capacity building with the Myanmar Institute of Certified Public Accountants.

## Support for Cultivating a Capital Market in Myanmar

Daiwa Institute of Research Ltd. (DIR), Tokyo Stock Exchange Group, Inc. (currently, the Japan Exchange Group), and the Central Bank of Myanmar concluded a memorandum of understanding pertaining to cooperation toward establishing a securities exchange and supporting the cultivation of a capital market in Myanmar in May 2012. A major component of the memorandum is the establishment of a securities exchange in 2015. This is expected to provide companies in Myanmar with additional fund-raising opportunities while facilitating investors' wealth and support for financial strategies. In the ensuing period, DIR has put in place a variety of measures aimed at providing genuine support. In addition to providing recommendations to government officials, DIR has held seminars in Myanmar, and taken steps to accept trainees.

On April 8, 2013, DIR and ACE Data Systems Ltd. (ACE), one of a small number of leading IT companies in Myanmar, jointly established DIR-ACE Technology Ltd. to provide IT services in Myanmar. ACE offers services related to banking systems in Myanmar. DIR has been building a cooperative relationship with ACE since December 2010, primarily through the outsourcing of systems development in securities operations.

On May 31, 2013, DIR signed a Memorandum of Understanding (MOU) with the Central Bank of Myanmar regarding IT support, and DIR provided PCs and a cloud computing environment to the central bank. DIR plans to provide an additional 1,000 PCs or more, enough for almost every employee at the central bank. Moreover, an agreement has been reached for deploying a state-of-the-art modular data center in Yangon City, Myanmar.

The Daiwa Securities Group will continue to harness its collective strengths to help cultivate a capital market in Myanmar going forward.



## Fund Established to Support Unlisted Companies in Disaster-Stricken Areas

Daiwa Corporate Investment Co., Ltd., along with the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN, The 77 Bank, Ltd., Bank of Iwate, Ltd., Toho Bank, Ltd., Aomori Bank, Ltd., and other institutions financed the creation of the East Japan Earthquake SME Reconstruction Support Fund.

Targeting unlisted private companies, the fund aims to expeditiously provide risk finance mainly in the form of equity. By supplying finance for a variety of purposes, including restoration and reconstruction following the earthquake disaster, new business development, the shift to a new industry or line of business, business reorganization and succession, and business incubation, the goal is to actively support companies in their efforts to secure renewed growth and development. Daiwa Corporate Investment Co., Ltd. established a new branch office in Tohoku to administer the Fund, and supports growth in the companies targeted by the Fund by leveraging the Daiwa Securities Group's far-reaching network and by working closely with the Organization for Small & Medium Enterprises and Regional Innovation and regional financial institutions.

Investments have already been made for rebuilding companies affected by the natural disaster in the seafood processing and shipbuilding industries, as well as for venture companies spun off from universities in the fields of completely artificial lighting plant nurseries and the development of new next-generation materials for hard wiring. We convey to local governments and the Tohoku branches of central government agencies the opinions and requests of companies invested in by the Fund as well as investment candidate companies. We focus on accelerating growth at venture companies and the rebuilding of companies affected by the natural disaster by explaining to investment companies ways to utilize business matching schemes and expert assistance systems provided by the national government, as well as the policies of public institutions and their various forms of assistance.

## Photovoltaic Power Generation Projects

Since the launch of the renewable energy feed-in tariff (FIT) system in July 2012, Daiwa PI Partners Co., Ltd. has leveraged the Group's network to identify investment projects in the energy investment business, and is currently involved in multiple photovoltaic power generation projects. In April 2014, a photovoltaic power generation facility that the company funded in Kan-onji City, Kagawa Prefecture, began generating and supplying electric power to the local power utility. Construction work for two additional photovoltaic power generation projects in Kushiro City, Hokkaido is in progress.

## With Our Employees

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.

In addition, the Group has taken steps to clarify its “identity,” which has developed through a process of evolution grounded in its corporate principles. This identity expresses the basic philosophy and mind-set of the Group’s corporate culture since its foundation, and is clearly stated as the “Daiwa Spirit.” We hope that the “Daiwa Spirit” will enhance employees’ sense of unity and togetherness and thus the Group’s overall cohesiveness.

### Hiring and Employment Measures

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 Group and a sense of solidarity with their colleagues. On April 1, 2014, 610 new employees joined the Group.

Our approach to retaining quality human resources is simply to provide an environment in which diverse individuals can perform to their full potential. In order to become Asia’s leading financial services firm, considerable emphasis is being placed on securing human resources who are capable of excelling on the world stage.

### Handicapped person’s employment

The Daiwa Securities Group has around 170 employees with handicaps working in a wide range of roles at its headquarters, in sales branches, and in contact centers. The Group started recruiting new graduates with handicaps as regular employees (general office staff) in FY2008 and, in addition, in FY2011, broadened recruitment into the career-track employee, regional career-track employee, and customer service employment streams. We also actively increased recruitment opportunities, holding briefings about the company for new graduates, participating in career expos, and implementing job placement support programs for handicapped university students.

Once people with handicaps 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.

### Support for the success of veteran employees

The Daiwa Securities Group has in place a Senior Advisor System that provides veteran employees with a wealth of experience to play an active role in the workplace. Senior advisors are dispatched to locations of their choice and engage

in community-based consulting and sales from a long-term perspective. In addition, the Daiwa Securities Group offers the “Daiwa Master Program” to actively support the success of highly motivated and skilled veteran employees. Senior advisors can work up to the age of 70 under the Daiwa Master Program. Ahead of the movement in Japan toward an aging society, the Group allows experienced personnel to continue contributing to the Group through a detail-oriented approach to customer service and by helping train younger employees.

### Human Resource Development and Skill Advancement

The Daiwa Securities Group’s competitiveness derives from its human resources. The Group has a management vision to become Asia’s leading financial services group possessing and leveraging a solid business platform in Japan. To realize this vision, we focus on human resource development with the aim of creating a professional group. We offer extensive training programs to employees from the time new graduates are just getting their start as Group employees, as we believe that it is critical for them to receive a solid basic education immediately after joining the Group. Our varied training options ensure that employees not only acquire the fundamental skills, but also learn about the Group’s corporate philosophy and commitment to CSR.

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 security and compliance.

### Education and training system

The Daiwa Securities Group trains employees tailored to their skill levels based on a Group-wide policy. We aim to foster a sense of solidarity among Group employees across divisions while offering training opportunities at group meetings.

Daiwa Securities helps employees raise their skills to new levels, and has set up new programs that aim to improve specializations starting in the second half of FY2013. We have also expanded training programs for managerial personnel to improve organizational productivity further.

From FY2013, the Annex Education Program, taught by specialist instructors, has been expanded to newly hired, regional career-track employees, while employees entering their second year of employment will fall within the scope of the mentor system. Through these initiatives, we are working to upgrade and expand our education and training systems for young staff and to put in place an environment that is conducive to learning.

### Supporting employees trying to earn credentials

The Daiwa Securities Group encourages employees to improve their English skills in light of globalization and the focus of corporate strategies on Asia. Daiwa Securities Co. Ltd. sees Financial Planner (AFP and CFP) and Securities Analyst qualifications as core requirements, while aiming in particular to have the highest number of employees in the industry accredited as Certified Financial Planners (CFPs).

In addition, the company provides generous support by, for example, subsidizing certification costs so that employees can enhance their specialized skills and become professionals.

### 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 addition, our aim is to create a personnel evaluation system that motivates all employees, regardless of job experience whether they are young, mid-career, or experienced veterans, to move to the next stage and work in positions with major responsibilities.

### Striving to Create a Pleasant Working Environment Encouraging work-life balance

One of the Daiwa Securities Group's 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 setting a day of welcoming family visits to the workplace.

The Daiwa Securities Group has adopted systems aimed at supporting its employees in both areas of child-rearing and nursing care that exceed statutory requirements. Since FY2012, a survey concerning the Group's efforts to support both the career and childrearing needs of its employees has been conducted to solicit input from all Group employees. This survey is designed to ascertain the degree to which employees are using the Group's systems and to collect feedback focusing particularly on employee needs. Drawing on the results of the survey, the Group is working to further improve conditions and put in place a pleasant working environment for all employees. Prior to an employee returning to work after taking childcare leave, interviews are conducted with relevant department, office, and branch heads. In this manner, energies are being channeled toward ensuring a smooth return to work. Even during childcare leave, employees are still eligible for promotions and raises based on their contributions to date.

We will continue promoting initiatives designed to attract the kind of high-caliber employees who build an enterprise that achieves great performance.

#### 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 Group offers subsidies for daycare expenses until the employee's child begins elementary school.
Expanded leave system	The Group 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 FY2011. 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.

## Encouraging women to succeed

The Daiwa Securities Group proactively appoints talented human resources regardless of gender. Promotions are based on fair evaluations, and we believe creating a work environment where people from diverse backgrounds can maximize their abilities will lead to improvement in corporate value.

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.

A career consultation service has been set up on the Group's internal Initiatives for Work-Life Balance site. Female executives as well as heads of each department, office, and branch give advice on the concerns and inquiries of female employees. There are a total of six women in top management positions across the Daiwa Securities Group, including two female executives at Daiwa Securities Group Inc. The number of women in management positions has increased every year, totaling 221 women at Group companies as of March 31, 2014. The ratio of women in management positions has risen from 2.2% (at the end of FY2004) to 5.4% over the past ten years at the Group, and from 2.3% to 6.3% at Daiwa Securities Co. Ltd.

By increasing the number of role models, we are making it easier for the Group's female staff to envision their career path. In this context, there has been a sharp increase in female employees aspiring to advance their careers by switching to career-track and regional career-track positions in recent years. From FY2009 to FY2013, about 850 female employees converted to career-track positions. Over the past few years, an increasing number of employees have taken advantage of our Professional Return Plan, a system for re-hiring employees that left work to raise children or care for family members, starting them at the same level of compensation as when they left. This has helped us secure talented personnel who support operations.

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

## External evaluations

The Daiwa Securities Group's personnel policies and initiatives are evaluated by external parties.

- In October 2013, Daiwa Securities Co. Ltd. received the Minister's Award for Companies that Nurture Employees, Career Support Company Awards 2013, from the Ministry of Health, Labour and Welfare.
- In November 2013, Daiwa Securities Group Inc. received the Minister's Award for Companies that Strive to Increase Healthy Lifespans, from the Ministry of Health, Labour and Welfare.
- In March 2014, Daiwa Securities Co. Ltd. was selected as one of the top 100 companies for diversity in management from the Ministry of Economy, Trade and Industry.

## Human Rights Education Initiatives

Based on its corporate principles, the Act on Promotion of Education and Enlightenment of Human Rights, the United Nations Global Compact and ISO 26000, the Daiwa Securities Group is strengthening efforts to educate its employees about human rights with the aim of improving a corporate culture rooted in the basic principles of human rights.

In 1984, the Group set up the Human Rights Awareness Promotion Committee with the objective of promoting human rights education and training to deepen awareness and ensure an accurate understanding of human rights issues, such as social integration issues in Japan. The committee is currently chaired by the director as Human Resources Officer at Daiwa Securities Group Inc., with the director as deputy Human Resources Officer and head of the Human Resources Department as deputy chairs, along with five department heads including the General Affairs Department, Compliance Control Department, and Corporate Communication Department. Under the guidance of the Committee, the heads of all Group departments act as members in charge of promoting its mission. In May 2011, the Committee revised and published the Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues.

In FY2013, the Daiwa Securities Group provided group training for new employees and training for employees being promoted to such positions managing director, director and associate director. All Group executives and employees viewed films on human rights and then adjourned to Human Rights Awareness Workshops for group discussions within their divisions. A contest was also held among Group executives, employees and their families, for drafting a Human Rights Awareness Slogan to promote broader and deeper understanding of human rights. In a new initiative, managers watched training videos about power harassment.

### 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 the Group's 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.

### Specific Activity Details

- 1 Respect the rights of all stakeholders and ensure that all employees interact with local communities and customers with a deep awareness toward human rights
- 2 Adhere strictly to fair and open employee screening and evaluation as well as labor management
- 3 Further upgrade and expand human rights education and awareness activities within the Group, systematically implement training, and solicit feedback

The Human Rights Awareness Promotion Committee (May 18, 2011)

## Environmental Considerations

Protecting the global environment, the basis of our livelihoods, is essential for a sustainable society. Through our business activities, the Daiwa Securities Group strives to help resolve environmental issues by investing in products that can reduce the environmental burden, and also by making investments that help to make environmental technologies and infrastructure more widely available. At the same time, we are working to establish a system that efficiently collects data on Daiwa's environmental load. We are also focusing on raising employees' environmental awareness to empower them to reduce the environmental burden in daily business operations.

### Environmental Vision / Environmental Principles / Basic Environmental Policies

#### Environmental Vision

The Group is dedicated to protecting the precious global environment and preserving it for future generations by leveraging financial capabilities.

#### Environmental Principles

The Group recognizes the importance of environmental principles such as the effort to combat global warming, recycling and reuse of raw materials, and preserving biodiversity, in order to create a sustainable society for the 21st century. The Group pledges to contribute to solving environmental issues through its business as a financial service company and to constantly seek new ways to reduce its environmental impact as a responsible corporate citizen.

#### Basic Environmental Policies

- ① Make positive environmental contributions through our core business activities  
We shall seek to develop and provide financial products and services that promote a low-carbon, recycling-oriented and symbiotic society.
- ② Implement an environmental management system  
We shall implement an environmental management system and constantly seek new ways to improve environmental activities. In addition, we shall support environmental education and publicity efforts, while promoting environmental protection efforts by employees.
- ③ Take steps to save natural resources, reduce energy consumption, and promote biodiversity  
We shall continue to progress in our efforts to reduce the use of natural resources and energy, and seek ways to improve materials- and energy efficiency (including efforts to improve business efficiency). We shall also take steps to reduce water use and reduce, reuse and recycle other materials to contribute to a more environmentally friendly society. Furthermore, considering the importance of biodiversity, we shall seek a symbiotic relationship with the environment and use safe, clean methods of materials procurement.
- ④ Promote environmental communication  
Working in concert with business partners, the local community, NGOs and NPOs, we shall actively disseminate information about environmental issues, and communicate our concern for the environment to customers and society at large.
- ⑤ Strictly observe environmental regulations  
We shall always endeavor in environmental assurance, observing environmental laws and regulations in addition to the Group's environment policies.

(May 22, 2012)  
**Takashi Hibino**  
Daiwa Securities Group Inc.  
President and CEO

## Climate Change Initiatives

In every facet of its ongoing business activities, the Daiwa Securities Group is promoting collaboration between the public and private sectors in an effort to mitigate the effects attributable to climate change, while implementing various initiatives and developing services.

### Financing for projects to combat climate change in developing countries

The Daiwa Securities Group provides financing for projects to counter climate change in developing countries. Through the sale of Green Bonds and other financial products, the Group supplies risk money from Japanese investors to renewable energy and other projects in developing countries.

### Participation in Saitama Eco-Town project

Daiwa Institute of Research Business Innovation Ltd. was involved in an "Eco-town" project in Saitama Prefecture, providing the systems support to operate the "Home Energy Management System" (HEMS\*) installed in residences. With HEMS installed in each home, the company provides energy management and efficient administrative services while analyzing energy usage by each family. The use of HEMS allows urban planning projects to reduce their environmental impact.

\*Home Energy Management System; the system for supporting energy management, including the display and control of electric power and other energy sources used in the home.

## Initiatives to Reduce Environmental Impact of Business Activities

### Initiatives at branch offices

When installing new equipment at its branch offices, Daiwa Securities Co. Ltd. has a requirement that the equipment must be certified under Top Runner standards. The company has also decided to replace the approximately 900 passenger vehicles at its branch offices with eco-cars and hybrid vehicles over the next few years.

### Offering environmentally friendly services

Daiwa Securities Co. Ltd. provides an online service that allows customers to request a wide range of electronic reports. Reports cover such areas as each transaction or balance and other pertinent details as a substitute for written notifications (hard-copy reports). Reports received in an electronic format can, in principle, be accessed and confirmed as and when required, saved to personal computers, and printed over a period of five years after initial receipt.

## With Society

As a good corporate citizen, the Daiwa Securities Group engages with regional communities in a variety of ways, including education about the economy and finance. The Group also continues to provide reconstruction support to those areas devastated by the East Japan Earthquake.

### Initiatives to Promote Economic/Financial Education KidZania

The Daiwa Securities Group is a supporter of KidZania, a theme park designed to provide young children from the age of three through to junior high school students with work experience and has established securities consulting pavilions at facilities in Tokyo and Koshien (Hyogo Prefecture).

Children gain an insight into the workings of a company, the importance of finance, and the role that financial service companies play within the finance sector. At the same time, this initiative helps improve the level and scope of their financial literacy.



### Finance Park

Junior Achievement Japan has established a Finance Park in Shinagawa, Tokyo and another in Kyoto with the goal of providing a space where junior high school students can develop and practice life-planning skills. Plans call for opening new Finance Park facilities in Iwaki (Fukushima Prefecture) in May 2014 and in Sendai (Miyagi Prefecture) in August 2014. As a special sponsor, the Daiwa Securities Group financially supports the opening of these facilities, and also provides personnel support.



### Student Company Program

This program is offered in high schools and teaches students how to set up a company. Two employees from the Daiwa Securities Group participate in the program as outside directors of the companies that have been established on a virtual basis in the classroom by students.

Participants in the program learn about corporate management and how business is conducted in the world. In FY2013, the Group supported this program in Tokyo Metropolitan high schools.

### Financial lectures for beginners

The Daiwa Securities Group holds financial lectures for beginners that cover a wide range of money-related topics. These encompass financial planning, basic financial knowledge, and basic economic knowledge. To cater to the needs of a broad audience, these lectures are presented using sign language and simultaneous captioning.

As a part of our engagement for creating a sustainable society, this series was held a total of five times from 2013 and over 2014. The total number of participants was 363.



### Daiwa Securities Phoenix Japan Program

In May 2012, the Daiwa Securities Group established a reconstruction assistance program to rebuild the social foundation of regions affected by the East Japan Earthquake. The program donates a portion of management fees from the Daiwa Nippon Support Fund Vol. 3—Phoenix Japan to local designated NPOs through Japan NPO Center's Japan Earthquake Local NPO Support Fund. The Fund supports NPOs working in the affected areas to help people reconstruct their lives and communities.

In May 2013, ¥49.87 million was donated to the fund, and a total of ¥35.03 million was distributed to nine different recipients in the second round of assistance. The Group will continue to promote programs that are able to operate stably over the long term.

### Daiwa Securities Group Tsunami Reconstruction Fund

The Daiwa Securities Group established the Daiwa Securities Group Tsunami Reconstruction Fund to provide recovery assistance to regions affected by the December 2004 Sumatra Earthquake and Indian Ocean Tsunami. Beginning in FY2005, this fund has provided long-term support for recovery, disbursing ¥10 million annually for a ten-year period for a total of ¥100 million. The Daiwa Securities Group Tsunami Reconstruction Fund provides grants to local NPOs in the three hardest hit countries: Indonesia, Sri Lanka and India. These efforts offer assistance across four fields: mental health care for children, utilization of microfinancing, provision of educational opportunities for children, sharing and disseminating tsunami disaster prevention knowledge and exchange and cooperation activities among those who suffered. Third parties have praised the Fund's objective of providing long-term recovery assistance measures rather than offering temporary donations, and for utilizing financial systems to provide assistance through charitable trusts, microfinance and other avenues.



### Events held to report on earthquake reconstruction activities

In August 2013, the Daiwa Securities Group sponsored a forum to bring together people helping two regions struck by natural disasters—the Sumatra Earthquake and Indian Ocean Tsunami and the East Japan Earthquake—where it has been supporting reconstruction activities. Panel discussions were held with leaders from Reconstruction Agencies and support groups, and action reports were presented by managers of the Daiwa Securities Group Tsunami Reconstruction Fund and the Daiwa Securities Phoenix Japan Program.

The forum was attended by 104 people interested in corporate disaster assistance and international cooperation, who shared ideas and discussed future support plans.

